



Australian Government
Department of Education

2018–19 Annual Report

Opportunity through learning





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Use of the Coat of Arms

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

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Online version

Web address of this report: education.gov.au/annual-reports



Australian Government
Department of Education

Secretary
Dr Michele Bruniges AM

The Hon Dan Tehan MP
Minister for Education
Parliament House
CANBERRA ACT 2600

Senator the Hon Michaelia Cash
Minister for Employment, Skills, Small and Family Business
Parliament House
CANBERRA ACT 2600

Dear Ministers

It is my pleasure to submit to you the Department of Education Annual Report 2018–19 for presentation to the parliament.

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

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

The Administrative Arrangements Order of 29 May 2019 transferred responsibility for skills, vocational education and training to the Department of Employment, Skills, Small and Family Business. Responsibility for the Adult Migrant English Program was transferred to the Department of Home Affairs.

On 21 June 2019, the Department of Finance issued a nomination under subsection 17A(4) of the PGPA Rule that assigned responsibility for preparing the 2018–19 annual performance statements and annual report to the entity with responsibility for functions for the majority of the 2018–19 reporting period. The Department of Education 2018–19 Annual Report has been prepared on this basis. Qualifications concerning changes in portfolio responsibilities are provided in relevant sections of the report.

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

As required by section 17AG(2)(b) of the PGPA Rule, I certify that I am satisfied that the department:

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

The report includes the information required to be presented to Parliament in accordance with section 127 of the *Australian Education Act 2013* for the 2018 year.

The report also includes the 2018–19 annual reports of the:

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

Yours sincerely

Dr Michele Bruniges AM
19 September 2019

Opportunity through learning

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1 Overview

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SECRETARY'S REVIEW

I am pleased to introduce the Department of Education Annual Report 2018–19. The department had a productive and successful year, delivering on the Government's education agenda.



During the year, the department continued to deliver and implement a range of significant reforms in child care, education, training and skills. Our focus has been on building capability across the department, ensuring we are agile and able to deliver government policy that equips students with the right skills for our future economy and labour market and supports their wellbeing.

The department's purpose, as set out in our Corporate Plan 2018–19, is to maximise opportunity and prosperity through national leadership on education and training. This reflects our wide and varied role in developing and delivering education policy. It also provides a sense of clarity and purpose to all staff. They know that regardless of the policy or program they work on, they contribute directly to the educational outcomes of all Australians, which in turn contribute to national prosperity.

National leadership to deliver record school funding

Commonwealth funding of \$310.3 billion in total school recurrent funding will be provided to all Australian schools over the next 10 years to 2029. The investment is provided through the Quality Schools package and funding will increase by \$14.9 billion over 2018 to 2029 (from a 2017 base).

Under the new arrangements, Commonwealth funding is consistent, transparent and based on the needs of students, with funding to states and territories linked to national reforms that will drive improved student outcomes across Australian schools.

The National School Reform Agreement commenced on 1 January 2019 and sets out three reform directions and eight national policy initiatives that will be progressed collaboratively with states and territories through the Education Council.

These reforms are informed by the Review to Achieve Educational Excellence in Australian Schools, which was led by David Gonski AC, and the Independent Review into Regional, Rural and Remote Education, which was led by Emeritus Professor John Halsey. Both reviews aim to lift student outcomes and help every child reach their full potential.

States and territories have entered into bilateral agreements with the Commonwealth that set out state-based reforms that support the national reform directions and state funding contributions for government and non-government schools. For further information on these agreements, please visit education.gov.au/national-school-reform-agreement.

The first year of the new Child Care Subsidy

On 2 July 2018, the department led the introduction of the Government's new child care package, representing the most significant reforms to the system in 40 years.

The new system focuses on supporting parents to access affordable early learning and child care so they can work, train, study or volunteer. It does this by combining the two previous subsidies into a single payment—the Child Care Subsidy.

The system pays the highest rate of subsidy to those who earn the least and provides more subsidised hours of care to those who work the most. Since rolling this out, the Government has paid more than \$7 billion in subsidies, helping support more than 1.6 million children in more than 1.1 million families.

The package also supports disadvantaged communities through the Child Care Safety Net, of which the Community Child Care Fund is part. Over the course of 2018–19, \$104 million was allocated under the fund.

To better support parents when it comes to making child care choices, the new Child Care Finder website was launched in December 2018. It provides parents with a one-stop shop when it comes to seeking information on high-quality child care when and where they need it.

During the course of the year, the department also continued to deal with non-compliance in the family day care sector.

Our relationships with stakeholders and the sector remained strong and we actively worked with the child care sector on early childhood education and care policy and program implementation.

Strengthening the foundations for higher education reform

Strengthening the sustainability and quality of Australia's tertiary sector was a continued focus of work for the department during the year.

The Australian Government provided \$17.4 billion on higher education and research in 2018–19. There was an increased focus on transparency and accountability of the university sector and providing additional funding for regional higher education.

In the first half of 2019, the Government received the report of the Independent Review of Freedom of Speech in Australian Higher Education Providers (the French Review), the Wellings Report on performance-based funding for the Commonwealth Grant Scheme, and the National Regional, Rural and Remote Education Strategy prepared by the Regional Education Expert Advisory Group.

These reviews will help drive policy direction and ensure the sector is able to respond to the challenges it faces—now and in the future.

Improving opportunities for rural, regional and remote students was a priority during the year. As well as leading the response to the Halsey Review, the department delivered additional support for students through the Rural and Regional Enterprise Scholarships Program and continued to expand the Regional Study Hubs initiative.



Vocational training

On 1 July 2018, the National Partnership on the Skilling Australians Fund commenced, with six state and territory governments participating for a four-year period. The six states implemented projects that contributed to Australia's economic productivity and growth by providing more opportunities for Australians to gain the skills they need for jobs in demand.

A \$525 million skills package was announced as part of the 2019–20 Budget in response to the Expert Review of Australia's Vocational Education and Training System (the Joyce Review). The department worked to begin the implementation of the package.

The package aims to offer Australians with the opportunity to grow the skills needed to succeed in a changing workforce while giving employers access to highly qualified workers. It recognises the need for the sector to adapt and change as the economy and labour market evolve. It also seeks to raise the profile of vocational education and training as a high-quality career pathway.

Following machinery-of-government changes announced following the 2019 federal election, responsibility for delivering the skills package transferred to the Employment, Skills, Small and Family Business portfolio.

Responsible and efficient use of taxpayer funds

The department continued to manage taxpayer funds efficiently and effectively, delivering the Government's priorities while ensuring program compliance.

We take seriously our responsibility for ensuring public resources are used appropriately, and in 2018–19 we introduced a new fraud control framework to better support the management of fraud risk.

The department continued to deliver a comprehensive child care compliance program. In 2018–19, working closely with state and territory government agencies, the Australian Federal Police, and other Commonwealth departments, we took effective action against fraudulent and noncompliant providers in the family day care sector.

The VET FEE-HELP scheme closed on 31 December 2018 after a transition period to the new VET Student Loans program. VET FEE-HELP is no longer available for any units of study from 1 January 2019.

In addressing the past non-compliance in the VET FEE-HELP scheme, the department continued to work closely with the Australian Competition and Consumer Commission in progressing litigation against a number of providers.

Creating an agile and adaptable culture

The department made building its capabilities and culture a key priority in 2018–19. Staff have embraced our key cultural traits for success—look forward, collaborate, work smarter, communicate openly, and trust.

The department's corporate plan, People Strategy 2018–2021, Reconciliation Action Plan 2018–2020 and Workplace Diversity and Inclusion Strategy 2017–2019 provide us with guidance and support as we seek to embed and strengthen these cultural traits. We will continue to invest in our culture and capability to ensure our dedicated and professional departmental team continues to deliver the Government's priorities.

Dr Michele Bruniges AM

Secretary

Department of Education

OUR PORTFOLIO

Ministers



The Hon Dan Tehan MP
Minister for Education
(from 28 August 2018)



Senator the Hon Simon Birmingham
Minister for Education and Training
(from 21 September 2015 to 28 August 2018)



Senator the Hon Richard Colbeck
Minister for Youth and Sport
Minister for Aged Care and Senior Australians
(from 29 May 2019)



Senator the Hon Michaelia Cash
Minister for Small and Family Business,
Skills and Vocational Education
(from 28 August 2018 to 29 May 2019)¹



The Hon Mark Coulton MP
Minister for Regional Services, Decentralisation
and Local Government
Assistant Trade and Investment Minister
(from 29 May 2019)



The Hon Karen Andrews MP
Assistant Minister for Vocational Education and Skills
(from 19 July 2016 to 28 August 2018)

¹ Under the Administrative Arrangements Order of 29 May 2019, responsibility for skills and vocational education was transferred to the Employment, Skills, Small and Family Business portfolio.

Department of Education

Dr Michele Bruniges AM | Secretary

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

Outcome 2: Promote growth in economic productivity and social wellbeing through access to quality higher education, international education, and international quality research.¹

Accountable authority

Dr Michele Bruniges AM, Secretary of the Department of Education, was the department's accountable authority throughout 2018–19.

Portfolio responsibilities

Under the Administrative Arrangements Order of 29 May 2019, responsibility for skills and vocational education was transferred to the Employment, Skills, Small and Family Business portfolio. As a result of this machinery-of-government change, the name of the department changed from the 'Department of Education and Training' to the 'Department of Education' from 29 May 2019.

Portfolio entities



Australian Curriculum, Assessment and Reporting Authority

David de Carvalho | Chief Executive Officer

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



Australian Institute for Teaching and School Leadership

Mark Grant | Chief Executive Officer

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

¹ Outcomes are as at 30 June 2019.



Australian Government
Australian Research Council

Australian Research Council

Professor Sue Thomas | Chief Executive Officer

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



Australian Government
Australian Skills Quality Authority

Australian Skills Quality Authority²

Mark Paterson AO | Chief Commissioner and Chief Executive Officer

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



Australian Government
Tertiary Education Quality
and Standards Agency

Tertiary Education Quality and Standards Agency

Anthony McClaran | Chief Executive Officer

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

² Under the Administrative Arrangements Order of 29 May 2019, responsibility for skills and vocational education was transferred to the Employment, Skills, Small and Family Business portfolio.

OUR DEPARTMENTAL STRUCTURE



Dr Michele Bruniges AM SECRETARY



Legend:
Statutory officers

³ Under the Administrative Arrangements Order of 29 May 2019, responsibility for skills and vocational education was transferred to the Department of Employment, Skills, Small and Family Business.

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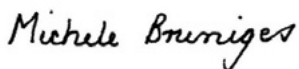
Department of Education
STATEMENT BY THE ACCOUNTABLE AUTHORITY

I, as the accountable authority of the Department of Education, present the 2018–19 annual performance statements of the department, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Administrative Arrangements Order of 29 May 2019 transferred responsibility for skills, vocational education and training to the Department of Employment, Skills, Small and Family Business. Responsibility for the Adult Migrant English Program was transferred to the Department of Home Affairs.

On 21 June 2019, the Department of Finance issued a nomination under subsection 17A(4) of the Public Governance, Performance and Accountability Rule 2014, assigning responsibility for preparing the 2018–19 annual performance statements and annual report to the entity with responsibility for functions for the majority of the 2018–19 reporting period. The annual performance statements have been prepared on this basis.

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



Dr Michele Bruniges AM
Secretary

19 September 2019

OUR PURPOSE, OUTCOMES AND PROGRAMS

Purpose

Maximising opportunity and prosperity through national leadership on education and training.

Outcome 1

Quality early learning and schooling

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

Outcome 2¹

World-class tertiary education, training and research

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

Programs under Outcome 1

- 1.1 – Support for the Child Care System
- 1.2 – Child Care Benefit
- 1.3 – Child Care Rebate
- 1.4 – Child Care Subsidy
- 1.5 – Government Schools National Support
- 1.6 – Non-Government Schools National Support
- 1.7 – Early Learning and Schools Support

Programs under Outcome 2

- 2.1 – Commonwealth Grant Scheme
- 2.2 – Higher Education Superannuation Program
- 2.3 – Higher Education Support
- 2.4 – Higher Education Loan Program
- 2.5 – Investment in Higher Education Research
- 2.6 – Research Capacity
- 2.7 – International Education Support
- 2.8 – Building Skills and Capability

Note: Program names and numbers are as published in the Education and Training Portfolio Budget Statements 2018–19. Program names and numbers used in the performance statements reflect this. The cessation of Program 1.2: Child Care Benefit and Program 1.3: Child Care Rebate and the renumbering of Outcome 1 programs was reflected in the Education and Training Portfolio Budget Statements 2019–20.

¹ Under the Administrative Arrangements Order of 29 May 2019, responsibility for skills and vocational education under Outcome 2 was transferred to the Department of Employment, Skills, Small and Family Business.

ANALYSIS

The Department of Education's purpose, as identified in our Corporate Plan 2018–19, is maximising opportunity and prosperity through national leadership on education and training.

Education maximises life choices for every Australian—of all ages and at every stage of life. By creating and strengthening access to quality education for all Australians and for international students, the department maximises opportunity through learning. Through opportunity, individuals, families and communities are encouraged to maximise their potential, participate in the social and economic aspects of their communities, and contribute to national and global prosperity.

Early childhood education and care

Early childhood education and care plays a vital role in the development of Australian children and their preparation for school, and in enabling parents to participate in the workforce.

On 2 July 2018, the Government introduced a new child care package. The new package represents the most significant reforms to the early childhood education and care system in 40 years. Under the new arrangements, the Child Care Subsidy provides the highest rate of subsidy to those on the lowest income levels and more hours of subsidy to those who work the most. Families' entitlement is based on income and activity tests, and is reconciled at the end of the year following the lodgement of tax returns. Change of this scale is complex, and in the period leading up to implementation, the department, in close collaboration with the early childhood education and care sector and other government departments, undertook significant planning and communication efforts to ensure a successful transition for families and their child care providers. By 2 July 2018, more than one million families and more than 6,000 providers had successfully transitioned to the new arrangements.

Throughout the year, the department continued to work closely with the sector and other government departments to ensure the package delivered its intended outcomes. Well over \$7 billion in subsidies were paid in 2018–19, helping support more than 1.6 million children and 1.1 million families. For the first time, the number of Indigenous children using approved child care reached more than 50,000.

As part of the new package, the Child Care Safety Net was introduced to give vulnerable and disadvantaged children a strong start, while supporting their parents into work. It includes the Community Child Care Fund, the Additional Child Care Subsidy and the Inclusion Support Program. The Community Child Care Fund is providing \$327 million over five years, of which \$104 million was allocated in 2018–19 to more than 850 early learning and child care services to support sustainability and improve their capacity to include disadvantaged, Indigenous, and rural and remote families. Seventy per cent of the funding supports services in regional and remote areas.

On 13 December 2018, the new Child Care Finder was launched, replacing the MyChild website. The Child Care Finder complements the new child care package and is one of several ways families are assisted in accessing child care. It provides up-to-date information on services' vacancies, fees and opening hours, plus their ratings against the National Quality Framework. Since June 2019, families have also been able to subscribe and receive vacancy alerts that match their requirements.

Over 2018–19, the department continued to work closely with agencies across all levels of government to deliver a broad-ranging compliance program to ensure the integrity of child care subsidy payments. In 2018–19, the department carried out 2,651 compliance checks, cancelled 62 services, and suspended 21 services. As a result of the department's compliance and fraud activities, the payment accuracy of child care fee assistance was 96 per cent in 2018–19.

The Government also invested in extending funding for preschool, providing an additional \$449.5 million in Commonwealth support via the National Partnership on Universal Access to Early Childhood Education for 2020, with the extension bringing the current Government's investment in the National Partnership to \$2.8 billion since 2014. This investment has driven real improvements, with around 340,000 four- and five-year-old children enrolled in preschool in 2018, compared to only 206,000 before the first National Partnership agreements were signed in 2008. Nationally in 2018, 95.6 per cent of Indigenous children, and 94.2 per cent of vulnerable and disadvantaged children, were enrolled in 600 hours of preschool in the year before full-time school.

Schools and youth

Quality school education helps drive economic growth and increase wellbeing. Providing children and young people with opportunity through learning supports them to achieve their personal ambitions, while also contributing to social cohesion and economic prosperity.

The department leads the Government's school education improvement efforts, bringing together a policy agenda aimed at lifting school performance and maximising student outcomes, supported by record levels of Australian Government school funding that is distributed on the basis of need.

The Australian Government collaborates with government and non-government education authorities to deliver school education reform. First Ministers signed the National School Reform Agreement in 2018, which sets out the following three national reform directions and eight national policy initiatives that will help improve student achievement and school performance.

1. Supporting students, student learning and student achievement

- Enhancing the Australian Curriculum to support teacher assessment of student attainment and growth against clear descriptors
- Assisting teachers monitor individual student progress and identify student learning needs through opt-in online and on demand student learning assessment tools with links to student learning resources, prioritising early years foundation skills
- Reviewing senior secondary pathways into work, further education and training

2. Supporting teaching, school leadership and school improvement

- Reviewing teacher workforce needs of the future to attract and retain the best and brightest to the teaching profession and attract teachers to areas of need
- Strengthening the initial teacher education accreditation system

3. Enhancing the national evidence base

- Implementing a national unique student identifier (USI) that meets national privacy requirements in order to support better understanding of student progression and improve the national evidence base
- Establishing an independent national evidence institute to inform teacher practice, system improvement and policy development
- Improving national data quality, consistency and collection to improve the national evidence base and inform policy development

These initiatives were informed by the recommendations of the Review to Achieve Educational Excellence in Australian Schools. State- and territory-specific initiatives that align with the national reform directions are set out in bilateral agreements and include activities to support improved outcomes for specific cohorts of students, including Aboriginal and Torres Strait Islander students.

The Australian Government provided approximately \$38 million to non-government representative bodies in 2018 to support implementation of national reforms in non-government schools as part of the Non-Government Reform Support Fund.

The Education Council is reviewing the Melbourne Declaration on Educational Goals for Young Australians to develop a contemporary national declaration to guide reforms over the next decade.

To help enable school systems and schools to improve outcomes, the Government provides consistent and transparent needs-based funding to education authorities across Australia to support quality outcomes for every eligible student. In the 2018 calendar year, the Commonwealth provided, under the *Australian Education Act 2013*, approximately \$7.4 billion in recurrent funding for state and territory government schools, and, through state and territory governments, approximately \$11.4 billion to non-government schools. These funding arrangements are informed by the Schooling Resource Standard, which includes a base amount for every primary and secondary school student plus additional loadings to target disadvantage. The Commonwealth also provided \$150.9 million to block grant authorities for capital projects in non-government schools.

Schools-related performance targets are based on national targets agreed with states and territories under the National School Reform Agreement and as measured under the national Measurement Framework for Schooling in Australia.

Higher education, research and international education

In 2018–19, the department progressed work to improve opportunities for regional, rural and remote students, providing more choice and access to pursue higher education. The measures build on the Australian Government's response to the Independent Review into Regional, Rural and Remote Education (the Halsey Review). Regional students have been supported through the expansion of the Rural and Regional Enterprise Scholarships Program and the Regional Study Hubs initiative.

The Rural and Regional Enterprise Scholarships Program improves access to, and completion of, any course from Certificate IV to PhD for people from regional and remote Australia. Regional Study Hubs typically support regional students to study courses locally, delivered by distance from any Australian university, by providing greater access to study support and infrastructure.

The Destination Australia Program, announced in the 2019–20 Budget, will provide scholarships for Australian and international students to study at higher education and vocational education and training providers in regional Australia. The program will support regional Australia to continue to experience the transformative potential of tertiary education, by boosting enrolments and growing capacity in regional education institutions. It will also help to ensure the regions share the social, cultural and economic benefits of Australia's \$35 billion international education sector. The program will be implemented in time for the 2020 academic year.

A Regional Education Expert Advisory Group, chaired by the Hon Dr Denis Napthine, was established to develop a National Regional, Rural and Remote Education Strategy for the Government to increase tertiary education participation and outcomes for regional, rural and remote students. A final report incorporating the National Regional, Rural and Remote Tertiary Education Strategy was provided to the Government at the end of June 2019. The strategy will be important in informing the Government's ongoing efforts and the forward policy agenda to improve regional, rural and remote education.

Ensuring the sustainability of the tertiary sector, including that it remains affordable for students and the community, is a priority for the department. To support this goal, a new schedule of Higher Education Loan Program (HELP) repayment thresholds was introduced, including a reduction in the minimum threshold, from 2019–20. This is the first annual report that has accounted for the impact of these new thresholds, with the debt not expected to be repaid decreasing from the previous year.

Strengthening the quality and sustainability of the higher education sector was the focus of an independent report developed by an expert panel, chaired by Professor Paul Wellings CBE, on performance-based funding reforms for Australia's higher education sector. The report, which was released in August 2019, recommends that four measures should be used to assess the performance of universities—graduate employment outcomes, student success, student experience and equity group participation. Linking funding growth to performance outcomes will encourage universities to provide a better student experience and introduce new initiatives to improve their performance.

Graduate employment outcomes continue to improve steadily, with 87 per cent of undergraduates employed within four months of completing a degree in 2018, consistent with improvements in the overall labour market. Employment outcomes also improved for research postgraduates, from 91 per cent in 2017 to 92 per cent in 2018. Employer satisfaction with graduate skills remained high at 85 per cent—direct supervisors remain highly satisfied with graduates.

Skills and training

Vocational education and training (VET) provides training to around 4 million people each year to gain the skills or meet the certification requirements they need for employment. The department has continued to lead work with the states and territories and industry across a range of areas to strengthen the quality and raise the profile of VET.

In the current system, student satisfaction results are strong, with almost nine out of 10 graduates surveyed in 2017 by the National Centre for Vocational Education Research (NCVER) satisfied with the overall quality of the training they received. Outcomes for VET graduates are also positive, with 85.4 per cent either being employed or enrolled in further study after completing training.

VET is a training system of choice for many employers, with employer usage of the VET system at 54.4 per cent. Employers using VET were highly satisfied—82.2 per cent of employers were satisfied with nationally recognised training and 77.5 per cent of employers with apprentices and trainees were satisfied with them. Overall, the survey results demonstrate that employers continue to find VET a quality option to upskill or reskill their employees.

The recently implemented VET Student Loans program is meeting its objectives by enabling Australians to undertake training relevant to employment or further study. In 2018–19, the proportion of students surveyed studying for job-related or further study reasons was 80 per cent.

The department also managed the Adult Migrant English Program and the Skills for Education and Employment program, which provide Australians with support to gain language and literacy skills needed for employment. During 2018–19, 78,767 people participated in these two programs, and 96 per cent of those who undertook a progressive assessment showed an increase of one or more levels against the Australian Core Skills Framework of learning, reading, writing, oral communication or numeracy.

In 2018–19, in recognition of the achievement of the six participating state and territory governments (in the National Partnership on the Skilling Australians Fund), over \$145 million funded around 30,000 apprenticeship, traineeship and employment-related training opportunities. This funding enabled Australians to obtain the skills they need for employment in occupations in high demand, in sectors with a reliance on skilled migration, in future growth industries, and in rural and regional areas.

To ensure that the VET system is well positioned to deliver a skilled workforce for employers now and into the future, the Prime Minister, the Hon Scott Morrison MP, and Senator the Hon Michaelia Cash, then Minister for Small and Family Business, Skills and Vocational Education, announced an expert review of the vocational education and training system, led by the Hon Steven Joyce, in November 2018. Mr Joyce delivered his report, *Strengthening Skills: Expert Review of Australia's Vocational Education and Training System*, to the Government in March 2019.

The review found that VET has an important role in meeting the needs of the labour market and future workplaces, but the system architecture needs a refresh if it is going to deliver the skills required by Australian business and workers in the future. The review made recommendations aimed at:

- strengthening quality assurance
- speeding up qualification development
- simpler funding and skills matching
- better careers information
- clearer secondary school pathways
- greater access for disadvantaged Australians.

In response to the Joyce Review, the Government announced its \$525.3 million Skills Package, Delivering Skills for Today and Tomorrow, as part of the 2019–20 Budget. Since the Budget was released, the department has been progressing implementation of the measures in the Skills Package.

The Skills Package lays the building blocks for reforms identified in the Joyce Review, placing industry at the centre and raising the profile of VET as a career pathway of choice. It takes steps towards longer term funding and governance reforms to help ensure the VET system is responsive, respected and flexible into the future.

Towards the end of the financial year, the department had commenced implementing the Skills Package measures. Collaboration and co-design with key stakeholders, such as the states and territories, and industry, will be central to the successful delivery of the Skills Package and the achievement of better outcomes for students and industry.

RESULTS

This section reports on our results against the key performance criteria relating to our purpose of maximising opportunity and prosperity through national leadership on education and training, as published in the department's Corporate Plan 2018–19.

Outcome 1: Key performance results

This section shows our performance in achieving Outcome 1 against the criteria published in the department's Corporate Plan 2018–19. The performance tables indicate the programs from the department's Portfolio Budget Statements 2018–19 that relate to each criterion.

Criteria	Child care support is targeted to vulnerable and disadvantaged families and communities
Target	100% of the Child Care Safety Net supports vulnerable and disadvantaged families and communities.
Result	<p>ACHIEVED</p> <p>Community Child Care Fund</p> <p>All allocated Community Child Care Fund (CCCF) funding was provided to support services assessed as meeting eligibility criteria relating to delivering services to vulnerable and disadvantaged families and communities.</p> <p>Other elements of the Child Care Safety Net</p> <p>In the three quarters to March 2019, 40,760 children (27,200 families) had accessed the Additional Child Care Subsidy (ACCS).</p>
Analysis	<p>Community Child Care Fund</p> <p>Funding in 2018–19 was available to eligible services under the Open Competitive Round 1, CCCF Restricted non-competitive round, and Special Circumstances. Established Connected Beginnings sites were also funded during this time.</p> <p>A total of \$104 million was allocated to support:</p> <ul style="list-style-type: none"> • over 700 services under the Open Competitive Round 1 (including Special Circumstances) • 159 services eligible under the Restricted non-competitive round • 14 Connected Beginnings sites. <p>Other elements of the Child Care Safety Net</p> <p>The ACCS provides additional fee assistance to support vulnerable or disadvantaged families and children.</p> <p>The ACCS is part of the child care package that was implemented on 2 July 2018, and data indicates that the ACCS is achieving its goal of supporting vulnerable and disadvantaged families.</p>

Criteria	Child care support is targeted to vulnerable and disadvantaged families and communities
Source	Department of Human Services and Department of Social Services administrative data; Australian Bureau of Statistics (ABS) and other data sources relevant to determining disadvantage.
Limitations	Figures and payments are not directly comparable with the old payments (Special Child Care Benefit, Grandparent Child Care Benefit, and Jobs, Education and Training Child Care Fee Assistance) due to differing policy settings between the ACCS and the old payments.
Methodology	<p>Community Child Care Fund</p> <p>Recipients receiving funds under the Open Competitive Round 1, Restricted non-competitive round, Connected Beginnings, and Special Circumstances met eligibility criteria relating to delivering child care services to vulnerable and disadvantaged families and communities. Prior to CCCF Round 2, ABS and Australian Early Development Census data was used to determine the level of disadvantage or vulnerability in order to inform priority areas.</p> <p>Other elements of the Child Care Safety Net</p> <p>Child care providers have a role in identifying children who require extra support through the ACCS (child wellbeing). Families apply directly to the Department of Human Services to access ACCS (grandparent), ACCS (temporary financial hardship) and ACCS (transition to work) payments.</p>
Contributing programs	1.1 – Support for the Child Care System

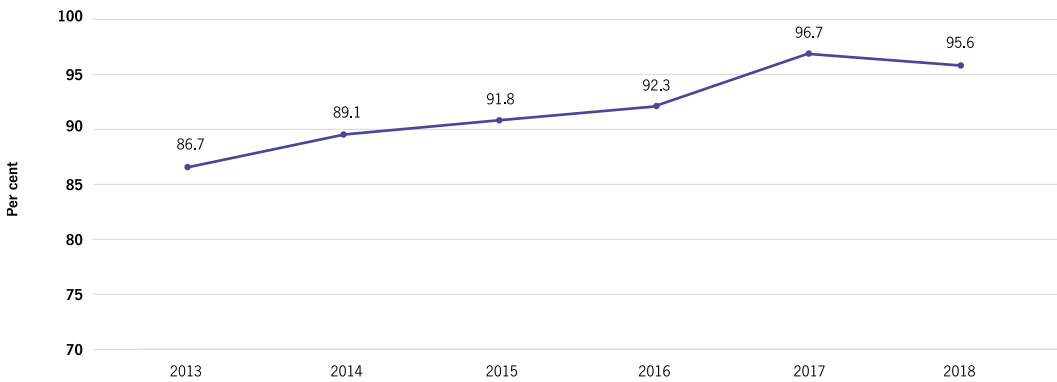
Criteria	Existing families transition to the new child care arrangements
Target	At least 90% of families transition to the new Child Care Subsidy.
Result	<p>ACHIEVED</p> <p>Over 1.02 million families completed and updated their income and activity assessment details by 2 July 2018 in order to transition to the new Child Care Subsidy. This compares well to the number of families using child care during the June quarter 2018—882,540 families.</p> <p>Of 6,053 existing child care providers, 6,040 (12,732 of 12,745 child care services) transitioned to the new arrangements. This represents over 99% of child care providers.</p>
Analysis	1,024,259 families completed transition activities by 2 July 2018.
Source	Department of Human Services administrative data.
Methodology	Numbers of families, child care providers and services are sourced from operational systems maintained by the Department of Human Services. Transition numbers are measured against the number of families who had at least one child in approved child care in the June quarter 2018 (882,540 families).
Contributing programs	1.4 – Child Care Subsidy

Criteria	Ensuring accurate child care payments
Target	At least 90% of child care payments to all services are accurate.
Result	ACHIEVED As a result of the department's compliance and fraud activities, the payment accuracy of child care fee assistance reported by child care providers on behalf of families is 96% in 2018–19.
Analysis	This result can be attributed to the department's implementation of the child care package and its compliance and fraud monitoring activities.
Source	Independent actuarial assessment of random sample parent checks against DHS payment data.
Methodology	Child care payments made to providers on behalf of parents are sourced from operational systems maintained by the Department of Human Services. This information is compared with information provided by parents of children using child care services.
Contributing programs	1.4 – Child Care Subsidy

Criteria	Universal access to quality early childhood education
Target	95% of Indigenous children enrolled in early childhood education in the year before full-time school are enrolled for 600 hours per year.
Result	ACHIEVED Nationally in 2018, 95.6% of Indigenous children enrolled in early childhood education in the year before full-time school for 600 hours per year (see Figure 2.1).
Analysis	The target is tied to funding offered to states and territories under the National Partnership on Universal Access to Early Childhood Education to incentivise state and territory action. State and territory governments are responsible for preschool delivery, with the Commonwealth's funding a contribution to increase participation rates. States and territories' implementation plans under the National Partnership are the means to work towards meeting the target, and are used as the basis for assessing performance according to the agreed methodology.
Source	2018 National Early Childhood Education and Care Collection, drawing on ABS, <i>Preschool Education, Australia, 2018</i> , cat. no. 4240.0.
Methodology	The proportion of Aboriginal and Torres Strait Islander children aged 4 and 5 years as at 1 July of the collection year, who are enrolled for 600 hours in the year before full-time schooling in a quality early childhood education program, as a proportion of the total number of Aboriginal and Torres Strait Islander children aged 4 and 5 years who are enrolled.
Contributing programs	1.7 – Early Learning and Schools Support



Figure 2.1: Proportion of all enrolled Indigenous children in an early childhood education program who are enrolled for 600 hours per year in the year before full-time school, 2013 to 2018

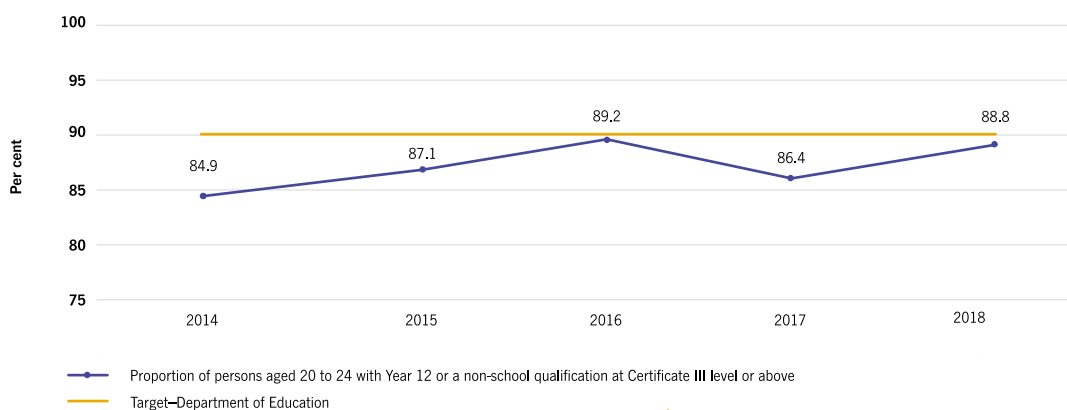


Source: The National Early Childhood Education and Care Collection is used for calculating performance results under the National Partnership on Universal Access to Early Childhood Education, informed by ABS, *Preschool Education, Australia*, cat. no. 4240.0. Final National Partnership performance outcomes also take account of supplementary data supplied by some states and territories in accordance with National Partnership arrangements.

Criteria	Universal access to quality early childhood education
Target	95% of vulnerable and disadvantaged children enrolled in early childhood education in the year before full-time school are enrolled for 600 hours per year.
Result	NOT ACHIEVED Nationally in 2018, 94.2% of vulnerable and disadvantaged children enrolled in early childhood education in the year before full-time school for 600 hours per year.
Analysis	The target is tied to funding offered to states and territories under the National Partnership on Universal Access to Early Childhood Education to incentivise state and territory action. State and territory governments are responsible for preschool delivery, with the Commonwealth's funding a contribution to increase participation rates. States and territories' implementation plans under the National Partnership are the means to work towards meeting the target, and are used as the basis for assessing performance according to the agreed methodology. The Commonwealth continues to undertake analysis to determine what further Commonwealth and state and territory actions could improve performance against the target.
Source	2018 National Early Childhood Education and Care Collection, drawing on ABS, <i>Preschool Education, Australia, 2018</i> , cat. no. 4240.0.
Methodology	The proportion of children aged 4 and 5 years as at 1 July of the collection year, who reside in disadvantaged areas and are enrolled for 600 hours in the year before full-time schooling in a quality early childhood education program, as a proportion of the estimated number of children aged 4 and 5 years who reside in disadvantaged areas and who are enrolled.
Contributing programs	1.7 – Early Learning and Schools Support

Criteria	Lifting outcomes in Australian schools—student attainment
Target	Lift the Year 12 (or equivalent) or Certificate III attainment rate to 90% by 2020 (measured as trend towards target).
Result	ON TRACK The percentage of 20- to 24-year-olds with Year 12 (or equivalent) or Certificate III was 88.8% in May 2018 (see Figure 2.2).
Analysis	This is an improvement from the 2017 figure of 86.4% and is slightly ahead of the trend line to the 2020 target. Although there have been fluctuations in recent years, the longer-term trend is upwards and approaching 90%.
Source	ABS, <i>Education and Work, Australia, May 2018</i> , cat. no. 6227.0.
Methodology	Survey of Education and Work conducted throughout Australia. Data is drawn from the 20 to 24 years age grouping with Year 12 (or equivalent) or Certificate III attainment.
Contributing programs	1.5 – Government Schools National Support 1.6 – Non-Government Schools National Support 1.7 – Early Learning and Schools Support

Figure 2.2: Proportion of persons aged 20 to 24 with Year 12 or a non-school qualification at Certificate III level or above, 2014 to 2018



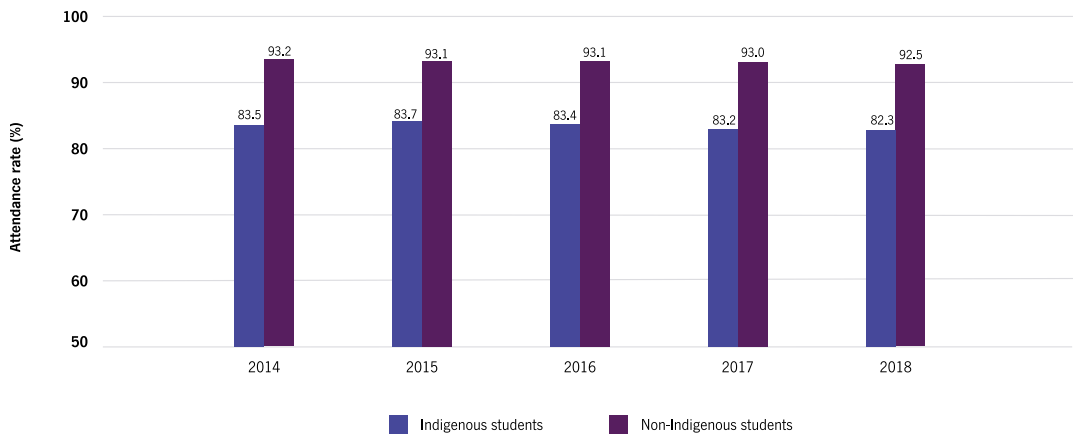
Source: ABS, *Education and Work, Australia, May 2018*, cat. no. 6227.0, Table 31.

Criteria	Closing the Gap for Aboriginal and Torres Strait Islander students in schools
Target	Halve the gap for Indigenous children in reading, writing and numeracy within a decade (2008–2018).
Result	NOT ACHIEVED Where the average gap across all year levels in reading and numeracy was 23% in 2008, by 2018 the average gap had narrowed to 16.3%.
Analysis	Gains have been made in reading and numeracy achievements for Indigenous children, narrowing the gap in outcomes with non-Indigenous children over the past 10 years across all year groups. Schooling achievements for a disproportionate share of Indigenous children remain below the national minimum standards in all target domains.
Source	Australian Curriculum, Assessment and Reporting Authority (ACARA).
Methodology	Department of the Prime Minister and Cabinet methodology: ACARA reports on the proportion of Indigenous and non-Indigenous students achieving at or above the national minimum standard in National Assessment Program – Literacy and Numeracy (NAPLAN). The base year for NAPLAN data is 2008.
Limitations	The target as originally agreed also included writing results. However, due to a change in the test from narrative writing to persuasive writing, the writing results from 2011 onwards are not comparable with results from previous years, and so have been excluded.
Contributing programs	1.5 – Government Schools National Support 1.6 – Non-Government Schools National Support 1.7 – Early Learning and Schools Support

Criteria	Closing the Gap for Aboriginal and Torres Strait Islander students in schools												
Target	Reduce the gap in school attendance for Indigenous students.												
Result	NOT ACHIEVED The gap between attendance of Indigenous and non-Indigenous students increased between 2014 and 2018:												
	<table border="1"> <thead> <tr> <th></th> <th>2014</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Indigenous</td> <td>83.5%</td> <td>82.3%</td> </tr> <tr> <td>Non-Indigenous</td> <td>93.2%</td> <td>92.5%</td> </tr> <tr> <td>Gap</td> <td>9.7 percentage points</td> <td>10.2 percentage points</td> </tr> </tbody> </table>		2014	2018	Indigenous	83.5%	82.3%	Non-Indigenous	93.2%	92.5%	Gap	9.7 percentage points	10.2 percentage points
	2014	2018											
Indigenous	83.5%	82.3%											
Non-Indigenous	93.2%	92.5%											
Gap	9.7 percentage points	10.2 percentage points											
Analysis	In 2018, the overall attendance rate for both Indigenous and non-Indigenous students declined (see Figure 2.3). The gap in school attendance for Indigenous students increased in 2018 by a margin of 0.5 percentage points as compared to 2014. While there is an increase in the gap for 2018, there was a reduction in the gap in 2015 and it remained relatively stable in 2016 and 2017.												

Criteria	Closing the Gap for Aboriginal and Torres Strait Islander students in schools
Source	Productivity Commission, <i>Report on Government Services 2019</i> , Table 4A.20, Table 4A.21; ACARA, <i>National Report on Schooling in Australia</i> .
Methodology	Attendance rates are the number of actual full-time-equivalent student days attended by full-time students in Years 1 to 10 as a percentage of the total number of possible student days attended over the period.
Contributing programs	1.5 – Government Schools National Support 1.6 – Non-Government Schools National Support 1.7 – Early Learning and Schools Support

Figure 2.3: Student school attendance rates, by Indigenous status, 2014 to 2018



Note: Attendance rates are the number of actual full-time-equivalent student days attended by full-time students in Years 1 to 10 as a percentage of the total number of possible student days attended over the period.

Source: Productivity Commission, *Report on Government Services 2019*, Table 4A.20; ACARA, *National Report on Schooling in Australia*.

Criteria	Closing the Gap for Aboriginal and Torres Strait Islander students in schools																
Target	Halve the gap in attainment rates in Year 12 or equivalent, for Indigenous people aged 20 to 24, by 2020 (measured as trend towards target).																
Result	<p>ON TRACK</p> <p>The percentage of both Indigenous and non-Indigenous 20- 24-year-olds with Year 12 (or equivalent) or Certificate III, as reported by the ABS, increased between 2006 and 2016:</p> <table border="1"> <thead> <tr> <th></th> <th>2006</th> <th>2011</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Indigenous</td> <td>45.7%</td> <td>52.2%</td> <td>63.8%</td> </tr> <tr> <td>Non-Indigenous</td> <td>83.3%</td> <td>85.6%</td> <td>88.8%</td> </tr> <tr> <td>Gap</td> <td>37.6 percentage points</td> <td>33.4 percentage points</td> <td>25.0 percentage points</td> </tr> </tbody> </table> <p>The target of 18.8 percentage points is on track to be accomplished by 2020.</p>		2006	2011	2016	Indigenous	45.7%	52.2%	63.8%	Non-Indigenous	83.3%	85.6%	88.8%	Gap	37.6 percentage points	33.4 percentage points	25.0 percentage points
	2006	2011	2016														
Indigenous	45.7%	52.2%	63.8%														
Non-Indigenous	83.3%	85.6%	88.8%														
Gap	37.6 percentage points	33.4 percentage points	25.0 percentage points														
Analysis	Although there have been fluctuations in recent years, the longer-term trend is towards the target. The gap in attainment rates between Indigenous and non-Indigenous 20- to 24-year-olds with Year 12 (or equivalent) or Certificate III decreased between 2006 and 2016.																
Source	ABS, <i>National Aboriginal and Torres Strait Islander Social Survey</i> , cat. no. 4714.0; ABS, <i>Census of Population and Housing</i> , 2016.																
Methodology	Department of the Prime Minister and Cabinet methodology using ABS data.																
Limitations	The target year is 2020 but ABS Census data on Year 12 attainment will not be available for 2020. Instead, data from the 2021 Census will be used to assess whether or not the target has been achieved.																
Contributing programs	1.5 – Government Schools National Support 1.6 – Non-Government Schools National Support 1.7 – Early Learning and Schools Support																

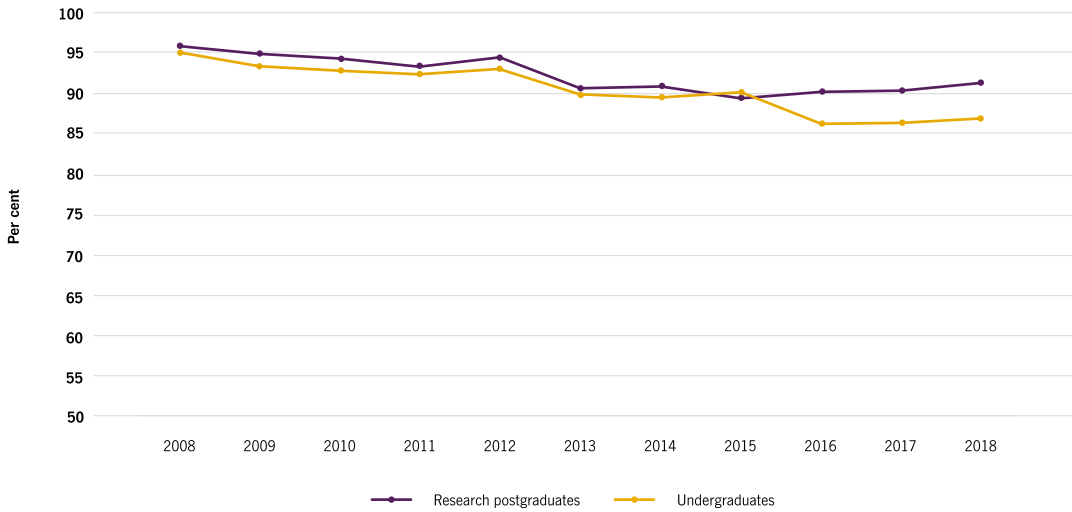
Outcome 2: Key performance results

This section shows our performance in achieving Outcome 2 against the criteria published in the department's Corporate Plan 2018–19. The performance tables indicate the programs from the department's Portfolio Budget Statements 2018–19 that relate to each criterion.

Criteria	Creating a highly skilled workforce and educated community
Target	The proportion of the 20- to 34-year-old population with a tertiary qualification is stable or increases from the previous year.
Result	ACHIEVED The proportion of the 20- to 34-year-old population with a tertiary qualification remained stable from the previous year: <ul style="list-style-type: none"> • 2018—65.6% • 2017—65.7%
Analysis	The proportion has remained stable over the past two years. The decline between 2017 and 2018 is 0.1 percentage points and within the bounds of survey error.
Source	ABS, <i>Education and Work, Australia, May 2018</i> , cat. no. 6227.0, Table 9.
Methodology	Annual results are benchmarked against previous results to identify trends.
Contributing programs	2.1 – Commonwealth Grant Scheme

Criteria	Creating a highly skilled workforce and educated community
Target	At least 85% of undergraduates are employed within four months of completing degree.
Result	ACHIEVED 87% of undergraduates are employed within four months of completing degree (see Figure 2.4).
Analysis	Employment outcomes improved steadily for graduates between 2017 and 2018, consistent with improvements in the overall labour market.
Source	Quality Indicators for Learning and Teaching (QILT), Graduate Outcomes Survey.
Methodology	Annual results are benchmarked against previous results as a quality assurance measure and to identify trends.
Contributing programs	2.1 – Commonwealth Grant Scheme

Figure 2.4: Percentage of graduates employed four months after completing degree, of those available for employment, 2008 to 2018



Source: Australian Graduate Survey 2008 to 2015; Graduate Outcomes Survey 2016 to 2018.

Criteria	Creating a highly skilled workforce and educated community
Target	The rate of attrition for domestic bachelor students is less than 15%.
Result	ACHIEVED The rate of attrition for domestic bachelor students is 14.93%.
Analysis	The 2017 new adjusted attrition rate for domestic commencing bachelor students was below 15.0%. Some institutions experienced increasing attrition in 2017, while attrition declined in others.
Source	Department of Education, Higher Education Statistics Collection.
Methodology	Annual results are benchmarked against previous results as a quality assurance measure and to identify trends.
Contributing programs	2.1 – Commonwealth Grant Scheme

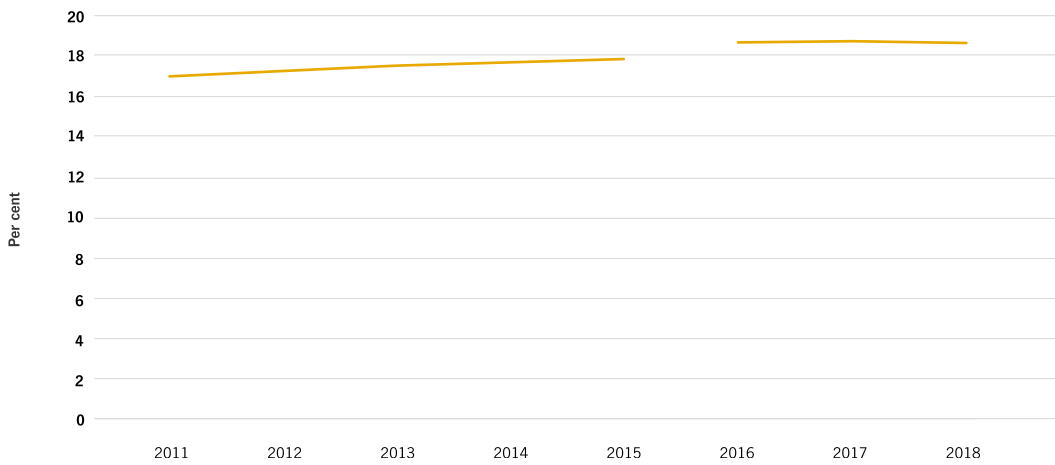
Criteria	Eligible current and former university employees receive support for certain superannuation expenses
Target	All 27 eligible universities are able to meet specified superannuation expenses.
Result	ACHIEVED The department has provided funding based on information provided by the universities and their superannuation funds. This has allowed all 27 eligible universities to meet the payments required to fund specified superannuation expenses.
Analysis	The department made an initial payment determination in November 2018 to provide for funding for the initial part of the 2019 calendar year. The department made final determinations in May and July 2019 to finalise amounts based on actual figures.
Source	Department of Education, Higher Education Superannuation Program administrative data.
Methodology	Estimates are provided by universities and superannuation funds, then paid by the department, and acquitted and adjusted (if required) in the following calendar year. All claims are certified by an authorised university officer and are verified by the department against supporting documentation prior to processing in Unipay.
Contributing programs	2.2 – Higher Education Superannuation Program

Criteria	Maintaining the quality of higher education
Target	At least 85% of employers are satisfied with the skills of graduates (overall across all skills).
Result	ACHIEVED 85% of employers are satisfied with the skills of graduates overall, across all skills.
Analysis	Overall employer satisfaction with graduates increased slightly in 2018, although the increase is within survey error. Direct supervisors remain highly satisfied with graduates.
Source	QILT, Employer Satisfaction Survey.
Methodology	Annual results are benchmarked against previous results as a quality assurance measure and to identify trends.
Contributing programs	2.3 – Higher Education Support

Criteria	Maintaining the quality of higher education
Target	At least 80% of undergraduate students rate the teaching quality at their institution positively.
Result	ACHIEVED 81% of undergraduate students rate the teaching quality at their institution positively.
Analysis	The proportion of undergraduate students providing positive ratings of the teaching quality at their institution has fluctuated only very slightly since first recorded in 2012. The stability of this measure at around 80% is evidence of the ongoing high quality of teaching within the Australian higher education system as a whole.
Source	QILT, Student Experience Survey.
Methodology	Annual results are benchmarked against previous results as a quality assurance measure and to identify trends.
Contributing programs	2.3 – Higher Education Support

Criteria	Improving participation in higher education for students from previously disadvantaged groups
Target	At least 18% of domestic undergraduates are from a low socioeconomic status (SES) background (based on postcode).
Result	ACHIEVED 18.7% of domestic undergraduates are from a low SES background (based on postcode) (see Figure 2.5).
Analysis	Low SES students are more responsive to improvements in labour market conditions, and while the proportion of domestic undergraduate low SES students (postcode measure) has remained stable in rounded terms, it has fallen slightly in unrounded terms in 2018.
Source	Department of Education, Higher Education Statistics Collection.
Methodology	Student enrolment data as reported by Table A and Table B universities (as listed under the <i>Higher Education Support Act 2003</i>) through the department's Higher Education Information Management System. SES measured at the postcode level, as defined by the Australian Bureau of Statistics. Percentage represents low SES enrolments as a proportion of total domestic undergraduate enrolments.
Contributing programs	2.3 – Higher Education Support

Figure 2.5: Proportion of domestic undergraduates from a low socioeconomic status background (postcode measure), 2011 to 2018



Source: Department of Education, Higher Education Statistics Collection. Note that socioeconomic status is based on Australian Bureau of Statistics 2011 Socio-Economic Indexes for Areas classifications for 2011 to 2015, and on 2016 Socio-Economic Indexes for Areas classifications from 2016. As a result, there is a break in the time series between 2015 and 2016.

Criteria	Improving participation in higher education for students from previously disadvantaged groups
Target	At least 16% of domestic undergraduates are from a low socioeconomic status (SES) background (based on Statistical Area Level 1).
Result	ACHIEVED 17% of domestic undergraduates are from a low SES background (based on Statistical Area Level 1).
Analysis	Low SES students are more responsive to improvements in labour market conditions, hence the proportion of domestic undergraduate low SES students (Statistical Area Level 1 measure) has fallen in 2018.
Source	Department of Education, Higher Education Statistics Collection.
Methodology	Student enrolment data as reported by Table A and Table B universities (as listed under the <i>Higher Education Support Act 2003</i>) through the department’s Higher Education Information Management System. SES measured at the Statistical Area Level 1, as defined by the Australian Bureau of Statistics. Percentage represents low SES enrolments as a proportion of total domestic undergraduate enrolments.
Contributing programs	2.3 – Higher Education Support

Criteria	Improving participation in higher education for students from previously disadvantaged groups
Target	At least 2% of higher education students are Indigenous.
Result	NOT ACHIEVED 1.9% are Indigenous.
Analysis	The proportion of Indigenous students increased in 2018, continuing the steady improvement in Indigenous access to higher education in recent years.
Source	Department of Education, Higher Education Statistics Collection.
Methodology	Student enrolment data as reported by Table A and Table B universities (as listed under the <i>Higher Education Support Act 2003</i>) through the department's Higher Education Information Management System. Percentage represents Indigenous enrolments as a proportion of total domestic undergraduate enrolments.
Contributing programs	2.3 – Higher Education Support

Criteria	Tertiary education is affordable for students and the community
Target	The proportion of Higher Education Loan Program (HELP) debt not expected to be repaid is stable or reduces from the previous year.
Result	ACHIEVED 15.76% (subject to finalisation of Australian Government Actuary valuation).
Analysis	Debt not expected to be repaid has decreased from the previous year. This is partly due to the introduction of a new schedule of HELP repayment thresholds, including a reduction in the minimum threshold, from 2019–20. This is the first annual report that has accounted for the impact of these new thresholds. The VET Student Loans program has different design elements to the previous VET FEE-HELP scheme and is therefore likely to have improved repayment outcomes.
Source	Department of Education, HELP forward estimates model.
Methodology	The amount of new debt not expected to be repaid is modelled by the Australian Government Actuary using historical repayment data in its longitudinal data of HELP debtors.
Contributing programs	2.4 – Higher Education Loan Program

Criteria	VET training choices are better aligned with industry needs
Target	The proportion of VET Student Loans (VSL) students surveyed who report studying for business- or job-related reasons remains stable or increases from the previous year.
Result	NOT AVAILABLE (see limitations) The proportion of surveyed students receiving VSL who reported studying for job-related or further study reasons for 2018–19 was 80%.
Analysis	This measure balances industry needs, employment outcomes and student choice.
Source	Department of Education, Higher Education Information Management System, survey on enrolment.
Methodology	The study reason captured from surveyed VSL students was examined for 2018–19 students' responses. The performance indicator was calculated by totalling the count of allowable values towards employment and study divided by the total of all valid reasons, resulting in the performance indicator of greater than 80%.
Limitations	This result cannot be directly compared to the figure reported for the 2017 calendar year of 63%, as this result only related to students who reported studying for job- or business-related reasons and not for further study.
Contributing programs	2.4 – Higher Education Loan Program

Criteria	Research postgraduates continue to have high employability
Target	At least 90% of research postgraduates are employed within four months of completing their degree.
Result	ACHIEVED 91.8% of research postgraduates are employed within four months of completing their degree (see Figure 2.4 on page 28).
Analysis	Employment outcomes improved steadily for research postgraduates, from 91% in 2017 to 92% in 2018, consistent with improvements in the overall labour market.
Source	QILT, Graduate Outcomes Survey.
Methodology	Annual results are benchmarked against previous results as a quality assurance measure and to identify trends.
Contributing programs	2.5 – Investment in Higher Education Research



Criteria	Australian universities continue to rank highly in research excellence
Target	Australia's share of the world's top 10% most highly cited research publications remains above the Organisation for Economic Co-operation and Development (OECD) average.
Result	ACHIEVED Australia's share of the world's top 10% most highly cited research publications sits at 5.6%, which remains above the 3.1% average for OECD countries.
Analysis	Australia is above the average share and ranks fifth among OECD countries, behind the United States, the United Kingdom, Germany and Italy.
Source	SciVal / Scopus abstract and citation database.
Methodology	Review of all publications (including journal articles, books etc.) against the OECD average. Data extracted at same reference point each year. Methodology can be validated by Excellence in Research for Australia results (triennially).
Contributing programs	2.5 – Investment in Higher Education Research

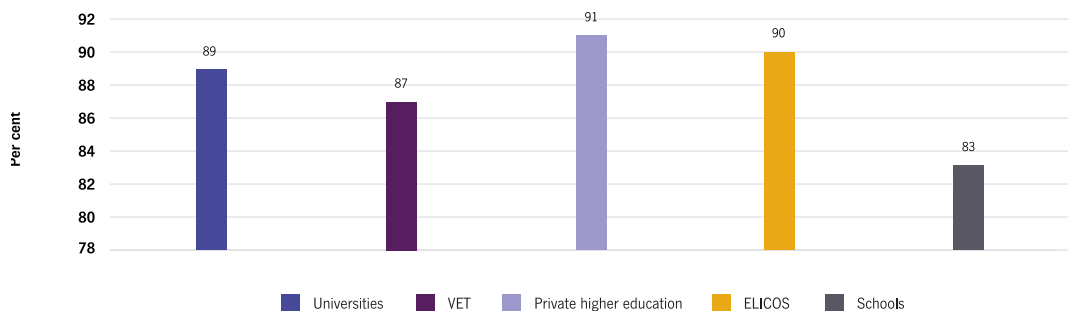
Criteria	More Indigenous Australians attain higher degrees by research
Target	Indigenous higher degree by research (HDR) completions, as a proportion of all domestic HDR completions, increases from the previous year.
Result	NOT ACHIEVED Indigenous HDR completions, as a proportion of all domestic HDR completions, is 0.9%.
Analysis	The proportion of 0.9% is consistent with the previous year. At a lower level of data, there is a minor decrease in Indigenous completions from 60 in 2017 to 55 in 2018. Overall, the trajectory of growth is improving since 2014, where the proportion was 0.55%.
Source	Department of Education, Higher Education Statistics Collection.
Methodology	Proportion of Indigenous HDR completions is compared to the previous year to see if it has increased.
Contributing programs	2.5 – Investment in Higher Education Research

Criteria	Investments are prioritised to ensure researchers have access to the resources needed to undertake world-class research
Target	At least 85% of research conducted by Australian universities and related to priority investment areas is rated as world standard or above.
Result	ACHIEVED 86% of research conducted by Australian universities and related to priority investment areas is rated as world standard or above.
Analysis	This demonstrates that through prioritised National Collaborative Research Infrastructure Strategy (NCRIS) investments, the majority of NCRIS-enabled publications are considered world-standard or above, because a large majority of those publications are within the top quartile of most cited journals.
Source	Department of Education, National Research Infrastructure Census.
Methodology	The department compiled publications data from NCRIS projects during the 2015–16 and 2016–17 National Research Infrastructure Census. This data was analysed using SciVal, which is a publication metrics tool. The tool was able to identify the proportion of NCRIS-enabled publications that are in the top 25 percentile of most cited journals.
Contributing programs	2.6 – Research Capacity

Criteria	Investments are prioritised to ensure researchers have access to the resources needed to undertake world-class research
Target	At least 90% of researchers report access to NCRIS facilities and projects improved research quality and outputs.
Result	ACHIEVED 92% of researchers report access to NCRIS facilities and projects improved research quality and outputs.
Analysis	Research block grant funding has enabled higher education providers to provide training to over 40,000 domestic and international students undertaking research doctorate and research masters courses in 2018. Analysis of universities' 2017 financial statements shows that universities are expending their allocated research block grant funding on systemic costs of research and supporting research postgraduates' tuition fees and living costs.
Source	Department of Education, NCRIS user survey.
Methodology	The department conducted an NCRIS user satisfaction survey between February and March 2019. A total of 1,342 NCRIS users responded.
Contributing programs	2.6 – Research Capacity

Criteria	Sustainably grow Australia's international education sector by maintaining quality and increasing diversity
Target	At least 85% of international students are satisfied or very satisfied with studying and living in Australia.
Result	ACHIEVED 89% of international students are satisfied or very satisfied with studying and living in Australia (see Figure 2.6).
Analysis	International students surveyed reported that they chose to study in Australia due to the reputation of Australian teaching and qualifications, as well as feeling confidence in personal safety while in Australia.
Source	Department of Education, International Student Survey.
Methodology	Scores from several questions on student experience are aggregated to give an overall measure of satisfaction.
Contributing programs	2.7 – International Education Support

Figure 2.6: Proportion of international students satisfied or very satisfied with studying and living in Australia, by education sector, 2018



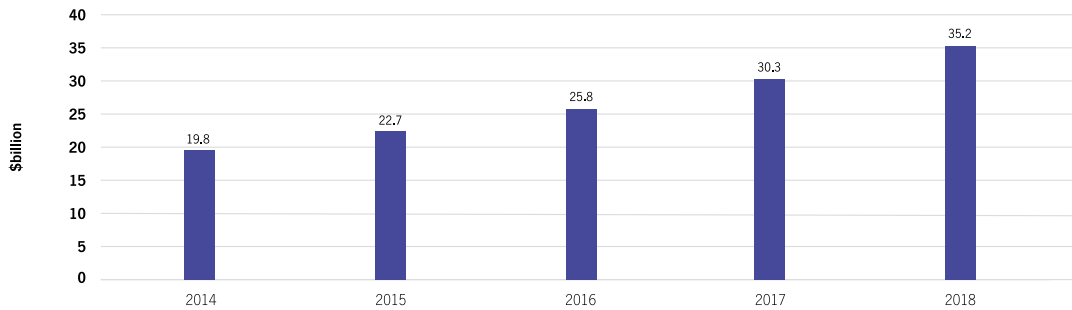
VET = vocational education and training; ELICOS = English Language Intensive Courses for Overseas Students

Source: Department of Education, International Student Survey and Higher Education Statistics Collection.

Criteria	Sustainably grow Australia's international education sector by maintaining quality and increasing diversity
Target	At least 60% of international students employed or enrolled in further study after graduation.
Result	ACHIEVED 83% (were employed).
Analysis	The survey captured responses from graduates onshore and offshore who were former international students in Australia and had graduated in the previous decade. The very positive result reflects the quality and reputation of Australian higher education qualifications.
Source	Department of Education, graduate outcomes survey of international students.
Methodology	The survey establishes the proportion of respondents in work or further study.
Contributing programs	2.7 – International Education Support

Criteria	Sustainably grow Australia's international education sector by maintaining quality and increasing diversity
Target	Average annual growth rate of 3% to 5% in international education export earnings.
Result	ACHIEVED 16% growth (from 2017 to 2018).
Analysis	International education export earnings rose by 16% to \$35.2 billion in 2018 in accordance with an 11% growth in international student numbers (see Figure 2.7). The export income generated is the sum of tuition fees and student spending on costs of living in Australia. International students have indicated in national surveys that they choose to study in Australia because of our reputation for education quality.
Source	ABS, <i>International Trade: Supplementary Information, Calendar Year, 2018</i> , cat. no 5368.0.55.004.
Methodology	Education export earnings are a component of ABS national accounting of all Australia's service exports.
Contributing programs	2.7 – International Education Support

Figure 2.7: International education export earnings, Australia, 2014 to 2018

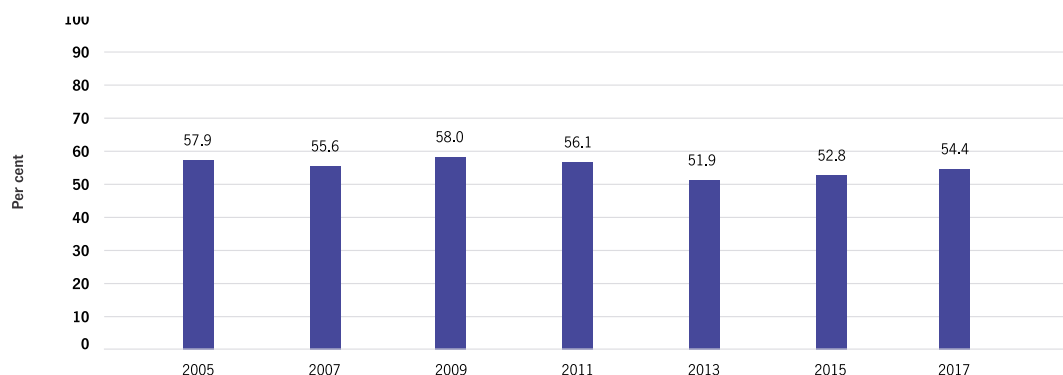


Source: ABS, *International Trade: Supplementary Information, Calendar Year, 2018*, cat. no. 5368.0.55.004.

Criteria	Sustainably grow Australia's international education sector by maintaining quality and increasing diversity
Target	Maintain positive growth in the number of students enrolled in offshore and transnational education and training delivered by Australian providers.
Result	ACHIEVED 6% growth (from 2016 to 2017).
Analysis	Offshore enrolments in Australian higher education comprise a mix of courses delivered by distance education; from branch campuses established offshore by Australian higher education providers; and through partnerships with foreign providers. Most of the volume and growth in offshore enrolments was in the category of partnerships with foreign providers.
Source	Department of Education, Higher Education Statistics Collection.
Methodology	The numbers of students with a term residence overseas are compared year by year.
Contributing programs	2.7 – International Education Support

Criteria	Maintaining the quality of vocational education and training
Target	At least 53% of employers report use of the vocational education and training (VET) system.
Result	ACHIEVED 54.4% of employers reported use of the VET system (see Figure 2.8).
Analysis	Result exceeds target. Since only 37.2% of employers reported that they needed to use VET (i.e. had jobs requiring vocational qualifications), 54.4% usage shows that VET is a training system of choice for many employers. Employers using the VET system were highly satisfied—82.2% of employers were satisfied with nationally recognised training and 77.5% of employers with apprentices and trainees were satisfied with them. Overall, the survey results demonstrate that employers continue to find VET a quality option.
Source	National Centre for Vocational Education Research (NCVER), Survey of Employer Use and Views of the VET System.
Methodology	Data is sourced directly from NCVER (2017), 'Employers' use and views of the VET system'.
Contributing programs	2.8 – Building Skills and Capability

Figure 2.8: Proportion of employers using the VET system, 2005 to 2017



Source: NCVER (2017), 'Employers' use and views of the VET system'.

Criteria	Maintaining the quality of vocational education and training
Target	At least 85% of graduates are satisfied with the overall quality of the training.
Result	ACHIEVED 86.8% of graduates are satisfied with the overall quality of the training.
Analysis	Result exceeds target overall and for graduates of both TAFE (87.5%) and private registered training organisations (86.3%).
Source	NCVER, National Student Outcomes Survey.
Methodology	Data is sourced directly from NCVER (2018), 'VET student outcomes'.
Contributing programs	2.8 – Building Skills and Capability

Criteria	Responding to industry and employers through access to VET graduates with the required skills
Target	At least 80% of VET graduates are employed or enrolled in further study after training.
Result	ACHIEVED 85.4% of VET graduates are employed or enrolled in further study after training (see Figure 2.9).
Analysis	The result exceeds the target but is 0.7% lower than the 2017 survey result (of 2016 graduates). The proportion of graduates already employed before training was two percentage points higher in the 2017 survey (69.7%, compared to 67.7% in the 2018 survey).
Source	NCVER, National Student Outcomes Survey.
Methodology	Data is sourced directly from NCVER (2018), 'VET student outcomes'.
Contributing programs	2.8 – Building Skills and Capability

Figure 2.9: Proportion of VET graduates employed or enrolled in further study after training, 2017 and 2018



Note: Outcomes data for all VET graduates is not available prior to 2017.

Source: NCVET (2018), 'VET student outcomes'.

Criteria	Responding to industry and employers through access to VET graduates with the required skills
Target	Positive growth in the apprenticeship completion rate from the previous year.
Result	NOT ACHIEVED Individual completion rate for apprentices and trainees who commenced in 2014 was 56.7%, a decrease from 59.9% for the 2013 commencing cohort.
Analysis	The Fair Work Commission published a report in 2017 which states, 'While strong economic and labour conditions may encourage people to commence apprenticeships, some research suggests that it has the opposite effect on the retention of apprentices', as apprentices take advantage of other opportunities. (Research Report 3/2017: <i>Factors affecting apprenticeships and traineeships</i> , pp. 28–9.)
Source	NCVER (2019), 'Completion and attrition rates for apprentices and trainees 2018'.
Methodology	Data is sourced directly from NCVET statistics.
Limitations	Analysis is generally limited to commentary on whether target has been met.
Contributing programs	2.8 – Building Skills and Capability

Criteria	Improving language, literacy and numeracy for target groups
Target	At least 80% of participants in targeted programs increase one or more levels on the Australian Core Skills Framework.
Result	ACHIEVED 96% of participants increased one or more levels.
Analysis	Of the 78,767 participants in the Adult Migrant English Program (AMEP) and the Skills for Education and Employment (SEE) program, 96% of those who undertook a progressive assessment showed an increase of one or more levels against the Australian Core Skills Framework of learning, reading, writing, oral communication or numeracy.
Source	Department of Education, SEE program and AMEP administrative data.
Methodology	The percentage is based on the number of clients who demonstrated progression over the number of clients who completed a progress assessment for 2018–19 for the SEE program and the AMEP. A weighted average was used to reflect the different numbers of clients in each program. SEE program—98% of clients for whom a progress assessment was undertaken had achieved an improvement in one or more Australian Core Skills Framework levels in the reporting period. Data is extracted from the SEE online database for clients who received training in 2018–19. AMEP—96% of clients for whom a progress assessment was undertaken had achieved an improvement in one or more Australian Core Skills Framework levels in the reporting period. Data is extracted from the AMEP reporting facility for assessments conducted in 2018–19.
Contributing programs	2.8 – Building Skills and Capability

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CORPORATE GOVERNANCE

Machinery-of-government changes

As a result of the Administrative Arrangements Order issued on 29 May 2019, skills, vocational education and training, and adult migrant education functions were transferred to the Department of Employment, Skills, Small and Family Business and the Department of Home Affairs.

Work towards implementing machinery-of-government changes commenced on 29 May 2019 and the changes were effective from 1 July 2019 respectively.

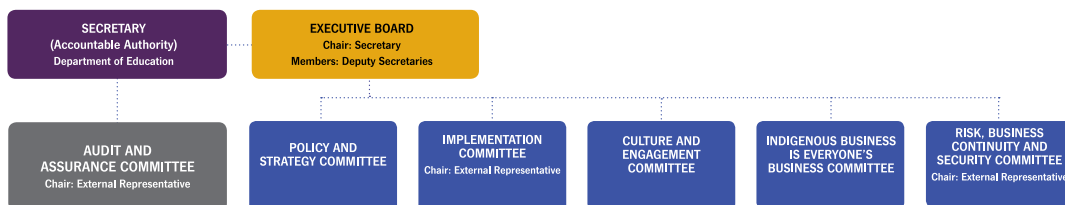
Governance framework

Our governance structure helps us to successfully deliver outcomes consistent with our legal, accountability and policy obligations.

The Executive Board, chaired by the Secretary, is responsible for setting longer-term strategy for the department, meeting the Government's objectives and ensuring compliance with the department's obligations under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Membership consists of the Secretary and deputy secretaries.

The department's senior governance committees (Figure 3.1) provide direction and organisational stewardship, and support the department in meeting its priorities and objectives. All committees, except the Implementation Committee which makes decisions in relation to capital budgets, are advisory bodies and report to the Executive Board or the Secretary.

Figure 3.1: The department's senior governance structure, at 30 June 2019



Audit and Assurance Committee

The department's Audit and Assurance Committee provides independent advice and assurance to the Secretary on the appropriateness of the department's financial reporting, performance reporting, systems of risk oversight and management, and systems of internal control. The committee has been established in accordance with section 45 of the PGPA Act and section 17 of the Public Governance, Performance and Accountability Rule 2014.

As at 30 June 2019, the Audit and Assurance Committee consisted of four external members (including the chair) and three departmental members. The members were:

- Ms Jenny Morison—Chair (external member)
- Ms Jackie Wilson, Deputy Secretary, Early Childhood and Child Care, and Deputy Chair
- Ms Donna Moody (external member and observer on the Risk, Business Continuity and Security Committee)

- Dr David Bryant (external member and observer on the Implementation Committee)
- Mr Tim Youngberry (external member and Financial Statements Subcommittee Chair)
- Mr Joey Baker, Branch Manager, Schools Funding
- Mr Damian Coburn, Branch Manager, HELP and Provider Integrity.

The committee met five times during the year, with the Deputy Secretary Corporate Strategy, Chief Financial Officer, Chief Information Officer, Chief Risk Officer, Chief Internal Auditor and representatives from the Australian National Audit Office attending as observers.

The Audit and Assurance Committee works closely with the Risk, Business Continuity and Security Committee in relation to systems of risk oversight and management. An external member of the Audit and Assurance Committee attends meetings of the Risk, Business Continuity and Security Committee as an observer.

The Financial Statements Subcommittee, chaired by an external member of the Audit and Assurance Committee, supports the committee in performing its financial reporting function.

Corporate and business planning

The Department of Education and Training Corporate Plan 2018–19 was published on the department’s website on 24 August 2018. The plan sets out our purpose statement—*maximising opportunity and prosperity through national leadership on education and training*—and also outlines our activities and performance criteria for the next four years. These criteria form the basis of the annual performance statements in Part 2 of this report.

Business plans are developed annually for business areas and outline a formal statement of priorities and how they will be achieved. Business plans play an important role in ensuring alignment of work priorities and work deliverables. The 2018–19 business plans provide a clear line of sight between our purpose and the work we do to achieve our outcomes.

Risk management

Risk management is integral to the department’s strategic and operational environment. It is recognised by our executive as essential for ensuring the effective delivery of our activities and the achievement of our purpose. The department’s risk management framework aligns with broader requirements, including the Commonwealth Risk Management Policy and the Australian standard on risk management (AS ISO 31000:2018), and meets the requirements of section 16 of the PGPA Act.

We actively manage risks through systems, processes and strategies that are designed to respond to changes in our environment, strengthen our business processes and improve our culture and capability. The Risk, Business Continuity and Security Committee monitors our enterprise risks and reports to the Executive Board to inform decision-making and support our purpose.

Our people are encouraged to identify and mitigate risk, and to use risk management as a tool to make sound business decisions that support achievement of our purpose.



Fraud control

As a Commonwealth entity, the department has a responsibility to ensure public resources are used appropriately to achieve its purpose and promote financial sustainability.

In 2018–19, the department introduced a new fraud control framework to better support the management of fraud risk. A key component of this framework is the Fraud Control Plan, which aims to increase the department's fraud control maturity.

The department continued to explore solutions to managing fraud risk and incidents of fraud. These included improving legislative frameworks, refining analytical capability, strengthening existing controls, improving data analytics capability and implementing new approaches to reducing the opportunity for fraud such as localised disruption strategies.

To support financial integrity of the child care system, the department developed the Child Care Financial Integrity Framework to support and guide the department's child care financial integrity program, including fraud detection, monitoring and response activities. The Family Day Care Payment Integrity measures respond to sophisticated and systemic fraud and serious noncompliance in the family day care sector. Further information on these integrity measures is available in Part 2 of this report.

The department had three investigation teams responsible for investigating incidents of fraud:

- Fraud Team in the People, Parliamentary and Communication Group, authorised to conduct fraud investigations into any of the department's activities.
- Child Care Fraud Investigations Team in the Payment Integrity Group, which undertook investigations related to family assistance law, primarily fraud in child care.
- Investigations Team in the VST, VET Compliance and TRA Group, which undertook investigations into vocational education and training programs, including VET FEE-HELP investigations.

In addition to undertaking fraud investigations, the Fraud Team performed a broader fraud control function, including:

- implementation and maintenance of the fraud control framework
- raising awareness of fraud through targeted communications and delivering regular fraud awareness training to staff
- providing advice on reporting suspected fraud, the investigations process, and general fraud-related matters
- providing advice to business areas about considering fraud risks in new policies and programs
- annual reporting against the Commonwealth Fraud Control Framework 2017.

The Child Care Fraud Investigations Team also contributes to the prevention of fraud across all Commonwealth programs by working with other Australian Government agencies on detection and prevention strategies.

Shared services arrangements

The department has memorandums of understanding in place for the provision of relevant services from the Department of Employment, Skills, Small and Family Business, the Department of Finance and the Department of Social Services.

The Department of Employment, Skills, Small and Family Business provides technology and some corporate services, including network access, client computing, service desk support, records management and financial viability assessments.

The Department of Finance’s Service Delivery Office provides transactional services such as payroll and payroll system administration, accounts payable and receivable, credit card management, and travel management.

The Department of Social Services provides grants administration services through the Community Grants Hub.

The department provides library and theatre (including audio-visual) services to the Department of Employment, Skills, Small and Family Business and other entities.

PEOPLE MANAGEMENT

Our people

Our People Strategy 2018–2021 describes our approach to building a workforce that supports a world-class policy agency. In 2018, we developed the People Strategy Roadmap, which outlines the key deliverables against our four strategic priorities: strong leadership; driving performance and optimising talent; fostering flexibility, diversity and inclusion; and building cultural capabilities and engagement (Figure 3.2).

Figure 3.2: People Strategy 2018–2021



The People Strategy recognises the important influence our culture can have on our success in achieving the department's purpose and objectives now and into the future. Our cultural traits—look forward, collaborate, work smarter, communicate openly, and trust—encapsulate how our people would like our department to operate, how we will work together to achieve our purpose, and what the community expects of us.

In 2018–19, the department offered professional development activities through approaches that included:

- access to e-learning across a variety of technical and management areas
- face-to-face cultural appreciation training
- pilot Executive Level 2 and Senior Executive Service Band 1 leadership development training
- face-to-face workshops relating to better mental health in the workplace
- secondment and mobility opportunities through the Jawun Indigenous Corporate Leadership Program and Executive Level mobility rounds, as well as community secondments with local Indigenous organisations
- a number of training programs to build policy, data and writing capability
- mandatory fraud awareness and security training.

In 2019, the department developed and implemented our strategic workforce planning framework, which describes the role and key components of workforce planning and integrates it within the corporate and budget planning cycles. This is the first step in improving the department's broader approach to, and capability in, workforce planning.

Entry-level programs

The department continues to provide entry-level program opportunities, including the graduate program and participation in the Indigenous Apprenticeships Program (IAP) to build capability and support succession planning. The graduate program consists of two work placements over 10 months, on-the-job training and a structured learning and development program. IAP participants undertake a Certificate IV in Government while working full-time over a 12-month period.

Thirty graduates completed the graduate program in 2018, and five participants completed the IAP. As at 30 June 2019, there are 40 graduates and four Indigenous apprentices employed by the department. The department was also named the number one graduate employer in the government sector at the 2019 GradAustralia Awards.

Remuneration

Remuneration and conditions for Senior Executive Service (SES) officers are covered by section 24(1) determinations made by the Secretary under the *Public Service Act 1999*. These determinations provide for a total remuneration approach to SES remuneration and conditions. SES arrangements do not provide for performance pay. Table 3.1 shows the number of SES covered by section 24(1) determinations and Table E.18 in Appendix 5 shows the salary ranges for SES employees. Additional statistics on remuneration for key management personnel, senior executives and other highly paid staff are provided in tables E.1 to E.3 in Appendix E.

On 21 December 2018, following a period of consultation with employees, the department issued a section 24(1) determination for non-SES employees as an alternative to enterprise bargaining, in accordance with the Australian Public Service Commission's Workplace Bargaining Policy 2018. The determination provides for pay rises of 2 per cent in April 2019, April 2020 and April 2021, while all other terms and conditions for employees continue to be provided under the Department of Education and Training Enterprise Agreement 2016–19.

Table 3.1 shows the number of non-SES employees covered under the Enterprise Agreement 2016–19 as their primary employment instrument, and Table E.18 in Appendix 5 details their salary ranges under the section 24(1) determination. The department also uses individual flexibility arrangements to secure expertise or specialist skills that

are critical to business needs. As at 30 June 2019, 29 employees had individual flexibility arrangements in place. No non-SES arrangements provide for performance pay.

Appendix 5 provides statistics on employees by Indigenous status, classification, employment status and location, including breakdowns by gender.

Table 3.1: Number of SES and non-SES employees, by employment arrangement, at 30 June 2019

Classification	Section 24(1) determinations	Enterprise agreement	Total
SES	72	0	72
Non-SES	0	1,836	1,836
Total	72	1,836	1,908

Note: Includes staff on leave without pay. Excludes the Secretary as remuneration arrangements for departmental secretaries are determined by the Remuneration Tribunal.

Diversity and inclusion

The department has a strong commitment to diversity and inclusion and building a workplace culture that embraces the unique skills and qualities of all our employees.

Our Workplace Diversity and Inclusion Strategy 2017–2019, and the supporting Gender Equality Action Plan 2017–2019 and Workplace Diversity and Inclusion Action Plan 2018–2020, outline the department’s high-level actions addressing issues relevant to all diversity groups and are designed to build upon our inclusive workplace culture, retain our diverse workforce and support our employees to have a productive career.

The department will monitor and evaluate its progress against workplace diversity and inclusion targets via the Culture and Engagement Committee (formerly the People and Change Committee). The remit of this committee has been refined to include supporting, promoting and monitoring the development and implementation of the department’s diversity-related initiatives, as well as providing progress reporting and advice to the Executive Board.

The department has a number of highly active and engaged employee networks, including the Culturally and Linguistically Diverse Network, the Ability Network, the Aboriginal and Torres Strait Islander Employee Network, the Pride Network and the Women’s Network. These networks continue to play an important role in promoting diversity and inclusion initiatives, providing support and resources to staff, and recognising diversity days of significance.

The department has a number of senior-level champions who work to represent the department at external diversity forums, raise awareness of diversity issues, and promote initiatives that support inclusive practices for people from diversity groups.

Indigenous business is everyone’s business

The department supports the Government’s priority to work with Aboriginal and Torres Strait Islander peoples, communities and business to build a better future and improve opportunities. The department develops and delivers education policies and programs by working with Aboriginal and Torres Strait Islander peoples, respecting their cultures and building our own cultural capability. We proudly support the Government’s Indigenous Procurement Policy so we can foster Aboriginal and Torres Strait Islander business, create jobs and employ more Indigenous Australians. Our employees are encouraged to embrace and value the important contribution Aboriginal and Torres Strait Islander peoples make to our department and wider Australian society.

The department's Indigenous Business is Everyone's Business Committee is driving efforts to embed the department's philosophy of 'Indigenous business is everyone's business' across all aspects of our work. The committee's responsibilities in 2018–19 included:

- implementing the actions outlined in the department's Reconciliation Action Plan 2018–2020
- monitoring the implementation of the Indigenous Procurement Policy
- embedding the 'Indigenous business is everyone's business' philosophy.

Reconciliation Action Plan

The department's Reconciliation Action Plan (RAP) 2018–2020 provides the framework through which the department commits to practical actions that build respectful relationships and create opportunities for Aboriginal and Torres Strait Islander peoples. Our RAP is in the 'Stretch' category of Reconciliation Australia's Reflect, Innovate, Stretch, Elevate framework. It supports our people to deepen their cultural understanding through building an environment based on respect, trust, positive relationships, equality and opportunities for all people.

The department's RAP has five key initiatives designed to inject more vitality into our department's culture, building our capability and going the next step in advancing reconciliation. In support of a strong Stretch status, these five initiatives demonstrate a significant, broader contribution to reconciliation in Australia that reflects our distinctive position as the Commonwealth Government agency with primary responsibility for education and training.

Work health and safety

The department is committed to providing a safe and healthy workplace for all employees, and takes a proactive approach to health and safety management through effective communication and consultation, and systematic identification, assessment and control of risks.

During 2018–19, the department worked closely with Comcare to review and make continuous improvements to its work health and safety management system. This included quarterly reporting to the Executive Board on work health and safety performance. During 2018–19, the department provided due diligence training for Senior Executive employees defined as officers under the *Work Health and Safety Act 2011* (WHS Act), as well as information sessions for other Senior Executive employees.

The department's Work Health and Safety Committee is the primary consultative mechanism to ensure the department has effective measures in place to support workers' health and safety. The committee meets bimonthly and was established in accordance with Division 4 (sections 75–79) of the WHS Act. The department also has a national network of health and safety representatives, and a national employee support officer network.

All employees have access to online resources, including a Health and Wellbeing Hub that provides comprehensive health and wellbeing information to support everyone in the workplace to identify hazards and manage risks. The department also launched its Health and Wellbeing Framework and Mental Health Action Plan 2019–2021. These two documents recognise the department's commitment to psychosocial health and wellbeing in the workplace.

During 2018–19, work health and safety was supported through activities that included:

- Mental Health in the Workplace seminars
- R U OK? Day activities
- Men's Health seminar recognising Men's Health Week
- delivering a national influenza vaccination program.

Table 3.2 sets out the type of work health and safety incidents in 2018–19, and provides a comparison to incidents in 2017–18. In 2018–19, there were two notifiable incidents under section 38 of the WHS Act. There were no investigations or actions taken under Part 10 of the Act.

Table 3.2: Number of work health and safety incidents, 2017–18 and 2018–2019

Mechanism of incident	2017–18	2018–19
Falls on the same level (including trips and slips)	23	19
Other	0	8
Repetitive movement with low muscle loading	8	6
Other muscular stress	5	6
Hitting objects with a part of the body	5	5
Unspecified mechanisms of injury	5	4
Being hit by moving objects	3	4
Vehicle accident	4	1
Fall from a height	1	1
Single contact with chemical or substance (excluding insect and spider bites and stings)	2	1
None	7	0
Exposure to mental stress factors	2	0
Total	65	55

Note: These figures are sourced from the department’s online incident reporting system, which uses the Type of Occurrence Classification System to identify the overall action, exposure or event that best describes the circumstances of the incident. The classification system is endorsed by Safework Australia and is typically used by most workers’ compensation jurisdictions across Australia, including Comcare.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

The Executive Board endorsed the Department of Education and Training Technology Strategy 2017–2022 in September 2017. The strategy outlines the planned transformation of the department’s technology services and systems.

The strategy sets a direction for providing technology solutions that are modular, less complex, easier to maintain, and more responsive in addressing business needs. Importantly, the strategy outlines our approach for major business transformation projects in the department and sets a new course for the department’s technology services by building upon our technology capabilities.

The strategy is underpinned by five principles that guide the department’s technology decisions:

- Principle 1: Enterprise-based technology decisions
- Principle 2: Strategic technology platforms



- Principle 3: Information as an enterprise asset
- Principle 4: Security by design
- Principle 5: Human-centred design.

In addition to the principles, the strategy highlights four key priority areas for:

- enabling business transformation (e.g. National Education Evidence Base)
- delivering enterprise technology capability (e.g. Integrated Technology Services Platform)
- organising ourselves for success
- investing in our people.

FINANCIAL PERFORMANCE

In 2018–19, the department reported an operating profit of \$2.8 million after adjusting for depreciation and amortisation expense. This result compares to a \$14.0 million deficit in 2017–18 which was the result of an unexpected writedown of an IT system (\$9.6 million), and an adjustment to appropriations following reclassification from capital to operating funding (\$12.6 million).

The department also administered \$39.2 billion in payments, of which \$29.5 billion represented grants, which were delivered within budget. Further information on the department’s financial performance in 2018–19 is available in Part 4 of this report.

PURCHASING AND CONSULTANCIES

Purchasing

The department’s procurement policies and practices are consistent with all relevant Commonwealth laws, the Commonwealth financial framework (including the Commonwealth Procurement Rules) and other relevant policies.

The department publishes its procurement activities over \$10,000 (GST inclusive) and business opportunities of \$80,000 and above (GST inclusive) on the AusTender website. The department’s procurement activities are therefore readily communicated and accessible to all business enterprises. There were no contracts exempt from reporting on AusTender in 2018–19.

Procurement initiatives to support small business

The department supports small business participation in the Commonwealth procurement market. Small and medium enterprise (SME) and small enterprise participation statistics are available on the Department of Finance’s website at finance.gov.au.

Consistent with the Commonwealth Procurement Rules, the department’s procurement practices provide appropriate opportunities for SMEs to compete and ensure they are not unfairly discriminated against. For example, the department uses the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000. Many small businesses do not have sufficient scale, skills or resources to prepare complex tender documents. Using this suite,

which has simple and consistent contract terms and insurance requirements, simplifies the process and makes it easier for SMEs to bid for business opportunities with the department.

The department also recognises the importance of ensuring small businesses are paid on time. The results of the Government Pay On-Time Survey are available on the Treasury's website at [treasury.gov.au](https://www.treasury.gov.au).

Indigenous Procurement Policy

The department, through the Indigenous Procurement Policy, is committed to growing its engagement with Indigenous business. The department, under its Reconciliation Action Plan, sets itself an annual target to award \$3.5 million in new contracts each year to majority-Indigenous-owned business.

For 2018–19, the department had 106 contracts in place with majority-Indigenous-owned businesses valued at \$7,120,000. This was well above the department's annual target of \$3.5 million.

Consultancies

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

The methods of selection used for consultancies are open tender, limited tender and panel arrangements (initially selected through either an open tender or prequalified tender process). Consultants are typically engaged to investigate or diagnose a defined issue or problem; carry out defined research, reviews or evaluations; or provide independent advice, information or creative solutions to assist the department in decision-making.

During 2018–19, 71 new consultancy contracts were entered into involving total actual expenditure of \$8,867,187. In addition, 46 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$23,541,413.

This annual report contains information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at [tenders.gov.au](https://www.tenders.gov.au).

Grant programs

Information on grants awarded by the department during 2018–19 is available at [education.gov.au](https://www.education.gov.au) and [grants.gov.au](https://www.grants.gov.au).

Advertising and marketing

During 2018–19, the department conducted Phase Three of the Quality Schools campaign. Further information on the Quality Schools campaign is available at [education.gov.au](https://www.education.gov.au) and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website at [finance.gov.au](https://www.finance.gov.au).

Details of payments made by the department in 2018–19 to advertising, market research and media advertising organisations are provided in tables 3.3 to 3.5. Where the total paid is less than \$13,800 (GST inclusive), details have not been included. This is consistent with section 311A of the *Commonwealth Electoral Act 1918*.

Table 3.3: Payments to advertising agencies, 2018–19

Organisation	Service provided	Total paid in 2018–19 (\$) (GST inclusive)
BMF Advertising	Creative development for Phase Three of the Quality Schools campaign	1,416,360

Table 3.4: Payments to market research organisations, 2018–19

Organisation	Service provided	Total paid in 2018–19 (\$) (GST inclusive)
Hall and Partners	Development research, concept testing and refinement testing for Phase Three of the Quality Schools campaign	163,799
JWS Research Pty Ltd	Benchmark, tracking and evaluation services for Phase Three of the Quality Schools campaign	571,120
Orima Research Pty Ltd	Market research name testing for the Course Seeker website	48,785
TNS Australia Pty Ltd	Benchmark, tracking and evaluation services for the New Child Care Package campaign	95,700

Table 3.5: Payments to media advertising organisations, 2018–19

Organisation	Service provided	Total paid in 2018–19 (\$) (GST inclusive)
Universal McCann	Advertising for Phase Three of the Quality Schools campaign	6,133,694
Universal McCann	Advertising for the Nationally Consistent Collection of Data on School Students with Disability (NCCD) portal	47,748
Universal McCann	Advertising for Study Assist	17,749
Universal McCann	Advertising for Course Seeker—end of 2018 calendar year	164,833
Universal McCann	Advertising for Course Seeker—mid-2019 calendar year	9,005
Universal McCann	Advertising for the Child Care Finder website	29,150

ENVIRONMENTAL SUSTAINABILITY AND PERFORMANCE

The Department of Education is committed to ecologically sustainable development, and reports on its activities under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*. Environmental management in the department is focused on reducing negative impacts from energy consumption, waste, water consumption, vehicle fleet, air travel, paper consumption and procurement practices and policies.

Table 3.6 summarises the department’s main environmental impacts in 2017–18 and 2018–19.

Table 3.6: Summary of environmental performance, 2017–18 and 2018–19

Indicator	2017–18	2018–19	% change
Office/building energy use^a			
Office tenant light and power energy use per FTE (MJ/FTE)	4,208.22	5,013.24	+19.1%
Office tenant light and power energy use per square metre (MJ/m ²)	202.98	193.16	-4.8%
Greenhouse emissions attributed to office tenant light and power energy use (tonnes CO ₂)	1,461.32	1,769.47	+21.1%
Green power purchased as a percentage of total electricity consumption	10.0%	10.0%	0.00%
Vehicle fleet			
Total number of fleet vehicles	10	7	-30.0%
Average green vehicle rating of fleet ^b	13.7	N/A	N/A
Average fuel consumption of vehicle fleet (litres/100 km)	8.32	9.62	+15.6%
Total direct greenhouse emissions of fleet (tonnes CO ₂)	4.83	3.40	-29.6%
Air travel			
Total distance of flights (km)	5,394,817	5,674,812	+5.2%
Greenhouse emissions attributed to flights (tonnes CO ₂) ^c	492.07	541.77	+10.1%
Resource efficiency and waste^a			
Office paper purchased per FTE (A4 reams/FTE)	8.35	9.36	+12.1%
Percentage of paper purchased with recycled content	69.7	29.0	-58.4%
Office paper recycled (kilograms per FTE)	74.49	53.0	+28.9%
Total landfill waste produced (kilograms per FTE)	41.52	31.0	-25.3%
Total comingled recycling (kilograms per FTE)	14.49	13.0	-10.3%

Indicator	2017–18	2018–19	% change
Total organic recycling (kilograms per FTE)	11.08	12.0	+8.3%
ICT sustainability			
Desktop devices per end user	1.25	1.54	+23.2%
Desktop computers to printer ratio	17:1	19:1	+11.8%

FTE = full-time equivalent; MJ = megajoule; ICT = information and communications technology.

a Energy use, waste and recycling data is for the 50 Marcus Clarke Street tenancy in Canberra.

b Vehicles are no longer accorded a 'green vehicle' rating.

c A data entry error meant that the recorded data for 2017–18 was incorrectly reported. The entry has now been corrected.

Office and building energy use

The department's headquarters building at 50 Marcus Clarke Street, Canberra, retains excellent environmental ratings, and occupancy is being maximised through subleasing and more efficient use of space, leading to cost and energy savings.

Vehicle fleet and air travel

Greenhouse emissions from the vehicle fleet decreased by 30 per cent, due to a reduction in the number of vehicles and a reduction of just under 45 per cent in kilometres travelled, from 27,484 km in 2017–18 to 15,224 km in 2018–19.

An increase in overall travel-related emissions is due to the increase in international air travel, which is attributed to greater international business requirements during 2018–19.

Resource efficiency and waste

A total of 18.64 tonnes of organic material was diverted from landfill to vermiculture, reducing our emissions and producing beneficial worm castings and compost. This is an increase of 8 per cent on the 2017–18 figure of 17.26 tonnes.

EXTERNAL SCRUTINY

Reports by the Auditor-General

In 2018–19, the Auditor-General produced the following reports involving the department:

- Auditor-General Report No. 11: Design and Implementation of the VET Student Loans Program
- Auditor-General Report No. 17: Implementation of the Annual Performance Statements Requirements 2017–18
- Auditor-General Report No. 19: Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2018
- Auditor-General Report No. 46: Interim Report on Key Financial Controls of Major Entities

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

Reviews by the Joint Committee of Public Accounts and Audit

In 2018–19, the Joint Committee of Public Accounts and Audit undertook a number of reviews, from which the following report is relevant to the department:

- Report 476: Australian Government Funding

The committee’s inquiry into Australian Government contract reporting—based on Auditor-General Report No. 19 (2017–18)—lapsed in April 2019.

Details of the report and the lapsed inquiry can be found on the Parliament of Australia website at aph.gov.au.

Reports of parliamentary committees

The department provided evidence and/or submissions to a number of parliamentary committee inquiries in 2018–19, as outlined in Table 3.7.

Table 3.7: Evidence and submissions to parliamentary committee inquiries, 2018–19

Committee	Inquiry
Joint Committee of Public Accounts and Audit	Australian Government funding, based on Auditor-General Report No. 18 (2017–18)—Monitoring the Impact of Australian Government School Funding
Joint Standing Committee on Migration	Review processes associated with visa cancellations made on criminal grounds; efficacy of current regulation of Australian migration agents
Joint Standing Committee on the National Capital and External Territories	Canberra’s national institutions—Parliament and Civics Education Rebate (PACER) program
Joint Standing Committee on Trade and Investment Growth	Austrade’s role in attracting investment into Australia
Select Committee on Red Tape	Effect of red tape on private education
Senate Rural and Regional Affairs and Transport References Committee	Policy, regulatory, taxation, administrative and funding priorities for Australian shipping
Senate Standing Committee for the Scrutiny of Bills	Higher Education Support Amendments (VET FEE-HELP Student Protection) Bill 2018
Senate Standing Committee on Education and Employment	Higher Education Support (Charges) Bill 2018 and Higher Education Support Amendment (Cost Recovery) Bill 2018
Senate Standing Committees on Foreign Affairs, Defence and Trade	Sustainable Development Goals
Senate Standing Committees on Legal and Constitutional Affairs	Effectiveness of the current temporary skilled visa system in targeting genuine skills shortages
Senate Standing Committees on Foreign Affairs, Defence and Trade	Proposed Comprehensive and Progressive Agreement for Trans-Pacific Partnership
Standing Committee on Education and Employment	Intergenerational welfare dependence

Committee	Inquiry
Standing Committee on Employment, Education and Training	Funding Australia's research (non-National Health and Medical Research Council) Status of the teaching profession
Select Committee on Regional Development and Decentralisation	Regional development and decentralisation

Judicial decisions

There were no decisions of any court in 2018–19 that have had, or may have, a significant impact on the operations of the department.

Decisions of administrative tribunals

There were no decisions of administrative tribunals in 2018–19 that have had, or may have, a significant impact on the operations of the department.

Decisions by the Australian Information Commissioner

There were no decisions by the Australian Information Commissioner in 2018–19 that have had, or may have, a significant impact on the operations of the department.

Reports by the Commonwealth Ombudsman

There were no reports given by the Commonwealth Ombudsman in 2018–19 on the operations of the department.

Information Publication Scheme

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

Disability reporting

The National Disability Strategy 2010–2020 sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level biennial report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. Further information is available on the Department of Social Services website at dss.gov.au.

4 Financial statements

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INDEPENDENT AUDITOR'S REPORT

To the Minister for Education

Opinion

In my opinion, the financial statements of the Department of Education ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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

Key audit matter**Valuation of the Higher Education Loan Program (HELP) receivable**

Refer to 'Overview – Significant Accounting Judgements and Estimates - Higher education loan program', Note G2.3 'Fair value gains, and Note H1.2 Receivables - Advances and loans'

I focused on the Entity's HELP receivable as the valuation of the receivable involves significant and complex judgements about the timing and recoverability of HELP debts.

These judgements include assumptions about discount factors, future employment and salary rates and future collectability of repayments that contain a significant degree of uncertainty and are influenced by the economic environment.

The receivable is subject to an actuarial assessment and relies on the completeness and accuracy of taxation data and information provided by a number of universities.

During 2018-19 the Entity recognised a HELP receivable of \$50.0 billion, and fair value gains of \$5.6 billion.

How the audit addressed the matter

To address this key audit matter, I:

- evaluated the design and operating effectiveness of key actuarial controls, including data reconciliations and the Entity's review and approval of the estimate;
- understood and evaluated the reasonableness of the Entity's actuarial methodology. This included considering the work and findings of the external actuarial expert engaged by the Entity; and
- assessed the reasonableness of key actuarial assumptions by comparing them with accepted industry benchmarks for discount rates and salary growth rates in a range of occupations.

Key audit matter**Valuation of Higher Education Superannuation Program (HESP) provision**

Refer to Note 'Overview – Significant Accounting Judgements and Estimates - Higher education superannuation program', Note G1.7 'Fair value losses', and Note H3 'Provisions'

I focused on the HESP liability as the valuation of the provision is complex and involves significant judgement about the value of the Commonwealth's superannuation liability in respect of current and former university employees. These judgements include the selection of discount rates and estimation of salary increase rates.

The provision is subject to an actuarial assessment and relies on the completeness and accuracy of data provided by a number of universities and their individual actuaries.

A cost sharing arrangement that includes recovery of a proportion of funds from participating States underpins the proportion of the provision that is reported by the Entity which adds to the complexity of the calculation.

For the year ended 30 June 2019, the provision was reported as \$7.3 billion, and the fair value losses were \$917.2 million.

How the audit addressed the matter

To address this key audit matter, I:

- evaluated the design and operating effectiveness of key actuarial controls, including data reconciliations and the Entity's review and approval of the estimate;
 - understood and evaluated the appropriateness of the Entity's actuarial methodology. This included assessing the work and findings of the external actuarial expert engaged by the Entity;
 - assessed the reasonableness of key actuarial inputs including, demographic inputs and discount rates by comparing them against accepted industry benchmarks related to bond, salary and pension rates; and
 - assessed the reasonableness of the allocation of the total unfunded liability against the funding agreements between the Commonwealth and participating States.
-

Key audit matter**Accuracy and valuation of 'Assistance to families with children' personal benefit expenses, receivable and provision.**

Refer to Note 'Overview – Significant Accounting Judgements and Estimates - Personal benefits – Child Care Subsidy program', Note G1.2 'Personal benefits expenses - Assistance to families with children', Note H1.2 'Personal benefits receivable' and Note H3 'Provisions – Personal benefits'

I focused on the personal benefit expense, receivable and provision because:

- the expenses are based on information provided by the payment recipients and the accurate recording of expenses may be significantly impacted by the provision of inaccurate information; and
- the receivable and the provision are large balances underpinned by significant judgements and uncertainties, including selection of discount rates and estimations of future claims. They are determined based upon a complex actuarial assessment and rely on the accuracy of information submitted by claimants.

During 2018-19 the Entity recognised personal benefits expenses of \$7.5 billion, a receivable of \$296.2 million and a provision of \$475.8 million.

How the audit addressed the matter

To address this key audit matter, I:

- assessed the design and operating effectiveness of key internal controls related to the accreditation and registration of child care providers that submit claims for personal benefit payments;
- assessed, on a sample basis, the registration and eligibility of parents for child care fee assistance;
- assessed the compliance framework including testing a sample of attendance checks to verify information provided to the Entity that is used as a basis for payment calculations;
- assessed the information used in the estimation process for accuracy and completeness;
- evaluated the methodology and model used by the Entity in estimating the child care personal benefits receivable and provision balances; and
- assessed the reasonableness of key actuarial assumptions, including discount rates, against accepted industry benchmarks and estimating future claims against historical trends.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary of the Department of Education is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

10 September 2019

Department of Education
STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

Signed.....*Michele Bruniges*
Dr Michele Bruniges AM
Secretary
6 September 2019

Signed.....*C. Boyd*
Craig Boyd FCPA
Chief Financial Officer
6 September 2019

**Department of Education
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Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

Overview

Objectives of the Department of Education

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

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

For the financial period ended 30 June 2019, the department was structured to meet the following outcomes:

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

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

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

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

As a result of government decisions, there were changes to the functions of the department during 2018-19. Note E2 and J2 refers.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the PGPA Act.

The financial statements have been prepared in accordance with the PGPA (*Financial Reporting Rule*) 2015 (FRR) and the Australian Accounting Standards and Interpretations.

In accordance with the FRR and AASB 1053 *Application of Tiers of Australian Accounting Standards and other reporting requirements*, the

department has applied tier 2 reporting requirements (as a minimum).

The financial statements have been prepared on an accrual basis and 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.

Reporting of Administered Activities

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

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

Tier 1 reporting requirements have been applied to administered disclosures in respect of AASB 7 *Financial Instrument: Disclosure* and AASB 13 *Fair Value Measurement*.

Significant Accounting Judgements and Estimates

During the 2018-19 financial year, the department made a number of judgements and applied estimates that had an impact on the amounts recorded in the financial statements. Judgements and estimates that are material to the financial statements are found in the following notes:

Employee Provisions (C4.1)

Non-financial Assets (C2.1)

Higher education loan program

The higher education loan program (HELP) is an income contingent loan program that assists eligible tertiary education students with the cost of their fees. It is administered under the Higher Education Support Act 2003 and the VET Student Loans Act 2016. The HELP debt, recognised as an administered receivable, comprises: HECS-HELP, FEE-HELP, OS-HELP, and the VET FEE-HELP program. The Australian Taxation Office collects repayment of these debts through the tax system.

The Australian Government Actuary has developed a microsimulation model to provide estimates of a number of financial measures related to the HELP

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

receivables, including an estimate of the debt that is not expected to be repaid. Significant judgements, estimates and assumptions are re-evaluated for each reporting period in light of historical experience, new loan schemes and changes to reasonable expectations of future events. Consideration is given to: projections of future income of debtors, pattern and timing of repayments, changes in legislation, the recoverability of concessional debt and yield curve for discounting future cash flows. Only measures that have been legislated are incorporated into the estimates for financial statement reporting purposes.

As at 30 June 2019 the Australian Government Actuary estimated the present value of the HELP debt to be \$49.9 billion (2018: \$39.9 billion) based upon a single rate equivalent to the 45 year yield curve of Commonwealth bond rates and expected repayment patterns. This resulted in an administered fair value gain of \$5.6 billion in 2018-19 (2017-18: fair value loss \$0.8 billion). Further information is provided at notes G2.3 and H1.2.

Higher education superannuation program

The higher education superannuation program (HESP) provides supplementary funding to eligible higher education providers to cover certain superannuation expenses incurred for staff who are members of identified State government emerging cost superannuation schemes. A portion of the funding is recovered from the relevant States under cost-sharing arrangements.

The Australian Government Actuary estimates the provision and receivable balances relying upon data provided by the State superannuation schemes, adjusting for the differing valuation dates and economic basis underpinning the estimates of the liabilities. Further information is provided at notes G1.7 and H3.

Personal benefits – Child Care Subsidy program

From 2 July 2018 the Child Care Subsidy program replaced the child care fee assistance program. A feature of the program is that the payments are subject to eligibility requirements including an end year reconciliation.

The end year reconciliation of child care personal benefits received by families depends on the lodgement of tax returns which occurs after 30 June

each year. The department has therefore used historical data to estimate the financial effect of provision for payments not yet made and the receivable for debts not yet raised, disclosing these as contingent assets and liabilities (refer Note J1). In light of the child care reforms implemented in 2018-19, the Australian Government Actuary has reviewed the methodology used and determined it to be reasonable. Note H1.2 and H3 refers.

New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

All new, revised, amending standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period, unless otherwise stated, are not expected to have a material effect on the department's financial statements in 2018-19 or future years.

AASB 9 *Financial Instruments* has been adopted from 1 July 2018 with no material impact on the financial statements in 2018-19. Notes F1 and K1 refer.

Future Australian Accounting Standard Requirements

The following new standards, revised standards, interpretations and amending standards were issued by the Australian Accounting Standards Board prior to the sign-off date.

The department will apply AASB 15 *Revenue from Contracts with Customers* from 2019-20. The standard requires revenue from such contracts to be recognised as the entity transfers goods and services to the customer. An assessment has been undertaken and the standard is not expected to have a material financial impact, however there will be a change to disclosures in the financial statements for 2019-20 and future years.

The department will apply AASB 1058 *Income of Not-for-Profit Entities* from 2019-20. The standard outlines revenue recognition requirements for not-for-profit entities that receive volunteer services or enter into other transactions to acquire an asset for significantly less than its fair value to enable the entity to achieve its objectives. An assessment has been conducted alongside the assessment for AASB 15 and the standard is not expected to have a material financial impact, however there will be a change to disclosures in the financial statements for 2019-20 and future years.

The department will apply AASB 16 *Leases* from 2019-20. The vast majority of the department's current operating leases will move to the balance

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

sheet, leaving a small proportion to be accounted for as expenses. The impact on transition in 2019-20 is an increase to departmental assets and liabilities of \$290.9 million and \$288.5 million, respectively and an increase to both administered assets and liabilities of \$1.2 million.

Taxation

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

Changes in Accounting Policy

There have been no changes to accounting policies that impact on the 2018-19 financial results or position.

Section 83 of the Constitution

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under appropriation made by law. Payments made which are not supported by an appropriation contravene section 83 of the Constitution.

In 2018-19, two refunds made on 21 December 2018 from an incorrect appropriation source. The two payments were made from the *Higher Education Support Act 2003* (HESA) instead of the PGPA s77 special appropriation. Controls have been put in place to prevent similar events occurring in future.

In 2017-18, three students and four education providers received overpayments totalling \$118,285 under the Tuition Protection Service. The overpayments were incorrectly paid from the Overseas Student Tuition Fund, a special account established by the *Education Services for Overseas Students Act 2000*. During 2017-18 controls were put in place to prevent similar events occurring in future and all the overpayments were repaid.

Recoverable Payments

Six recoverable payments to the value of \$808,520 were made under the *Australian Education Act 2013*.

Shared Service Arrangements

The department has established memorandums of understanding with the Service Delivery Office, Department of Finance and the Department of Employment, Skills, Small and Family Business (Employment) for the provision of shared services arrangements. The department receives core transactional services from the Department of Finance; and information and communications technology and other corporate services such as

records management, mailroom, and switchboard, from Employment.

Events after the Reporting Period

As a result of the Administrative Arrangements Order (AAO) issued on the 29 May 2019, skills, vocational education and training, and migrant adult education functions will be relinquished to Employment, and the Department of Home Affairs (DHA), respectively, in 2019-20. Refer to Note E2 and J2, for further details.

From 2014-15 onwards, annual Appropriation Acts include an automatic repeal clause, where the Acts have a life span of up to three years. As a result, administered quarantined amounts under *Appropriation Act (No. 1) 2016-17*, \$273.4 million, are not legally available from 1 July 2019. Note I1.2 refers.

Department of Education
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

		2019	2018	2019 Original Budget ¹
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
EXPENSES				
Employee benefits	B1.1	224,126	226,095	219,491
Supplier	B1.2	160,532	152,823	152,121
Grants		383	1,596	-
Depreciation and amortisation	C2.1	22,175	21,332	25,272
Impairment loss allowance on financial assets	B1.3	47	1	-
Write-down and impairment of other assets	B1.4	1,339	9,876	-
Total expenses		408,602	411,723	396,884
OWN-SOURCE INCOME				
Own-source revenue				
Sale of goods and rendering of services	B2.1	9,379	8,873	9,749
Rental income	B2.2	8,239	8,627	8,559
Resources received free of charge	B2.3	5,207	8,422	9,335
Total own-source revenue		22,825	25,922	27,643
Gains				
Gain from sale of assets		-	33	-
Other gains	B2.4	364	103	-
Total gains		364	136	-
Total own-source income		23,189	26,058	27,643
Net cost of services		385,413	385,665	369,241
Revenue from Government	B2.5	365,006	350,331	344,269
Deficit on continuing operations		(20,407)	(35,334)	(24,972)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Change in asset revaluation reserves	C2.1	1,014	-	-
Total other comprehensive income		1,014	-	-
Total comprehensive loss	A1	(19,393)	(35,334)	(24,972)

¹Budget reported in the 2018-19 Portfolio Budget Statements published on 8 May 2018.

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

Department of Education
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

		2019	2018	2019
	Notes	\$'000	\$'000	Original Budget ¹ \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	C1.1	4,477	6,381	5,956
Trade and other receivables	C1.2	76,687	72,811	58,953
Accrued revenue		469	199	4,183
Total financial assets		81,633	79,391	69,092
Non-financial assets				
Leasehold improvements	C2.1	30,298	32,817	30,767
Infrastructure, plant and equipment	C2.1	1,083	837	8,741
Computer software	C2.1	51,417	49,318	64,640
Prepayments		3,979	3,273	2,765
Total non-financial assets		86,777	86,245	106,913
Total assets		168,410	165,636	176,005
LIABILITIES				
Payables				
Supplier payables	C3.1	24,148	17,541	29,677
Other payables	C3.2	13,576	18,774	14,325
Total payables		37,724	36,315	44,002
Provisions				
Employee provisions	C4.1	75,677	63,792	70,732
Other provisions	C4.2	566	877	532
Total provisions		76,243	64,669	71,264
Total liabilities		113,967	100,984	115,266
Net assets		54,443	64,652	60,739
EQUITY				
Contributed equity		200,300	190,770	209,429
Reserves		1,912	1,244	1,244
Accumulated deficit		(147,769)	(127,362)	(149,934)
Total equity		54,443	64,652	60,739

¹Budget reported in the 2018-19 Portfolio Budget Statements published on 8 May 2018.

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

Department of Education
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	2019 Original Budget' \$'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		190,770	152,273	178,239
Adjustment		(1)	2	-
Adjusted opening balance		190,769	152,275	178,239
Transactions with owners				
Distribution to owners				
Equity return	D1.2	(10,623)	(68)	-
Contributions by owners				
Equity injection - appropriations	D1.1	9,210	15,779	8,519
Departmental capital budget	D1.1	14,996	22,784	22,671
Restructuring	E2	(4,052)	-	-
Total transactions with owners		9,531	38,495	31,190
Closing balance as at 30 June		200,300	190,770	209,429
ACCUMULATED DEFICIT				
Opening balance				
Balance carried forward from previous period		(127,362)	(92,029)	(124,962)
Adjustment		-	1	-
Adjusted opening balance		(127,362)	(92,028)	(124,962)
Comprehensive income				
Deficit on continuing operations		(20,407)	(35,334)	(24,972)
Closing balance as at 30 June		(147,769)	(127,362)	(149,934)
ASSET REVALUATION RESERVES				
Opening balance				
Balance carried forward from previous period		1,244	1,244	1,244
Write back of reserves		(346)	-	-
Adjusted opening balance		898	1,244	1,244
Comprehensive income				
Other comprehensive income - changes in reserves		1,014	-	-
Total comprehensive income		1,014	-	-
Closing balance as at 30 June		1,912	1,244	1,244
Total equity as at 30 June		54,443	64,652	60,739

¹Budget reported in the 2018-19 Portfolio Budget Statements published on 8 May 2018.

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

Department of Education
STATEMENT OF CASH FLOWS
for the period ended 30 June 2019

		2019	2018	2019 Original Budget ¹
	Notes	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		370,589	384,669	355,419
Sale of goods and rendering of services		9,634	13,293	12,027
Net GST received		10,198	9,877	-
Other		8,785	9,378	6,281
Total cash received		<u>399,206</u>	<u>417,217</u>	<u>373,727</u>
Cash used				
Employee benefits		218,410	226,529	219,509
Suppliers		159,660	164,559	142,786
Grants		383	1,596	-
Section 74 receipts transferred to the Official Public Account (OPA)		18,209	22,833	-
Other operating cash used - special account		4,089	-	-
Total cash used		<u>400,751</u>	<u>415,517</u>	<u>362,295</u>
Net cash from/(used by) operating activities		<u>(1,545)</u>	<u>1,700</u>	<u>11,432</u>
INVESTING ACTIVITIES				
Cash received				
Proceeds from the sale of land and buildings		-	281	-
Total cash received		<u>-</u>	<u>281</u>	<u>-</u>
Cash used				
Development of computer software		19,874	15,416	42,622
Purchase of leasehold improvements		2,005	1,882	-
Purchase of infrastructure, plant and equipment		430	102	-
Total cash used		<u>22,309</u>	<u>17,400</u>	<u>42,622</u>
Net cash used by investing activities		<u>(22,309)</u>	<u>(17,119)</u>	<u>(42,622)</u>
FINANCING ACTIVITIES				
Cash received				
Contributed equity - equity injection		9,191	4,973	8,519
Contributed equity - departmental capital budget		12,759	10,996	22,671
Total cash received		<u>21,950</u>	<u>15,969</u>	<u>31,190</u>
Net cash from financing activities		<u>21,950</u>	<u>15,969</u>	<u>31,190</u>
Net increase/(decrease) in cash held		<u>(1,904)</u>	<u>550</u>	<u>-</u>
Cash and cash equivalents at the beginning of the reporting period		<u>6,381</u>	<u>5,831</u>	<u>5,956</u>
Cash and cash equivalents at the end of the reporting period	C1.1	<u>4,477</u>	<u>6,381</u>	<u>5,956</u>

¹Budget reported in the 2018-19 Portfolio Budget Statements published on 8 May 2018.

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

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

A. Departmental Operating Result Reconciliation

A1: Net Cash Appropriation Arrangements

	2019	2018
	\$'000	\$'000
Total comprehensive surplus/(loss) as per the statement of comprehensive income	(19,393)	(35,334)
Depreciation and amortisation expenses	<u>(22,175)</u>	<u>(21,332)</u>
Total comprehensive surplus/(loss) less depreciation and amortisation expenses previously funded through revenue appropriations	<u><u>2,782</u></u>	<u><u>(14,002)</u></u>

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

B. Departmental Financial Performance

B1: Expenses

	2019	2018
	\$'000	\$'000
<u>B1.1: Employee benefits</u>		
Salaries and entitlements	187,161	180,187
Superannuation:		
Defined benefit plans	17,564	18,901
Defined contribution plans	13,790	13,425
Separations and redundancies	3,218	11,047
Other	2,393	2,535
Total employee benefits	<u>224,126</u>	<u>226,095</u>

The accounting policies for employee benefits are described in note C4.1.

B1.2: Supplier

Goods and services supplied or rendered

Consultants and contractors	47,916	48,905
IT services	42,129	37,268
Managed services	13,250	12,210
Resources received free of charge	5,207	8,422
Property	5,015	5,564
Travel	3,286	2,784
Other	12,372	9,285
Total goods and services supplied or rendered	<u>129,175</u>	<u>124,438</u>

Goods supplied	2,463	2,724
Services rendered	126,712	121,714
Total goods and services supplied or rendered	<u>129,175</u>	<u>124,438</u>

Other supplier expenses

Operating lease rentals	30,618	27,083
Workers compensation expenses	739	1,302
Total other supplier expenses	<u>31,357</u>	<u>28,385</u>
Total supplier expenses	<u>160,532</u>	<u>152,823</u>

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

Operating lease commitments

The following significant leasing arrangements, representing 93 per cent of the department's lease commitments, are:

(a) 50 Marcus Clarke Street, Canberra: the current term for office accommodation expires on 23 May 2025 with one five year option, and is subject to a 3.35 per cent fixed annual increase except for a market review in May 2025.

(b) 226 Adelaide Terrace, Perth: the current term for office accommodation expires on 5 July 2020 with one three year option, and is subject to a 5 per cent fixed annual increase.

	2019 \$'000	2018 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases (including GST)		
Within 1 year	32,514	31,118
Between 1 to 5 years	118,119	117,860
More than 5 years	<u>27,601</u>	<u>57,441</u>
Total operating lease commitments	<u>178,234</u>	<u>206,419</u>

The above commitments include lease arrangements with other government agencies.

B1.3: Impairment loss allowance on financial assets

Impairment on trade and other receivables	<u>47</u>	<u>1</u>
Total impairment on financial assets	<u>47</u>	<u>1</u>

B1.4: Write-down and impairment of other assets

Computer software	747	9,696
Leasehold improvements	567	147
Infrastructure, plant and equipment	<u>25</u>	<u>33</u>
Total write-down and impairment of assets	<u>1,339</u>	<u>9,876</u>

B2: Income

B2.1: Sale of goods and rendering of services

Provision of goods	447	473
Rendering of services	<u>8,932</u>	<u>8,400</u>
Total sale of goods and rendering of services	<u>9,379</u>	<u>8,873</u>

B2.2: Rental income

Sublease rent	<u>8,239</u>	<u>8,627</u>
Total rental income	<u>8,239</u>	<u>8,627</u>

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

Sublease rental income commitments

The department in its capacity as lessor of 50 Marcus Clarke Street, Canberra subleases spaces to various public and private sector entities with the latest option period ending in May 2025. Leasing arrangements include a 3.35 per cent fixed annual increase in all years.

The department in its capacity as lessor of 226 Adelaide Terrace, Perth subleases spaces to various public sector entities with the latest lease end date being July 2020, with option periods to July 2023. Leasing arrangements include a fixed annual increase of between 4 and 5 per cent with a market review occurring at commencement of the option period.

	2019	2018
	\$'000	\$'000
Commitments for sublease rental income receivable (including GST)		
Within 1 year	6,693	8,190
Between 1 to 5 years	9,535	13,741
More than 5 years	2,295	4,792
Total sublease rental income commitments receivable	18,523	26,723

The above commitments include sublease arrangements with other government agencies.

B2.3: Resources received free of charge

Australian Taxation Office collection of revenues on behalf of the department	4,107	7,322
Australian National Audit Office financial statement audit fee	1,100	1,100
Total resources received free of charge	5,207	8,422

B2.4: Other gains

Gain on write back of goods and services impairment allowance account	-	43
Write back of reserves	346	-
First time recognition of assets – infrastructure, plant and equipment	17	49
Other	1	11
Total other gains	364	103

Other gains include incidental transactions and events outside of ordinary operations such as contributions of assets at no cost or for nominal consideration recognised at their fair value when the asset qualifies for recognition and reversals of provisions.

B2.5: Revenue from Government

Appropriations		
Departmental appropriations	361,008	343,882
Special Account	3,998	6,449
Total revenue from Government	365,006	350,331

Amounts appropriated for departmental outputs for the year (adjusted to reflect formal additions, reductions and restructures) are recognised as revenue from Government when the department gains control of the appropriation.

Amounts appropriated which are designated as equity injections (less any formal reductions) and the departmental capital budget are recognised directly in contributed equity in that year.

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

C. Departmental Financial Position

C1: Financial Assets

		2019	2018
	Notes	\$'000	\$'000
<u>C1.1: Cash and cash equivalents</u>			
Cash on hand or on deposit	D1.2	4,477	2,292
Cash held in the OPA - special account	D2	-	4,089
Total cash and cash equivalents	F1.1	4,477	6,381
<u>C1.2: Trade and other receivables</u>			
Goods and services receivable			
Goods and services	F1.1	6,926	3,389
Total goods and services receivable		6,926	3,389
Appropriations receivable			
Operating annual appropriations	D1.2	55,759	35,038
Operating annual appropriations - departmental capital budget	D1.2	4,979	15,340
Equity injections	D1.2	7,288	17,522
Total appropriations receivable		68,026	67,900
Other receivables			
GST receivable from the Australian Taxation Office		1,786	1,571
Total other receivables		1,786	1,571
Total trade and other receivables (gross)		76,738	72,860
Less impairment loss allowance			
Goods and services receivable	F1.1	(51)	(49)
Total impairment loss allowance		(51)	(49)
Total trade and other receivables (net)		76,687	72,811

Credit terms for goods and services receivable are net 30 days (2018: 30 days).

Movements in impairment allowance

	Goods and services	Goods and services
	2019	2018
	\$'000	\$'000
Opening balance as at 1 July	(49)	(316)
Amounts written off against the provision	45	224
Amounts recovered and reversed	-	44
Increase recognised in operating result	(47)	(1)
Closing balance as at 30 June	(51)	(49)

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

C2: Non-Financial Assets

C2.1: Reconciliation of the opening and closing balances of leasehold improvements, infrastructure, plant and equipment and computer software

	Leasehold improvements \$'000	Infrastructure, plant and equipment \$'000	Computer software \$'000	Total \$'000
As at 1 July 2018				
Gross book value	37,275	1,514	109,848	148,637
Accumulated depreciation, impairment and amortisation	(4,458)	(677)	(60,530)	(65,665)
Net value as at 1 July 2018	32,817	837	49,318	82,972
Additions				
By purchase	2,005	430	-	2,435
By development	-	-	19,874	19,874
Assets first found	-	17	-	17
Revaluations in other comprehensive income	841	173	-	1,014
Write-down and impairment recognised in net cost of services	(567)	(25)	(747)	(1,339)
Depreciation and amortisation	(4,798)	(349)	(17,028)	(22,175)
Net value as at 30 June 2019	30,298	1,083	51,417	82,798
Net value as at 30 June 2019 represented by				
Gross book value	30,298	1,083	119,220	150,601
Accumulated depreciation, impairment and amortisation	-	-	(67,803)	(67,803)
Net value as at 30 June 2019	30,298	1,083	51,417	82,798

Purchases of non-financial assets are recognised initially at cost in the statement of financial position, except for purchases costing less than the asset capitalisation thresholds. Purchases below the threshold are expensed in the year of acquisition other than where they form part of a group of similar items which are significant in total.

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.

The asset thresholds and useful lives for each asset class remain unchanged from 2018.

Asset class	2019 Useful life	2019 Threshold
Leasehold improvements	Lease term	\$50,000
Infrastructure, plant and equipment	3-25 years	\$2,000
Computer software	2-15 years	\$200,000

Unless otherwise stated, depreciation and amortisation rates are applied on a straight-line basis and rates are reviewed annually, as are useful lives and residual values. Any necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

All non-financial assets are assessed annually for indications of impairment and, where appropriate, the asset's carrying value is adjusted to fair value, except for software assets under development which are recognised at cost.

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Leasehold improvements

There are no (2018: nil) leased properties that the department manages which are due to expire within the next 12 months that have leasehold improvement assets. All leasehold improvements are assessed for indications of impairment at the end of each reporting period. Nil indicators of impairment were found for leasehold improvements in 2018-19 (2017-18: nil).

Infrastructure, plant and equipment

No material amounts of infrastructure, plant and equipment are expected to be sold or disposed of within the next 12 months. All infrastructure, plant and equipment are assessed for indications of impairment at the end of each reporting period. Nil indicators of impairment were found for infrastructure, plant and equipment in 2018-19 (2017-18: nil).

Computer software

The department's computer software comprises of internally developed software for internal use. No material amounts of computer software are expected to be sold or disposed of within the next 12 months.

All computer software assets are assessed for indications of impairment at the end of each reporting period. This resulted in impairment expense of \$0.8 million in 2018-19 (2017-18: \$9.7 million), Note B1.4 refers.

Revaluations of non-financial assets

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. Revaluations are conducted by an independent valuer. 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.

In 2018-19, JLL undertook a full valuation review of non-financial assets except for computer software and prepayments as at 30 June 2019. The carrying amount of these non-financial assets have been adjusted to reflect this valuation as at 30 June 2019 (2017-18: nil).

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

As at 30 June 2019, Contractual commitments for the acquisition of property, plant and equipment, and intangible assets amounted to \$2.4 million (2017-18: nil).

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

C2.2: Fair value measurements, valuation techniques and input used

Fair value is a market based, rather than entity specific, measurement. The objective in all cases is to estimate the price at which an orderly transaction to sell the asset would take place between market participants under current market conditions at the measurement date. Where possible the assets are valued based upon observable inputs, such as quoted prices in active markets or other market transactions or information. Where this information is not available valuation techniques rely upon unobservable inputs. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets.

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

Level 3: Unobservable inputs for the asset.

An analysis of the fair value of non-financial assets by level is provided below.

Fair value measurement as at 30 June					
	2019	2018		Valuation	
	\$'000	\$'000	Level	technique¹	Inputs used
Non-financial assets					
Leasehold improvements	28,135	32,659	3	Depreciated replacement cost	Replacement cost new Useful life and consumed economic benefit / obsolescence of asset
Leasehold improvements - under construction	2,163	158	2	Replacement cost	Current prices relevant to the location of the asset
Infrastructure, plant and equipment	105	374	2	Market	Adjusted market transactions
Infrastructure, plant and equipment	402		2	Replacement cost	Current prices relevant to the location of the asset
Infrastructure, plant and equipment	195	69	3	Depreciated replacement cost	Replacement cost new Useful life and consumed economic benefit / obsolescence of asset
Infrastructure, plant and equipment	381	394	3	Market	Adjusted market transactions
Total	31,381	33,654			

¹ The methods and valuation techniques used for the purpose of measuring fair value of assets in 2019 are unchanged from the previous reporting period.

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

C3: Payables

		2019	2018
C3.1: Supplier payables	Notes	\$'000	\$'000
Supplier payables	F1.1	21,293	17,082
Operating lease rentals		<u>2,855</u>	<u>459</u>
Total supplier payables		<u>24,148</u>	<u>17,541</u>

Settlement is usually due within 30 days. All supplier payables are expected to be settled within 12 months.

C3.2: Other payables

Lease incentives	8,237	9,650
Separations and redundancies	1,819	4,756
Wages and salaries	2,061	2,016
Unearned income	927	1,068
Superannuation	246	931
Other employee benefits	<u>286</u>	<u>353</u>
Total other payables	<u>13,576</u>	<u>18,774</u>

Payables are recognised to the extent that the goods or services have been received and not paid or where payments for services have been received in advance.

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

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

C4: Provisions

	2019	2018
	\$'000	\$'000
<u>C4.1: Employee provisions</u>		
Annual and long service leave provisions	<u>75,677</u>	<u>63,792</u>
Total employee provisions	<u>75,677</u>	<u>63,792</u>

As required by AASB 119 *Employee Benefits*, the estimate of future cash outflows takes into account estimated attrition, probability factors, future salary rates and ancillary costs. In 2018-19, the Australian Government Actuary undertook an assessment of leave provisions taking into account the likely tenure of existing staff, patterns of leave claims and payouts, future salary movements and discount rates. The Australian Government Actuary confirmed their assessment on 3 June 2019.

Liabilities for short-term employee benefits expected to be paid within 12 months of the end of reporting period are measured at the one year Commonwealth government bond rate of 0.98 per cent (2018: 1.9 per cent). Liabilities for long term employee benefits are discounted using the 10 year Commonwealth government bond rate of 1.32 per cent (2018: 2.6 per cent).

No provision has been made for personal leave as all personal leave is non-vesting and the average personal leave taken in future years by employees of the department is estimated to be less than the annual entitlement.

Provision is made for separation and redundancy benefits when the department has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Employees of the department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other elected defined contribution schemes. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered financial statements. The department makes employer contributions to defined benefit superannuation schemes 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 payable for superannuation recognised at 30 June represents outstanding contributions owed by the department to the superannuation schemes. Note C3.2 refers.

As a result of the AAO issued on the 29 May 2019, employee provisions relating to the skills, vocational education and training, and migrant adult education functions will be relinquished to Employment, and the Department of Home Affairs (DHA), respectively, in 2019-20. Note E2 also refers.

C4.2: Other provisions

	Legal obligations	Surplus lease space	Total other provisions
	\$'000	\$'000	\$'000
As at 1 July 2018	384	493	877
Additional provisions made	(384)	952	568
Amounts used/(reversed)	-	(879)	(879)
Total as at 30 June 2019	-	566	566

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

D. Departmental Funding

D1: Appropriations

	2019	2018
	\$'000	\$'000
<u>D1.1: Annual appropriations ('recoverable GST exclusive')</u>		
Ordinary annual services		
Annual appropriations		
Operating ^{1, 3}	361,045	343,882
Departmental capital budget ²	22,671	22,784
PGPA Act section 74 receipts	18,209	22,833
PGPA Act section 75 transfers - current year ¹	(37)	-
PGPA Act section 75 transfers - prior year ¹	(134)	-
Total appropriations - ordinary annual services	401,754	389,499
Appropriations applied (current and prior years)	380,948	394,905
Variance⁴	20,806	(5,406)
Other services		
Annual appropriations		
Equity injection ³	9,210	15,779
Total appropriations - other services	9,210	15,779
Appropriations applied (current and prior years)	9,191	4,973
Variance⁵	19	10,806

¹ \$0.2 million has been transferred in 2018-19 (2017-18: nil), under section 75 of the PGPA Act:

- Appropriation Act (No. 1) - Operating for 2017-18 effective 23 January 2019, recognised as an adjustment to equity.
- Appropriation Act (No. 1) - Operating for 2018-19 effective 14 November 2019, recognised as a reduction in appropriation revenue.

² Includes \$7.7 million of quarantined current year appropriations at 30 June 2019 (2017-18: nil) under section 51 of the PGPA Act. The quarantined amounts have been recognised as a reduction in the department's equity contribution in accordance with subsection 39(1) of the FRR.

³ In the Portfolio Additional Estimates Statements 2018-19, the department received additional net departmental funding of \$16.8 million (Appropriation Act (No. 3) and \$0.7 million (Appropriation Act (No. 4)).

⁴ The variance reflects the movement in cash at bank, appropriations receivable and GST receivable less the transferred and quarantined appropriations. Note C1.2 refers.

⁵ The variance reflects the movement in the appropriation receivable - equity injection less the quarantined appropriations. Note C1.2 refers.

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

	2019	2018
	\$'000	\$'000
<u>D1.2: Unspent annual appropriations ('recoverable GST exclusive')</u>		
<i>Appropriation Act (No. 1) 2018-19^{2,3}</i>	51,637	-
<i>Appropriation Act (No. 2) 2018-19</i>	6,597	-
<i>Appropriation Act (No. 3) 2018-19</i>	16,776	-
<i>Appropriation Act (No. 4) 2018-19</i>	691	-
<i>Appropriation Act (No. 1) 2017-18^{2,3}</i>	370	38,569
<i>Appropriation Act (No. 2) 2017-18²</i>	10,056	10,056
<i>Appropriation Act (No. 3) 2017-18</i>	-	11,809
<i>Appropriation Act (No. 4) 2017-18²</i>	197	3,143
<i>Appropriation Act (No. 2) 2016-17</i>	-	1,331
<i>Appropriation Act (No. 4) 2016-17</i>	-	2,992
Cash at bank	<u>4,477</u>	<u>2,292</u>
Total unspent annual appropriations¹	<u>90,801</u>	<u>70,192</u>

¹ As at 30 June 2019, total unspent annual appropriations comprise: cash at bank (excluding special account) \$4.5 million and appropriation receivable \$68.0 million.

² \$18.3 million has been quarantined in 2018-19 (2017-18: nil), under section 51 of the PGPA Act:

- \$10.1 million - Appropriation Act (No. 2) - Equity Injections for 2017-18
- \$0.4 million - Appropriation Act (No. 1) - Operating for 2017-18
- \$0.2 million - Appropriation Act (No. 4) - Equity Injections for 2017-18
- \$7.7 million - Appropriation Act (No. 1) - Departmental Capital Budget for 2018-19

³ \$0.2 million has been transferred in 2018-19 (2017-18: nil), under section 75 of the PGPA Act (refer Note D1.1)

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

D2: Special Accounts

	Student Identifiers Special Account¹	
	2019	2018
	\$'000	\$'000
Balance as at 1 July (represented by cash held in the OPA)	4,089	4,089
Increases		
Appropriations credited to special account	<u>5,340</u>	<u>6,449</u>
Total increases	<u>5,340</u>	<u>6,449</u>
Available for payments	<u>9,429</u>	<u>10,538</u>
Decreases		
Payments made	<u>(3,998)</u>	<u>(6,449)</u>
Total decreases	<u>(3,998)</u>	<u>(6,449)</u>
Balance as at 29 May (represented by cash held in the OPA)	<u>5,431</u>	<u>4,089</u>
Balance transferred to Employment	<u>(5,431)</u>	<u>-</u>
Balance as at 30 June (represented by cash held in the OPA)	<u>-</u>	<u>4,089</u>

¹ Student Identifiers Special Account

Appropriation: PGPA Act, section 80.

Establishing Instrument: *Student Identifiers Act 2014*; subsection 48(1).

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

As a result of AAOs issued 29 May 2019, the balance of the Student Identifiers Special Account was transferred to Employment, effective 29 May 2019, Note E2 refers.

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

D3: Regulatory Charging

	2019	2018
	\$'000	\$'000
Amounts applied		
Annual appropriation	20,165	17,748
Total amounts applied	<u>20,165</u>	<u>17,748</u>
Expenses		
Employee benefits	11,766	10,454
Supplier	9,803	9,180
Total expenses	<u>21,569</u>	<u>19,634</u>
External revenue		
Sale of goods and rendering of services ¹	1,404	1,886
Total external revenue	<u>1,404</u>	<u>1,886</u>

The department undertakes regulatory charging activities relating to:

- The Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS);
- Certain programs managed by Trades Recognition Australia (TRA)¹; and
- The VET Student Loans program (VSL)¹.

Further information on the above activities is available at:

- CRICOS: www.internationaleducation.gov.au
- TRA: www.tradesrecognitionaustralia.gov.au
- VET Student Loans program: www.education.gov.au

¹ As a result of AAOs, the department received \$23,700 of TRA external revenue for the period 29 May to 30 June 2019 on behalf of Employment. Note E2 refers.

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

E. Departmental Other Items

E1: Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the statement of financial position. They may arise from uncertainty as to the existence of an asset or liability 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.

Quantifiable contingencies

There were no departmental quantifiable contingent assets or liabilities as at 30 June 2019 (2018: nil).

Unquantifiable contingencies

As at 30 June 2019, the department had unquantifiable contingent assets in respect of three litigation matters (2018: three). These contingent assets relate to costs awarded to the department, however it is not possible to estimate the amounts to be received at 30 June 2019.

As at 30 June 2019, the department had unquantifiable contingent liabilities in respect of three litigation matters (2018: nil). These contingent liabilities relate to potential costs to be paid by the department, however it is not possible to estimate the amounts owed at 30 June 2019.

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

E2: Restructuring

Function	2019	
	Non-child care BBF and CSP Functions ¹ DSS ¹ \$'000	Non-child care BBF Functions ¹ PMC ¹ \$'000
FUNCTIONS RELINQUISHED		
Assets relinquished		
Trade and other receivables	104	30
Total assets relinquished	<u>104</u>	<u>30</u>
Liabilities relinquished		
Employee provisions	104	67
Total liabilities relinquished	<u>104</u>	<u>67</u>
Net assets relinquished	<u>-</u>	<u>(37)</u>

Function	2019	
	Skills, Vocational Education and Training Functions ² Employment ² \$'000	
FUNCTIONS RELINQUISHED		
Assets relinquished		
Cash and cash equivalents - special account		5,431
Accrued revenue		-
Leasehold improvements		-
Infrastructure, plant and equipment		-
Computer software		-
Prepayments		-
Total assets relinquished		<u>5,431</u>
Liabilities relinquished		
Supplier		-
Other payables		1,342
Employee provisions		-
Other provisions		-
Total liabilities relinquished		<u>1,342</u>
Net assets relinquished		<u>4,089</u>

¹ The non-child care Budget Based Funded (BBF) and Community Support Programs (CSP) functions were relinquished to the Department of the Prime Minister and Cabinet (PMC) and the Department of Social Services (DSS), respectively, through the 2018-19 Budget process. There were no transfers of administered assets or liabilities as a result of these restructures, Note J2 refers.

² As a result of the AAO issued on the 29 May 2019, assets and liabilities relating to the skills, vocational education and training, and migrant adult education functions will be relinquished to Employment, and the Department of Home Affairs (DHA), respectively, in 2019-20, with the exception of the Student Identifiers Special Account and associated other payables balances which transferred to Employment effective 29 May 2019, Note D2 refers, and revenue collected under specific legislation during the period 29 May to 30 June 2019, Note D3 refers. Refer Note J2, for the transfers of administered assets or liabilities as a result of these restructures.

The net assets relinquished to all entities in 2018-19 was \$4.1 million.

There were no departmental transfers of functions in 2017-18.

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

E3: Key Management Personnel Remuneration

	2019	2018
	\$'000	\$'000
Short-term employee benefits	2,531	2,645
Post-employment benefits	397	421
Other long-term employee benefits	145	265
Termination benefits	-	573
Total key management personnel remuneration	3,073	3,904

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the department. The department has determined the KMP to be the Portfolio Minister, the Secretary, and the Deputy Secretaries. Other senior executives may at times act in one of these positions for a short period of time during the year. These officers are not reported as KMP unless they have acted in the position for more than three consecutive months.

The above table includes the remuneration for nine officers occupying KMP positions during the year (2017-18: eight). The remuneration and benefits for the Portfolio Minister are excluded from the table as they are set by the Remuneration Tribunal and are not paid by the department.

The amounts in the table are prepared on an accrual basis and include: salary, superannuation, annual and long service leave expense (including revaluations of leave provisions), allowances and changes in ancillary costs and probability rates on leave provisions.

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

E4: Related Party Disclosures

The department is an Australian Government controlled entity. Related parties to the department are key management personnel as described in Note E3.

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of child care benefits or higher education loans which are not included in this note.

Transactions with entities where KMP have an interest

Several of the department's KMP are members of the board of directors for a number of educational institutions and councils. During 2018-19 and 2017-18, the department purchased services from these entities in relation to the:

- Support of quality teaching and school leadership
- Collection of data, development and delivery of research studies, questionnaires and assessments.

	2019 \$'000	2018 \$'000
Expenses		
Supplier expenses	382	1,852
Total expenses	<u>382</u>	<u>1,852</u>
Payables		
Supplier payables	40	913
Total payables	<u>40</u>	<u>913</u>

All purchases were conducted under normal terms and conditions.

Details of administered related party transactions and balances associated with the above activities are separately disclosed. Note J3 refers.

E5: Budgetary Reporting

Departmental financial result

In 2018-19 the department reported an operating deficit on continuing operations of \$20.4 million, against a budgeted deficit of \$25.0 million as reported in the 2018-19 Portfolio Budget Statements (original budget). After adjusting for other comprehensive income of \$1.0 million, and unfunded depreciation and amortisation expense of \$22.2 million, the department reported a net surplus of \$2.8 million.

The department's total expenses of \$408.6 million are \$11.7 million more than the original budget of \$396.9 million. This primarily reflects a \$7.3 million increase in employee expenses based on the application of discount factor adjustments to employee provisions from the Australian Government Actuary review, offset by a general decrease in salaries resulting from an overall decrease in average staffing level compared to original budget. Supplier expenses were \$8.4 million more than original budget due to an increase in the use of temporary contractors by the department, which can be generally attributed to the lower than budgeted average staffing level, and additional measures received as part of budget updates in 2018-19.

The department reported own source income of \$23.2 million, \$4.5 million less than the original budget of \$27.6 million. This variance primarily reflects a reduction to the cost of services provided free of charge by the Australian Taxation Office due to a reduction in processing volumes and cost savings achieved through further use of outsourcing arrangements.

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Revenue from Government for 2018-19 was \$365.0 million, which was \$20.7 million more than originally budgeted. The increase predominately relates to an additional \$16.8 million of new measures announced as part of budget updates in 2018-19. In addition, the Student Identifier special account reported \$4.0 million in revenue which was not included in the original budget.

The department also recognised a \$1.0 million increase in other comprehensive income due to increases in asset revaluation reserves for infrastructure, plant and equipment and leasehold improvements as a result of 2018-19 revaluations.

Departmental financial position

As at 30 June 2019, the department's total equity was \$54.4 million compared to the original budget of \$60.7 million. The original budget was prepared based on 30 June 2017 data being the latest available at that time. The decrease is primarily attributed to quarantines processed under section 51 of the PGPA Act in 2018-19, and Machinery of Government adjustments processed following the AAOs issued on 29 May 2019.

The department reported cash and equivalents of \$4.5 million, after adjusting for the impact of transferring the Student Identifier special account to Employment as at the date of AAOs.

The department reported \$76.7 million for trade and other receivables, \$17.7 million more than the original budget of \$59.0 million. The increase predominately relates to an additional \$16.8 million of new measures announced as part of budget updates in 2018-19.

As at 30 June 2019, the department holds \$86.8 million of non-financial assets, \$20.1 million less than the original budget of \$106.9 million. The decrease against budget is primarily due to \$7.7 million of capital contributions to other departments, and \$8.6 million for the Automated Childcare Attendance Development project being reduced by quarantine under section 51 of the PGPA Act. In addition, the department impaired \$0.8 million of internally developed computer software as part of the annual impairment assessment.

Payables totalling \$37.7 million, were \$6.3 million lower than the original budget of \$44.0 million, noting this budget was set with reference to 2016-17 actuals. These balances are consistent with 2017-18 and primarily relate to amounts owed to suppliers and employees which fluctuate month to month, depending on timing of payroll processing, and provision of invoices from suppliers.

Employee provisions at 30 June 2019 were \$75.7 million against an original budget of \$70.7 million. The variance of \$5.0 million, is primarily due to actuarial adjustments, offset by a reduction in ASL as previously noted under employee expenses.

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

E6: Aggregate Assets and Liabilities

	2019	2018
	\$'000	\$'000
<u>E6.1: Aggregate assets and liabilities</u>		
Assets expected to be recovered in:		
No more than 12 months	85,340	82,454
More than 12 months	<u>83,070</u>	<u>83,182</u>
Total assets	<u><u>168,410</u></u>	<u><u>165,636</u></u>
Liabilities expected to be recovered in:		
No more than 12 months	50,644	46,047
More than 12 months	<u>63,323</u>	<u>54,937</u>
Total liabilities	<u><u>113,967</u></u>	<u><u>100,984</u></u>

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

F. Departmental Financial Instruments

F1: Financial Instruments

		2019	2018
F1.1: Categories of Financial instruments	Notes	\$'000	\$'000
Financial assets at amortised cost			
(2018: Loans and receivables)			
Cash and cash equivalents	C1.1	4,477	6,381
Goods and services receivable	C1.2	6,875	3,340
Accrued revenue		469	199
Total financial assets at amortised cost		11,821	9,920
Total (2018: Loans and receivables)		11,821	9,920
Total financial assets		11,821	9,920
Financial liabilities measured at amortised cost			
Supplier payables	C3.1	21,293	17,082
Total financial liabilities measured at amortised cost		21,293	17,082
Total financial liabilities		21,293	17,082

Departmental financial assets are recognised at amortised cost in accordance with AASB 9 *Financial Instruments*, which the department adopted from 1 July 2018. The transition to AASB 9 has resulted in a small increase to the impairment loss allowance for financial assets, which were previously disclosed as Loans and Receivables under AASB 139 *Financial Instruments: Recognition and Disclosure* which no longer applies.

The department has adopted the simplified approach for measuring the impairment loss allowance for these financial assets. This approach measures the loss allowance as the amount equal to the lifetime expected credit losses. Any amounts written off have been recognised as a reduction to the financial asset.

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).

All payables are expected to be settled within 12 months except where indicated.

Department of Education
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	2019 Original Budget ¹ \$'000
NET COST OF SERVICES EXPENSES				
Grants	G1.1	29,525,339	28,424,953	29,817,010
Personal benefits	G1.2	7,472,214	7,023,785	8,097,406
Supplier	G1.3	690,547	661,746	732,773
Subsidies	G1.4	406,662	408,279	402,418
Interest	G1.5	177,000	195,000	318,360
Impairment of assets	G1.6	44,014	125,185	-
Payments to corporate Commonwealth entities		-	16,318	-
Fair value losses	G1.7	917,201	1,027,807	1,143,313
Act of grace payments		5,054	5,249	-
Total expenses		39,238,031	37,888,322	40,511,280
INCOME				
Revenue				
Taxation revenue				
Levies		7,143	6,135	6,123
Total taxation revenue		7,143	6,135	6,123
Non-taxation revenue				
Interest	G2.1	1,115,400	567,469	857,633
Other	G2.2	236,824	277,346	490,902
Total non-taxation revenue		1,352,224	844,815	1,348,535
Total revenue		1,359,367	850,950	1,354,658
Gains				
Fair value gains	G2.3	5,593,868	-	-
Reversal of previous asset impairment	G2.4	-	562	-
Total gains		5,593,868	562	-
Total income		6,953,235	851,512	1,354,658
Net cost of services (Deficit)		(32,284,796)	(37,036,810)	(39,156,622)
OTHER COMPREHENSIVE INCOME				
Change in asset revaluation reserve	H1.3	225,148	385,055	-
Total other comprehensive income		225,148	385,055	-
Total comprehensive loss		(32,059,648)	(36,651,755)	(39,156,622)

¹Budget reported in the 2018-19 Portfolio Budget Statements published on 8 May 2018.

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

Department of Education
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	2019 Original Budget ¹ \$'000
ASSETS				
Financial assets				
Cash	H1.1	85,041	90,736	64,052
Receivables	H1.2	50,574,995	41,051,129	46,847,217
Investments	H1.3	2,908,613	2,683,465	2,301,628
Total financial assets		53,568,649	43,825,330	49,212,897
Total assets administered on behalf of Government		53,568,649	43,825,330	49,212,897
LIABILITIES				
Payables				
Personal benefits		26,483	129,617	123,128
Supplier	H2.1	102,486	133,122	95,137
Other	H2.2	24,316	23,306	28,938
Total payables		153,285	286,045	247,203
Provisions				
Personal benefits	H3	475,818	911,569	843,128
Higher education superannuation program	H3	7,327,000	6,517,000	6,149,880
Total provisions		7,802,818	7,428,569	6,993,008
Total liabilities administered on behalf of Government		7,956,103	7,714,614	7,240,211
Net assets		45,612,546	36,110,716	41,972,686

¹Budget reported in the 2018-19 Portfolio Budget Statements published on 8 May 2018.

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

Department of Education
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2019

	2019	2018
	\$'000	\$'000
Opening assets less liabilities as at 1 July	36,110,716	31,858,344
Net cost of services		
Income	6,953,235	851,512
Expenses		
Other than corporate Commonwealth entities	(39,238,031)	(37,872,004)
Corporate Commonwealth entities	-	(16,318)
Other comprehensive income		
Revaluations transferred to reserves	225,148	385,055
Transfers (to) from the Australian Government		
Appropriation transfers from the OPA		
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	1,631,955	1,831,662
Payments to corporate Commonwealth entities	-	16,318
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	44,149,170	41,863,267
Appropriation transfers to the OPA		
Transfers to the OPA	(3,345,712)	(2,728,152)
Transfers to the OPA (withholdings)	(26,295)	(29,576)
Restructuring	(919,694)	(39,974)
Other movements	72,054	(9,418)
Closing assets less liabilities as at 30 June	45,612,546	36,110,716

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

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

Department of Education
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
OPERATING ACTIVITIES			
Cash received			
Interest		171	43
Net GST received		1,011,965	1,203,735
Levies		7,143	6,135
Other revenue		51,112	143,916
Total cash received		<u>1,070,391</u>	<u>1,353,829</u>
Cash used			
Suppliers		710,064	680,873
Subsidies		406,662	408,279
Personal benefits		7,901,664	7,093,192
Grants		31,049,341	29,920,666
Payments to corporate Commonwealth entities		-	16,318
Total cash used		<u>40,067,731</u>	<u>38,119,328</u>
Net cash used by operating activities		<u>(38,997,340)</u>	<u>(36,765,499)</u>
INVESTING ACTIVITIES			
Cash received			
Repayments of loans		<u>3,357,560</u>	<u>2,695,488</u>
Total cash received		<u>3,357,560</u>	<u>2,695,488</u>
Cash used			
Loans provided		<u>6,790,064</u>	<u>6,906,783</u>
Total cash used		<u>6,790,064</u>	<u>6,906,783</u>
Net cash used by investing activities		<u>(3,432,504)</u>	<u>(4,211,295)</u>
Net decrease in cash held		<u>(42,429,844)</u>	<u>(40,976,794)</u>
Cash from the Official Public Account			
Appropriations		45,781,123	43,711,247
GST appropriations		1,292,985	1,218,512
Special accounts		18,352	25,833
Total cash from the Official Public Account		<u>47,092,460</u>	<u>44,955,592</u>
Cash to the Official Public Account			
Administered Receipts		(3,345,712)	(2,728,152)
Return of GST appropriations		(1,298,554)	(1,214,295)
Special accounts		(24,046)	(31,093)
Total cash to the Official Public Account		<u>(4,668,312)</u>	<u>(3,973,540)</u>
Net increase/(decrease) in cash held		<u>(5,695)</u>	<u>5,258</u>
Cash at the beginning of the reporting period		<u>90,736</u>	<u>85,478</u>
Cash at the end of the reporting period	H1.1	<u>85,041</u>	<u>90,736</u>

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

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

G. Administered Financial Performance

G1: Expenses

		2019	2018
	Notes	\$'000	\$'000
G1.1: Grants			
Public sector			
Australian Government entities		33,226	34,318
State and Territory Governments		19,765,041	18,357,384
Private sector			
Not-for-profit organisations		139,309	141,770
Multi-jurisdictional sector		9,429,632	9,651,391
Other		158,131	240,090
Total grants		29,525,339	28,424,953
G1.2: Personal benefits			
Assistance to families with children		7,469,748	6,994,639
Trade support loans discount	K1.2	-	26,681
Vocational and industry training		2,466	2,465
Total personal benefits		7,472,214	7,023,785
G1.3: Supplier			
Services rendered			
Vocational and industry training		523,211	500,738
School education - specific funding		77,571	66,407
Assistance to families with children		65,879	74,596
Higher education		23,639	19,701
General research		106	174
Total services rendered		690,406	661,616
Operating lease rentals		141	130
Total supplier expenses		690,547	661,746
Operating lease commitments			
Commitments for minimum lease payments in relation to non-cancellable operating leases (including GST)			
Within 1 year		108	98
Between 1 to 5 years		576	402
More than 5 years		1,051	979
Total operating lease commitments		1,735	1,479
The above commitments include lease arrangements with another government agency.			
G1.4: Subsidies			
Vocational and industry training		348,203	350,512
Assistance to families with children		58,459	57,767
Total subsidies		406,662	408,279

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

	Notes	2019 \$'000	2018 \$'000
<u>G1.5: Interest</u>			
Higher education superannuation program		<u>177,000</u>	<u>195,000</u>
Total interest		<u>177,000</u>	<u>195,000</u>
<u>G1.6: Impairment of assets</u>			
Impairment of goods and services receivable	K1.2	<u>23,483</u>	<u>57,087</u>
Impairment of personal benefits receivable		<u>20,531</u>	<u>68,098</u>
Total impairment on financial instruments		<u>44,014</u>	<u>125,185</u>
<u>G1.7: Fair value losses</u>			
Higher education loans	K1.2	-	813,880
Higher education superannuation program		<u>917,201</u>	<u>184,786</u>
Trade support loans	K1.2	-	<u>29,141</u>
Total fair value losses		<u>917,201</u>	<u>1,027,807</u>

As at 30 June 2019, the Australian Government Actuary estimated the fair value of the higher education superannuation program provision to be \$7.3 billion (note H3 refers) applying an interest rate of 1.4% (2018: 2.7%).

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

G2: Income

	Notes	2019 \$'000	2018 \$'000
<u>G2.1: Interest</u>			
Higher education loans		1,115,229	560,363
Trade support loans		-	7,063
Other sources		171	43
Total interest	K1.2	1,115,400	567,469
<u>G2.2: Other</u>			
Loan fee revenue	K1.2	173,668	168,551
Cost recovery		23,078	17,211
Refunds of prior year payments		10,552	22,708
Other special accounts		8,253	17,278
Other		21,273	51,598
Total other		236,824	277,346

All administered revenues relate to ordinary activities performed by the department on behalf of the Australian Government. Administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of funds as directed. Administered 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.

G2.3: Fair value gains

Higher Education Loan	5,593,868	-
Total fair value gains	5,593,868	-

As at 30 June 2019, the Australian Government Actuary estimated the fair value of the higher education loans to be \$49.9 billion (2018: \$39.9 billion) (note H1.2 refers) applying an interest rate of 1.6% (2018: 2.8%). This increase of \$10.0 billion takes into account a net movement of \$3.6 billion of new loans and repayments made during 2018-19, unwinding of discount of \$1.1 billion and a fair value gain totalling \$5.6 billion, offset by the transfer of \$0.3 billion of the VET student loans (Note J2 refers). The main factors contributing to this fair value gain includes \$2.3 billion due to the expected loan repayments being received earlier through a widening of the repayment thresholds and a \$5.1 billion adjustment for changes in the interest rate. These positive impacts are offset by \$1.8 billion primarily comprising debt not expected to be repaid of \$1.2 billion.

G2.4: Reversal of previous asset impairment

Reversal of impairment losses for goods and services receivable		-	562
Total reversal of previous asset write downs and impairment	K1.2	-	562

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

H. Administered Financial Position

H1: Financial Assets

		2019	2018	
	Notes	\$'000	\$'000	
H1.1: Cash				
Cash held in the OPA - special accounts		85,041	90,736	
Total cash	K1.1	85,041	90,736	
H1.2: Receivables				
Goods and services receivable				
Goods and services receivable		47,790	186,328	
Total goods and services receivable	K1.1	47,790	186,328	
Advances and loans				
Higher education loans		49,975,099	39,856,123	
Trade support loans		-	420,333	
Child care loans		13	66	
Total advances and loans	K1.1	49,975,112	40,276,522	
Other receivables				
Higher education superannuation program receivable		372,000	352,000	
Personal benefits receivable		296,161	439,211	
GST receivable		13,373	20,603	
Total other receivables		681,534	811,814	
Total receivables (gross)		50,704,436	41,274,664	
Less impairment allowance				
Goods and services receivable	K1.1	(23,430)	(130,733)	
Personal benefits receivable		(106,011)	(92,802)	
Total impairment allowance		(129,441)	(223,535)	
Total receivables (net)		50,574,995	41,051,129	
Movements in impairment allowance				
	Goods and services	Goods and services	Personal benefits	Personal benefits
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July	(130,733)	(78,491)	(92,802)	(20,944)
Amounts written off against the provision	130,733	13	-	-
Amounts recovered and reversed	-	43	-	-
Reversal of previous impairment	-	519	-	-
Movement	-	3,760	7,623	(3,760)
Increase/(decrease) recognised in net cost of services	(23,430)	(56,577)	(20,832)	(68,098)
Closing balance as at 30 June	(23,430)	(130,733)	(106,011)	(92,802)

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

	Notes	2019 \$'000	2018 \$'000
Concessional loans			
Higher education loans			
Nominal value		63,311,521	60,039,891
Unexpired discount		4,578,358	(408,099)
Impairment		(17,914,780)	(19,775,669)
Carrying amount		<u>49,975,099</u>	<u>39,856,123</u>
Trade support loans			
Nominal value		-	538,903
Unexpired discount and discount on completion		-	(53,609)
Impairment		-	(59,112)
Deferral adjustment		-	(5,849)
Carrying amount		-	420,333
Child care loans			
Nominal value		13	66
Carrying amount		<u>13</u>	<u>66</u>
Total concessional loans	K1.1	<u>49,975,112</u>	<u>40,276,522</u>

H1.3: Investments

Australian National University		2,896,983	2,675,225
Australian Institute for Teaching and School Leadership		10,301	6,306
Australian Curriculum, Assessment and Reporting Authority		<u>1,329</u>	<u>1,934</u>
Total investments	K1.1	<u>2,908,613</u>	<u>2,683,465</u>

Administered investments are measured at their fair value as at 30 June. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities.

Movements between years are recognised at fair value through other comprehensive income. In 2018-19 the increase was \$225.1 million (2017-18: \$385.1 million).

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

H2: Payables

	2019	2018
	\$'000	\$'000
H2.1: Supplier		
Supplier payables	<u>102,486</u>	<u>133,122</u>
Total supplier payables	<u>102,486</u>	<u>133,122</u>

Settlement is usually due within 30 days. All trade creditors are expected to be settled within 12 months.

	Notes	2019	2018
		\$'000	\$'000
H2.2: Other			
Grants			
Private sector			
Other		<u>11,623</u>	<u>4,600</u>
Total grants	K1.1	<u>11,623</u>	<u>4,600</u>
GST payable		<u>12,693</u>	<u>18,706</u>
Total other		<u>24,316</u>	<u>23,306</u>

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

H3: Provisions

	HESP	HESP	Personal	Personal
	2019	2018	benefits	benefits
	\$'000	\$'000	2019	2018
			\$'000	\$'000
Opening balance as at 1 July	6,517,000	6,467,000	911,569	979,439
Amounts used	(328,187)	(334,757)	(748,152)	(762,338)
Increase (decrease) recognised in net cost of services	1,138,187	384,757	312,400	694,468
Total as at 30 June	7,327,000	6,517,000	475,818	911,569

Higher education superannuation program (HESP)

As at 30 June 2019, the Australian Government Actuary estimated the present value of the Commonwealth's total superannuation liability in respect of current and former university employees who are members of State superannuation schemes. The current cost share arrangements are based on allocating the emerging cost of benefits between the States and the Commonwealth based on the split of responsibility at the time the benefits accrued.

Personal benefits

This is the childcare program.

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

I. Administered Funding

I1: Appropriations

	2019	2018
	\$'000	\$'000
<u>I1.1: Annual appropriations ('recoverable GST exclusive')</u>		
Ordinary annual services		
Annual appropriations		
Operating	1,832,982	2,078,106
Payments to corporate Commonwealth entities	-	19,493
PGPA Act section 75 transfers	-	(3,249)
Total appropriations - ordinary annual services	1,832,982	2,094,350
Appropriations applied (current and prior years)	1,567,549	1,810,219
Variance	265,433	284,131
Other services		
Annual appropriations		
States, ACT, NT and local government	62,514	40,221
Payments to corporate Commonwealth entities	-	74
Total appropriations - other services	62,514	40,295
Appropriations applied (current and prior years)	64,406	37,756
Variance	(1,892)	2,539
<u>I1.2: Unspent annual appropriations ('recoverable GST exclusive')</u>		
<i>Appropriation Act (No. 1) 2018-19</i>	638,046	-
<i>Appropriation Act (No. 2) 2018-19</i>	2,166	-
<i>Appropriation Act (No. 3) 2018-19</i>	12,978	-
<i>Appropriation Act (No. 1) 2017-18</i>	-	204,938
<i>Appropriation Act (No. 3) 2017-18</i>	-	13,549
<i>Appropriation Act (No. 4) 2017-18</i>	-	4,058
<i>Appropriation Act (No. 5) 2017-18</i>	-	167,104
<i>Appropriation Act (No. 1) 2016-17¹</i>	273,435	273,435
<i>Appropriation Act (No. 1) 2015-16²</i>	-	543,924
<i>Appropriation Act (No. 2) 2015-16²</i>	-	3,243
Total unspent annual appropriations	926,625	1,210,251

¹ The balance is legally available until 1 July 2020 and represents permanent quarantines.

² The balances were repealed on 1 July 2018 and are no longer available.

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

	2019	2018
<u>I1.3: Special appropriations applied ('recoverable GST exclusive')</u>	\$'000	\$'000
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>	7,882,059	7,066,549
<i>Australian Education Act 2013</i>	19,693,039	18,321,450
<i>Higher Education Support Act 2003, section 238-12</i>	16,128,564	16,020,699
<i>Trade Support Loans Act 2014, section 104</i>	198,094	255,460
<i>VET Student Loans Act 2016, section 11</i>	247,322	199,083
<i>Public Governance, Performance and Accountability Act 2013, section 77</i>	92	26
Total special appropriations applied	<u>44,149,170</u>	<u>41,863,267</u>

I1.4: Disclosure by agent in relation to annual and special appropriations ('recoverable GST exclusive')

The department had drawing rights for the Department of Foreign Affairs and Trade administered annual appropriation for the New Colombo Plan program. The payments in relation to this program in 2018-19 were \$46.2 million (2017-18: \$48.2 million).

I2: Special Accounts

	Growth Fund Skills and Training Special Account 2015 ¹		Early Years Quality Fund Special Account ²	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Balance as at 1 July (represented by cash held in the OPA)	9,672	16,013	42,143	32,624
Increases				
Appropriation credited to special account	5,118	5,249	-	-
Receipts	3,500	12,778	-	9,657
Total increases	8,618	18,027	-	9,657
Available for payments	18,290	34,040	42,143	42,281
Decreases				
Payments made	(16,601)	(24,368)	-	(138)
Total decreases	(16,601)	(24,368)	-	(138)
Balance carried forward to the next period	1,689	9,672	42,143	42,143
Balance represented by cash held in the OPA	1,689	9,672	42,143	42,143
Balance as at 30 June (represented by cash held in the OPA)	<u>1,689</u>	<u>9,672</u>	<u>42,143</u>	<u>42,143</u>

¹ Growth Fund Skills and Training Special Account 2015

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

Establishing Instrument: *PGPA Act (Growth Fund Skills and Training Special Account 2015 – Establishment) Determination 2015/04*, section 5.

Purpose: For paying amounts to enable Australian workers and former workers in the Australian automotive industry to obtain career advice, education, training and re-skilling support to exit the industry and obtain new forms of employment.

² Early Years Quality Fund Special Account

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

Establishing Instrument: *Early Years Quality Fund Special Account Act 2013*, section 5.

Purpose: To provide funding to 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. As at 1 July 2018 \$42.1 million was quarantined pending return to the OPA.

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

	Overseas Students Tuition Fund ³		Services for Other Entities and Trust Moneys ⁴	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Balance as at 1 July (represented by cash held in the OPA)	36,889	34,579	2,031	2,260
Increases				
Receipts	<u>6,118</u>	6,473	<u>1,616</u>	2,184
Total increases	6,118	6,473	1,616	2,184
Available for payments	43,007	41,052	3,647	4,444
Decreases				
Payments made	<u>(3,443)</u>	(4,163)	<u>(2,002)</u>	(2,413)
Total decreases	(3,443)	(4,163)	(2,002)	(2,413)
Balance carried forward to the next period	39,564	36,889	1,645	2,031
Balance represented by				
Cash held in the OPA	<u>39,564</u>	36,889	<u>1,645</u>	2,031
Balance as at 30 June (represented by cash held in the OPA)	39,564	36,889	1,645	2,031

³ Overseas Students Tuition Fund

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

Establishing Instrument: *Education Services for Overseas Students Act 2000*, taking into account amendments to *Education Services for Overseas Students Legislation Amendment (Tuition Protection Services and Other Measures) Act 2012*, section 52A.

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

⁴ Services for Other Entities and Trust Moneys Special Account

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

Establishing Instrument: *PGPA Act Determination (Education SOETM Special Account 2018)*, section 5.

Purpose: To disburse amounts held on trust or otherwise for the benefit of a person other than the Commonwealth; in connection with services performed for a corporate Commonwealth entity, Commonwealth company or other government; in connection with joint activities performed on behalf of another government, organisation or person; with an agreement between the Commonwealth and another government; and to repay amounts where a court order, Act or other law requires or permits the repayment of an amount received.

The previous legislation *Financial Management and Accountability Determination 2008/14* to establish the Department of Education, Employment and Workplace Relations Services for Other Entities and Trust Moneys Special Account sun setted on 21 September 2018 and the balances were transferred to the new account (above).

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

	EIF Research Portfolio Special Account ⁵		EIF Education Portfolio Special Account ⁶	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Balance as at 1 July (represented by cash held in the OPA)	-	-	-	-
Increases				
Appropriation credited to special account	-	-	2,000	-
Total increases	-	-	2,000	-
Available for payments	-	-	2,000	-
Decreases				
Payments made	-	-	(2,000)	-
Total decreases	-	-	(2,000)	-
Balance carried forward to the next period	-	-	-	-
Balance represented by				
Cash held in entity bank accounts	-	-	-	-
Cash held in the OPA	-	-	-	-
Balance as at 30 June (represented by cash held in the OPA)	-	-	-	-

⁵ EIF (Education Investment Fund) Research Portfolio Special Account
Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.
Establishing Instrument: *Nation-building Funds Act 2008*, section 188.
Purpose: To make grants of financial assistance in relation to the creation and development of research infrastructure.

⁶ EIF (Education Investment Fund) Education Portfolio Special Account
Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.
Establishing Instrument: *Nation-building Funds Act 2008*, section 181.
Purpose: To make grants of financial assistance to eligible higher education institutions in relation to capital expenditure and research facilities.

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

I3: Regulatory Charging

	2019	2018
	\$'000	\$'000
Expenses		
Supplier	6,575	2,116
Total expenses	<u>6,575</u>	<u>2,116</u>
External revenue		
Cost recovery	25,448	17,173
Total external revenue	<u>25,448</u>	<u>17,173</u>
Amounts written off	<u>2</u>	<u>1</u>

J. Administered Other Items

J1: Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the administered schedule of assets and liabilities. They may arise from uncertainty as to the existence of an asset or liability 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.

Quantifiable contingencies

A contingent asset of \$58.9 million and a contingent liability of \$216.3 million arising from the Child Care Subsidy program relate to the end year reconciliation which will occur after 30 June and is dependent upon individuals lodging a tax return. There were no administered quantifiable contingent assets or liabilities as at 30 June 2018.

Unquantifiable contingencies

The Government is undertaking compliance action, wherever appropriate under the legislation, to recover VET FEE-HELP payments from providers who inappropriately enrolled students in units and courses for which they incurred a VET FEE-HELP debt. There is a potential financial risk to the Commonwealth in the event that compliance action results in student loan debts being remitted but the Commonwealth is unable to recover the payments from providers or tuition assurance operators where the provider has closed.

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

J2: Restructuring

Function	2019	2018
	Skills, Vocational Education and Training Functions Employment ¹ \$'000	AIATSIS PMC ² \$'000
FUNCTIONS RELINQUISHED		
Assets relinquished		
Receivables - Advances and Loans	(919,694)	
Investment	-	(39,974)
Net assets relinquished	<u>(919,694)</u>	<u>(39,974)</u>

¹ As a result of the AAO issued on 29 May 2019, assets and liabilities relating to the skills vocational education and training, and migrant and education functions were transferred to Employment and the Department of Home Affairs. With exception of the Trade Support Loans and the VET Student Loans, which were transferred on the 29 May 2019, all assets and liabilities will be transferred in 2019-20. Any revenue collected on behalf of the respective agencies from 29 May 2019 is disclosed in Note I3.

² In 2017-18, the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) transferred from the then Department of Education and Training portfolio to the PMC portfolio following the AAO of 19 April 2018. The investment, of \$40 million, relinquished is represented by the net assets of AIATSIS as at the date of transfer, 30 April 2018.

The non-child care BBF and CSP functions were relinquished to the PMC and the DSS, respectively, through the 2018-19 Budget process. There were no transfers of administered assets or liabilities as a result of these restructures.

Departmental impacts are included at Note E2.

J3: Related Party Disclosures

	2019	2018
	\$'000	\$'000
Expenses		
Supplier expenses	14,060	3,781
Grant expenses	-	33,905
Total expenses	<u>14,060</u>	<u>37,686</u>
Payables		
Supplier payables	1,294	927
Total payables	<u>1,294</u>	<u>927</u>

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

J4: Budgetary Reporting

Administered schedule of comprehensive income

In 2018-19 the department administered \$39.2 billion of expenses on behalf of the government, of which, \$29.5 billion (75 per cent) represented grants primarily to schools and higher education facilities which were delivered in accordance with the original budget estimate.

During 2018-19 the department administered \$7.5 billion of personal benefits against a budget of \$8.0 billion. The difference can be attributed to the impact of child care compliance measures and lower fee growth than originally estimated.

At the time the budget was prepared the fair values of the higher education superannuation provision, higher education loans and trade support loans were estimated on 2016-17 data and actuarial assumptions. The actual fair value at 30 June 2019 is based upon updated data, any changes in the actuary's assessment and the Government bond rates used to discount future cash flows. This impacts on the amount recognised as fair value gains or losses, interest expense, loan fee revenue and interest revenue.

In 2018-19 the department administered revenue totalling \$1.4 billion compared to a budget of \$1.3 billion. This variance was predominantly driven by changes in actuarial assumptions reducing the amount of interest revenue on higher education loans as compared to budget. Movements in administered investments, write-downs and impairments of assets, act of grace payments and reversals of previous write-downs are difficult to predict and are not included in the budget estimates.

Administered schedule of assets and liabilities

As at 30 June 2019 assets administered on behalf of government totalled \$53.6 billion compared to an original budget of \$49.2 billion.

The actual value of the receivables at 30 June are impacted by updated data, any changes resulting from the actuary's assessment and the Government bond rates as previously described.

Administered investments have increased by \$225.1 million during the year and are valued at \$2.9 billion at 30 June 2019 compared to the original budget of \$2.3 billion. The variance predominantly reflects an increase in the net assets of the Australian National University as at 30 June 2019.

As at 30 June 2019, payables total \$153.2 million, \$94 million less than the budget of \$247.2 million. The value of invoices on hand at the end of the financial year are by nature difficult to predict with the estimates being based upon previous years' averages.

As at 30 June 2019, provisions totalled \$7.8 billion compared to a budget of \$7.0 billion, a variance of 11.4 per cent. Again, given the timing of the original budget the movement can in part be attributed to prior year results. The personal benefit provision was statistically estimated at \$0.8 billion compared to an actual closing balance of \$0.5 billion. The decrease is consistent with the trend in personal benefits expense.

The 30 June 2019 provision for the higher education superannuation program was assessed by the Australian Government Actuary at \$7.3 billion against an original budget of \$6.1 billion which is based on the 30 June 2017 assessment.

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

J5: Aggregate Assets and Liabilities		
	2019	2018
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months	3,787,885	3,196,181
More than 12 months	49,780,764	40,629,149
Total assets	<u>53,568,649</u>	<u>43,825,330</u>
Liabilities to be settled in:		
No more than 12 months	510,285	286,045
More than 12 months	7,445,818	7,428,569
Total liabilities	<u>7,956,103</u>	<u>7,714,614</u>

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

K. Administered Financial Instruments

K1: Financial Instruments

		2019	2018
	Notes	\$'000	\$'000
K1.1: Categories of financial instruments			
Financial assets measured at amortised cost			
(2018: Loans and receivables)			
Cash	H1.1	85,041	90,736
Goods and services receivable	H1.2	24,360	55,595
Total financial assets measured at amortised cost			
Total (2018: Loans and receivables)		109,401	146,331
Financial assets at fair value through other comprehensive income			
(2018: Available-for-sale financial assets)			
Investments	H1.3	2,908,613	2,683,465
Total financial assets at fair value through other comprehensive income			
Total (2018: Available-for-sale financial assets)		2,908,613	2,683,465
Financial assets at fair value through profit or loss (designated)			
Concessional loans			
Higher education loans		49,975,099	39,856,123
Trade support loans		-	420,333
Child care loans		13	66
Total financial assets at fair value through profit or loss (designated)	H1.2	49,975,112	40,276,522
Total financial assets categorised as financial instruments		52,993,126	43,106,318
FINANCIAL LIABILITIES			
Financial liabilities measured at amortised cost			
Supplier payables		102,486	133,122
Grants payable	H2.2	11,623	4,600
Total financial liabilities measured at amortised cost		114,109	137,722
Total financial liabilities		114,109	137,722

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

K1.2: Net gains or losses on financial assets

	Notes	2019 \$'000	2018 \$'000
Financial assets measured at amortised cost			
(2018: Loans and receivables)			
Interest revenue	G2.1	171	43
Reversal of impairment - goods and services receivable	G2.4	-	562
Write-down and impairment	G1.6	<u>(23,483)</u>	<u>(57,087)</u>
Net gains/(losses) on financial assets measured at amortised cost (2018: Net gains/(losses) from loans and receivables)		<u>(23,312)</u>	<u>(56,482)</u>
Financial assets at fair value through other comprehensive income			
Gains recognised in equity		<u>(225,148)</u>	385,055
Net gains from financial assets at fair value through other comprehensive income		<u>(225,148)</u>	385,055
Financial assets at fair value through profit or loss (designated)			
Interest revenue	G2.1	1,115,229	567,426
Loan fee revenue	G2.2	173,668	168,551
Trade support loan discount	G1.2	-	(26,681)
Fair value gains	G2.3	5,593,868	-
Fair value losses	G1.7	<u>-</u>	<u>(843,021)</u>
Net gains/(losses) at fair value through profit or loss (designated)		<u>6,882,765</u>	<u>(133,725)</u>
Net gains/(losses) on financial assets		<u>6,634,305</u>	<u>194,848</u>

The department adopted AASB9 Financial Instruments (AASB 9) from 1 July 2018 and has measured and categorised the above financial instruments accordingly. The transition to AASB 9 did not result in any change to the measurement or categorisation of financial assets.

The financial assets measured at amortised cost are impaired according to AASB 9, wherein the lifetime expected credit losses are measured using the simplified approach. Transition to this approach did not result in any change to the impairment provision.

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

K1.3: Credit risk

The financial assets measured at amortised cost are not exposed to a high level of credit risk and the department manages this risk by applying debt recovery policies and procedures. The risk of default on payments has been assessed and an impairment provision brought to account. Note H1.2 refers.

The financial assets at fair value through other comprehensive income represent the Government's proportional interest in the net assets of the entities which are not exposed to a high level of credit risk. Note H1.3 refers.

The financial assets at fair value through profit or loss are subject to annual fair value actuarial assessments which take into account the future income projections, pattern and timing of repayments and debt not expected to be repaid. Note H1.2 refers.

K1.4: 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.

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

K2: Fair Value

K2.1: Fair value measurement of level 3 financial instruments

Fair value measurement as at 30 June

	2019 \$'000	2018 \$'000	Level ²	Valuation technique ³	Inputs used
Financial assets					
Concessional loans					
Higher education loans	49,975,099	39,856,123	3	Loan conditions	Principal due
Trade support loans	-	420,333	3	Loan conditions	Principal due
Child care loans	13	66	3	Loan conditions	Principal due
Investments	2,908,613	2,683,465	3	Net assets of the entity	Net assets of the entity
Total¹	52,883,725	42,959,987			

¹ The book value of these assets equals the fair value.

² There has been no transfer between levels during the period.

³ The methods and valuation techniques used for the purpose of measuring fair value of assets in 2019 are unchanged from the previous reporting period.

K2.2: Movement in level 3 fair value measurement

	Financial assets			
	Concessional loans		Investments	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
As at 1 July	40,276,522	36,198,951	2,683,465	2,338,384
Total losses recognised in net cost of services	7,185,780	(133,725)	-	-
Total gains recognised in comprehensive income	-	-	225,148	385,055
Total restructure recognised in administered equity	(919,694)	-	-	(39,974)
Issues	6,790,064	6,906,784	-	-
Settlements	(3,357,560)	(2,695,488)	-	-
As at 30 June	49,975,112	40,276,522	2,908,613	2,683,465

Appendices

Appendix A

Agency resource statement
and expenses for outcomes

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APPENDIX A: AGENCY RESOURCE STATEMENT AND EXPENSES FOR OUTCOMES

Table A.1: Agency resource statement, 2018–19

	Actual available appropriations ¹ for 2018–19 \$'000	Payments made 2018–19 \$'000	Balance remaining \$'000
Ordinary annual services			
Departmental appropriation			
Prior-year departmental appropriation	49,874	49,874	–
Departmental appropriation ^{2,3}	376,004	315,266	60,738
PGPA Act – section 74 receipts	18,209	18,209	–
Total	444,087	383,349	60,738
Administered expenses			
Outcome 1	483,787	422,689	
Outcome 2	1,325,176	1,144,860	
Total	1,808,963	1,567,549	
Total ordinary annual services	2,253,050	1,950,898	
Other services⁴			
Administered expenses			
Specific payments to states, ACT, NT and local government			
Outcome 1	62,514	64,406	
Total	62,514	64,406	
Departmental non-operating			
Prior-year departmental appropriation	7,269	7,269	–
Equity injections ⁴	9,210	1,922	7,288
Total	16,479	9,191	7,288
Total other services	78,993	73,597	
Total available annual appropriations	2,332,043	2,024,495	

Table A.1: Agency resource statement, 2018–19 (continued)

	Actual available appropriations ¹ for 2018–19 \$'000	Payments made 2018–19 \$'000	Balance remaining \$'000
Special appropriations			
Special appropriations limited by criteria/entitlement			
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>		7,882,059	
<i>Australian Education Act 2013</i>		19,693,039	
<i>Higher Education Support Act 2003</i>		16,128,564	
<i>VET Student Loans Act 2016</i>		198,094	
<i>Trade Support Loans Act 2014</i>		247,322	
<i>Public Governance, Performance and Accountability Act 2013 – section 77</i>		92	
Total special appropriations		44,149,170	
Special accounts			
Opening balance	92,793		
Appropriation receipts	12,458		
Non-appropriation receipts to special accounts	9,618		
Payments made (through restructuring)		5,431	
Payments made		26,042	
Closing balance			83,396
Total resourcing and payments	114,869	44,180,643	
Less appropriations drawn from annual or special appropriations above and credited to special accounts	(12,458)	(12,458)	
and/or payments to corporate entities through annual appropriations	–	–	
Total net resourcing and payments for the department	2,434,454	46,192,680	

- 1 Figures in the table represent actual appropriations provided less any legally recognised reductions as outlined in notes D1.2 and I1.2 of the 2018–19 financial statements.
- 2 *Appropriation Act (No. 1) 2018–2019 and Appropriation Act (No. 3) 2018–2019*. This also includes prior-year departmental appropriation and receipts retained under section 74 of the PGPA Act.
- 3 Includes an amount of \$14.9 million in 2018–19 for the departmental capital budget.
- 4 *Appropriation Act (No. 2) 2018–2019 and Appropriation Act (No. 4) 2018–2019*.

Table A.2: Expenses for Outcome 1, 2018–19

Outcome 1: Improved early learning, schooling, student educational outcomes and transitions to and from school through access to quality child care, support, parent engagement, quality teaching and learning environments	Budget ¹ 2018–19 \$'000	Actual expenses 2018–19 \$'000	Variation 2018–19 \$'000
	A	B	A–B
Administered expenses			
Program 1.1: Support for the Child Care System			
Ordinary annual services (Appropriation Act nos. 1 and 3)			
Child Care Services Support	333,682	267,768	65,914
Jobs, Education and Training Child Care Fee Assistance (JETCCFA)	-	(599)	599
Child Care Subsidy communications campaign	87	87	-
Special account expenses			
<i>Early Years Quality Fund Special Account Act 2013</i>	-	1,186	(1,186)
Services for Other Entities and Trust Monies – Child Care	-	11	(11)
Total for Program 1.1	333,769	268,453	65,316
Program 1.2: Child Care Benefit^a			
Special appropriations			
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>	-	-	-
Total for Program 1.2	-	-	-
Program 1.3: Child Care Rebate^a			
Special appropriations			
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>	-	-	-
Total for Program 1.3	-	-	-
Program 1.4: Child Care Subsidy^b			
Special appropriations			
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>	7,722,386	7,440,349	282,037
Total for Program 1.4	7,722,386	7,440,349	282,037

a This program ceased 1 July 2018, replaced by Child Care Subsidy (refer to Program 1.4).

b This program commenced 2 July 2018 and replaces the Child Care Benefit and Child Care Rebate programs.

Table A.2: Expenses for Outcome 1, 2018–19 (continued)

Outcome 1: Improved early learning, schooling, student educational outcomes and transitions to and from school through access to quality child care, support, parent engagement, quality teaching and learning environments	Budget ¹ 2018–19 \$'000	Actual expenses 2018–19 \$'000	Variation 2018–19 \$'000
	A	B	A–B
Program 1.5: Government Schools National Support			
Other services (Appropriation Act nos. 2 and 4)			
Additional Support for Northern Territory	4,987	4,987	-
Special appropriations			
<i>Australian Education Act 2013</i>	7,700,930	7,677,423	23,507
Total for Program 1.5	7,705,917	7,682,410	23,507
Program 1.6: Non-Government Schools National Support			
Other services (Appropriation Act nos. 2 and 4)			
Non-government representative bodies	41,794	41,794	-
Special circumstances funding	3,000	4,640	(1,640)
Adjustment assistance	10,492	10,492	-
Special appropriations			
<i>Australian Education Act 2013</i>	11,957,289	12,022,639	(65,350)
Total for Program 1.6	12,012,575	12,079,565	(66,990)
Program 1.7: Early Learning and Schools Support			
Ordinary annual services (Appropriation Act nos. 1 and 3)			
Australian Early Development Census	10,581	10,581	-
Australian Government response to Teacher Education Ministerial Advisory Group	3,700	3,700	-
Boost the Learning for Life Program	13,800	13,800	-
Early Learning Languages Australia (ELLA)	4,177	4,177	-
Educating Against Domestic Violence	-	-	-
English Language Learning for Indigenous Children	3,305	1,855	1,450
Flexible Literacy Learning for Remote Primary Schools	2,300	2,196	104
Grants and awards	1,353	1,346	7
Helping Children with Autism	5,899	5,899	-
Inspiring all Australians in Digital Literacy and STEM	16,022	16,021	1
Maths and Science Participation	-	-	-

Table A.2: Expenses for Outcome 1, 2018–19 (continued)

Outcome 1: Improved early learning, schooling, student educational outcomes and transitions to and from school through access to quality child care, support, parent engagement, quality teaching and learning environments	Budget ¹ 2018–19	Actual expenses 2018–19	Variation 2018–19
	\$'000	\$'000	\$'000
	A	B	A–B
National Assessment Reform	2,200	2,200	-
National Schools Reform	19,905	12,698	7,207
National School Resourcing Board	813	465	348
Quality Outcomes	38,001	47,991	(9,990)
Quality Schools communication	10,000	7,739	2,261
Science, technology, engineering and mathematics (STEM)	1,617	1,617	-
Teach for Australia	7,118	7,118	-
Universal Access	1,500	1,468	32
Other services (Appropriation Act nos. 2 and 4)			
Literacy Support for Tasmanian Students	2,000	2,000	-
Special account expenses			
Services for Other Entities and Trust Monies – Students with Disabilities	-	81	(81)
Total for Program 1.7	144,291	142,952	1,339
Outcome 1 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act nos. 1 and 3)	476,060	408,127	67,933
Other services (Appropriation Act nos. 2 and 4)	62,273	63,913	(1,640)
Special appropriations	27,380,605	27,140,411	240,194
Special accounts	-	1,278	(1,278)
Departmental expenses			
Departmental appropriations ²	184,093	176,877	7,216
Expenses not requiring appropriation in the budget year	13,347	10,201	3,146
Total for Outcome 1	28,116,378	27,800,807	315,571
Average staffing level (number)	874	820	54

1 2018–19 Budget, including any subsequent adjustment made at Additional Estimates.

2 Departmental appropriation combines ordinary annual services (Appropriation Act nos. 1 and 3) and receipts retained under section 74 of the PGPA Act.

Table A.3: Expenses for Outcome 2, 2018–19

Outcome 2: Promote growth in economic productivity and social wellbeing through access to quality higher education, international education, and international quality research, skills and training	Budget ¹ 2018–19 \$'000	Actual expenses 2018–19 \$'000	Variation 2018–19 \$'000
	A	B	A–B
Administered expenses			
Program 2.1: Commonwealth Grant Scheme			
Special appropriations			
<i>Higher Education Support Act 2003</i>			
Cluster Fund and place loadings	6,980,769	6,950,952	29,817
Regional loading	73,075	73,074	1
Total for Program 2.1	7,053,844	7,024,026	29,818
Program 2.2: Higher Education Superannuation Program			
Special appropriations			
<i>Higher Education Support Act 2003</i>			
Higher Education Superannuation Program	221,837	1,094,199	(872,362)
Total for Program 2.2	221,837	1,094,199	(872,362)
Program 2.3: Higher Education Support			
Ordinary annual services (Appropriation Act nos. 1 and 3)			
National Disability Coordination Officer	4,309	4,385	(76)
Quality Indicators for Learning and Teaching	8,843	5,142	3,701
Rural and Regional Enterprise Scholarships	12,843	12,772	71
Special appropriations			
<i>Higher Education Support Act 2003</i>			
Central Coast Health and Wellbeing Precinct	3,750	3,750	-
Disability Support Program	7,572	7,570	2
Diversity and structural reform	-	-	-
Higher Education Partnerships and Participation Program	152,492	142,567	9,925
Improved Support for Regional Universities	10,839	7,789	3,050
Jobs and Growth in Tasmania	20,000	-	20,000
National institutes	222,630	222,586	44
Promotion of Excellence in Learning and Teaching in Higher Education	-	-	-
Quality initiatives	503	502	1

Table A.3: Expenses for Outcome 2, 2018–19 (continued)

Outcome 2: Promote growth in economic productivity and social wellbeing through access to quality higher education, international education, and international quality research, skills and training	Budget ¹ 2018–19 \$'000	Actual expenses 2018–19 \$'000	Variation 2018–19 \$'000
	A	B	A–B
Supporting more women into STEM careers (Australian Mathematical Sciences Institute intern)	9,200	-	9,200
Teaching awards – Universities Australia	600	600	-
Howard Library	13,500	13,500	-
Special account expenses			
Education Investment Fund – Higher Education	2,000	2,000	-
Total for Program 2.3	469,081	423,163	45,918
Program 2.4: Higher Education Loan Program			
Special appropriations			
<i>Higher Education Support Act 2003</i>			
Higher Education Loan Program	1,077,641	21,626	1,056,015
<i>VET Student Loans Act 2016</i>			
VET Student Loans	251,333	6	251,327
Total for Program 2.4	1,328,974	21,632	1,307,342
Program 2.5: Investment in Higher Education Research			
Special appropriations			
<i>Higher Education Support Act 2003</i>			
Research Support Program	894,016	894,015	1
Research Training Program	1,027,084	1,027,084	-
Total for Program 2.5	1,921,100	1,921,099	1
Program 2.6: Research Capacity			
Ordinary annual services (Appropriation Act nos. 1 and 3)			
Commonwealth – ANU Strategic Relationships	-	-	-
National Collaborative Research Infrastructure Strategy	162,472	162,472	-
Special appropriations			
<i>Higher Education Support Act 2003</i>			
Academic Centres of Cyber Security Excellence	479	479	-
Higher Education Research Promotion	4,968	4,968	-
Total for Program 2.6	167,919	167,919	-

Table A.3: Expenses for Outcome 2, 2018–19 (continued)

Outcome 2: Promote growth in economic productivity and social wellbeing through access to quality higher education, international education, and international quality research, skills and training	Budget ¹ 2018–19 \$'000	Actual expenses 2018–19 \$'000	Variation 2018–19 \$'000
	A	B	A–B
Program 2.7: International Education Support			
Ordinary annual services (Appropriation Act nos. 1 and 3)			
International education support	38,316	23,019	15,297
Special account expenses			
Overseas Student Tuition Fund	9,256	2,940	6,316
Services for Other Entities and Trust Monies – Cheung Kong	-	870	(870)
Total for Program 2.7	47,572	26,829	20,743
Program 2.8: Building Skills and Capability			
Ordinary annual services (Appropriation Act nos. 1 and 3)			
Sub-Program 2.8.1: Industry Competitiveness			
Industry Skills Fund	1,994	125	1,869
National Workforce Development Fund	-	1	(1)
Sub-Program 2.8.2: Skills Development			
Ordinary annual services (Appropriation Act nos. 1 and 3)			
Australian Apprenticeship Support Network	189,447	138,102	51,345
Australian Apprenticeships Incentives Program	392,083	357,163	34,920
Industry Specialist Mentoring for Australian Apprentices	39,038	27,636	11,402
Trades Recognition Australia	12,628	6,551	6,077
South Australian Enterprise Scholarships	8,557	4,365	4,192
Rollout of Skills Checkpoint for Older Workers Program	3,875	3,280	595
Special appropriations			
<i>Trade Support Loans Act 2014</i>			
Trade Support Loans	52,764	1,385	51,379
Special account expenses			
Growth Fund – Skills and Training	20,033	17,446	2,587
Sub-Program 2.8.3: Access to Training			
Ordinary annual services (Appropriation Act nos. 1 and 3)			

Table A.3: Expenses for Outcome 2, 2018–19 (continued)

Outcome 2: Promote growth in economic productivity and social wellbeing through access to quality higher education, international education, and international quality research, skills and training	Budget ¹ 2018–19 \$'000	Actual expenses 2018–19 \$'000	Variation 2018–19 \$'000
	A	B	A–B
Adult Migrant English Program	258,418	225,698	32,720
National Foundation Skills Strategy	-	-	-
Skills for Education and Employment Program	94,157	88,535	5,622
Sub-Program 2.8.4: Support for the National Training System			
Ordinary annual services (Appropriation Act nos. 1 and 3)			
Australian Industry and Skills Committee	1,490	1,258	232
Industry Workforce Training	40,891	40,740	151
My Skills website	562	562	-
National Centre for Vocational Education Research	686	686	-
National Training System Commonwealth Own-Purpose Expenses	36,423	30,741	5,682
Licensing of international vocational education and training courses	1,253	1,054	199
Integrated information service	-	-	-
Special account expenses			
Services for Other Entities and Trust Monies – National Training System Commonwealth Own-Purpose Expenses VET employer survey	-	107	(107)
Total for Program 2.8	1,154,299	945,435	208,864
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act nos. 1 and 3)	1,308,285	1,134,287	173,998
Special appropriations	11,025,052	10,466,652	558,400
Special accounts	31,289	23,363	7,926
Departmental expenses			
Departmental appropriations ²	193,979	200,345	(6,366)
Special accounts	5,981	3,998	1,983
Expenses not requiring appropriation in the budget year	20,347	17,181	3,166
Total for Outcome 2	12,584,933	11,845,826	739,107
Average staffing level (number)	900	815	85

1 2018–19 Budget, including any subsequent adjustment made at Additional Estimates.

2 Departmental appropriation combines ordinary annual services (Appropriation Act nos. 1 and 3) and receipts retained under section 74 of the PGPA Act.

APPENDIX B: ANNUAL REPORT OF THE TRADE SUPPORT LOANS PROGRAM

Based on the requirements set out in the *Trade Support Loans Act 2014*, this report provides a summary of the administrative operation of the Trade Support Loans (TSL) program from 1 July 2018 to 30 June 2019.

Overview

The Australian Government's TSL program provides Australian apprentices with access to an income-contingent loan over the course of their apprenticeship. At the time the TSL program was introduced, Australian apprentices were able to access up to \$20,000 over the course of their apprenticeship.¹

The TSL program meets the Government's commitment to deliver improved productivity and competitiveness to the Australian economy by ensuring there are highly skilled individuals in priority trades where there are growing skills shortages.

The program provides financial support to eligible Australian apprentices to assist them with expenses associated with living, learning and completing an apprenticeship, and helps them focus on completing their trade qualification. To be eligible for TSL payments, Australian apprentices must:

- reside in Australia and be an Australian citizen, or the holder of a permanent visa
- be undertaking one or more of the following:
 - Certificate III or IV qualification that leads to an occupation on the TSL Priority List
 - Certificate II, III or IV agricultural qualification specified on the TSL Priority List
 - Certificate II, III or IV horticulture qualification specified on the TSL Priority List, while working in rural or regional Australia
- meet the eligibility criteria outlined in the TSL program guidelines.

Governance

The program is governed by the *Trade Support Loans Act 2014*. Two legislative instruments are in place to administer the program:

- The Trade Support Loan Rules 2014 provide for matters relating to qualification for trade support loans, granting loans, application forms and other matters.
- The Trade Support Loans Priority List 2014 is established and maintained by the Minister to determine occupations or qualifications leading to occupations that the Minister considers a high priority.

Following the Administrative Arrangements Order on 29 May 2019, skills and training functions were transferred to the Department of Employment, Skills, Small and Family Business. The Australian Apprenticeship Support Network (AASN), the Department of Employment, Skills, Small and Family Business, and the Australian Taxation Office jointly deliver the TSL program.

¹ From 1 July 2017, and each later year on 1 July, the lifetime limit and yearly rates (defined in sections 5 and 24 of the *Trade Support Loans Act 2014*, respectively) are indexed according to a Consumer Price Index annual indexation factor. Subsection 99(4) of the Act provides the formula for calculating the annual indexation factor.

Operation of the program

Under the TSL program, apprentices apply for a loan through their local AASN provider. Apprentices can apply for a maximum amount that depends on which year of their apprenticeship they are in.

The loans are flexible, meeting the needs of individual apprentices. The loan amounts are highest in the early years of training to support apprentices while their wages are lower. Apprentices who successfully complete their apprenticeship will have the amount of their loan reduced by 20 per cent.

Trade support loan payment rates

The trade support loan lifetime limit is set at \$20,808 for 2018–19. The yearly and monthly instalment rates for Australian apprentices for 2018–19 are shown in Table B.1.

Table B.1: Trade support loan payment rates, 2018–19

Apprentice year	Yearly rate (\$)	Monthly instalment rate (\$)
First	8,323	693.60
Second	6,242	520.20
Third	4,162	346.80
Fourth	2,081	173.40

Apprentices repay trade support loans through the taxation system when their income reaches the minimum income threshold. In 2018–19, the minimum income threshold was \$51,957. Apprentices may also choose to make voluntary payments on the loan before they reach the repayment threshold. Trade support loan debts are indexed annually according to the Consumer Price Index.

Performance information

In its fifth year of operation, the TSL program continues to provide eligible apprentices with substantial support, helping them with the costs of living and learning while undertaking an apprenticeship.

From program commencement to 30 June 2019, the department:

- received and processed 108,371 successful TSL applications
- made \$814,576,515 in payments to eligible apprentices.

In 2018–19, the department:

- received and processed 20,309 TSL applications
- applied a completion discount to 11,050 apprentices who successfully completed their apprenticeship.

Nearly 56,000 Australian apprentices received a trade support loan payment during 2018–19.

Figures B.1 to B.6 provide details on the number of successful trade support loan applications received by quarter, calendar month, apprenticeship stage, state/territory and age, as well as the number of trade support loan payments made by quarter.

Figure B.1: Number of successful trade support loan applications received, by quarter, 2018–19

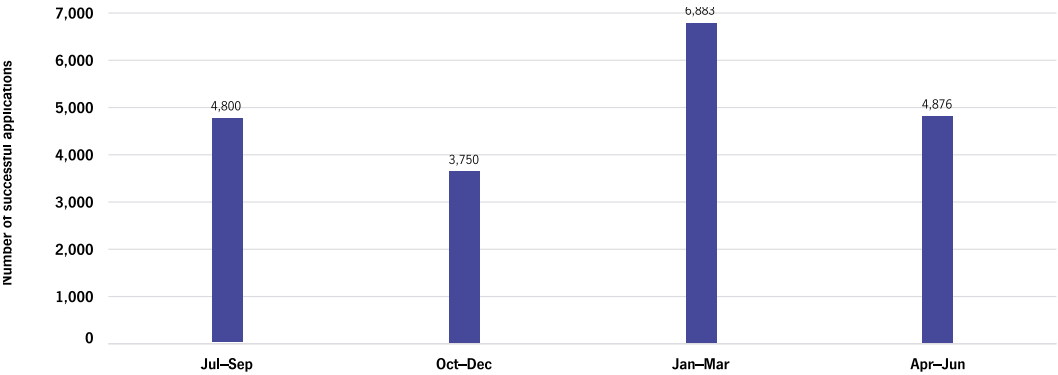


Figure B.2: Number of successful trade support loan applications received, by calendar month, 2018–19

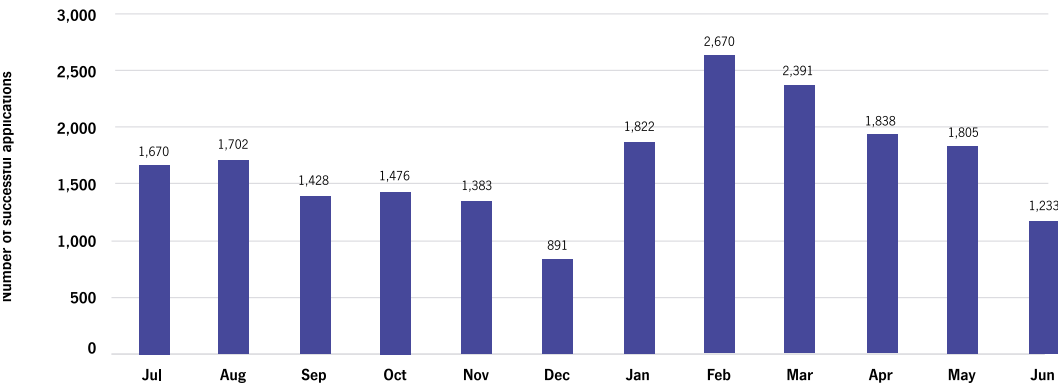


Figure B.3: Number of trade support loan payments made, by quarter, 2018–19

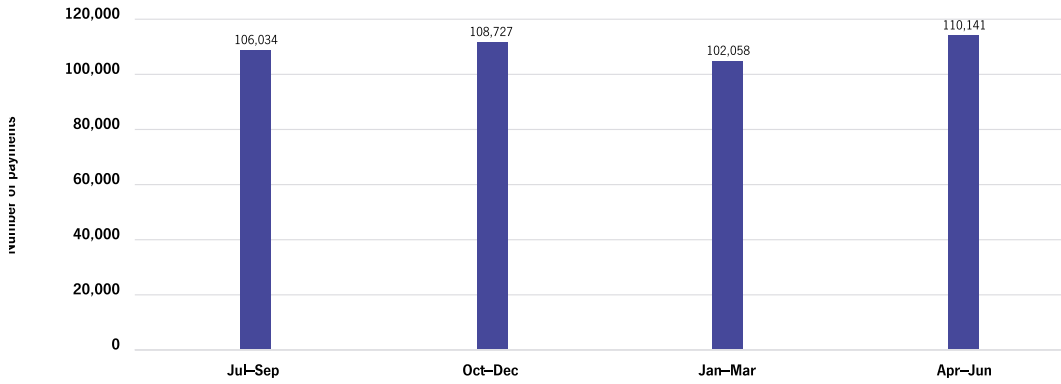


Figure B.4: Number of successful trade support loan applications received, by apprenticeship stage, 2018–19

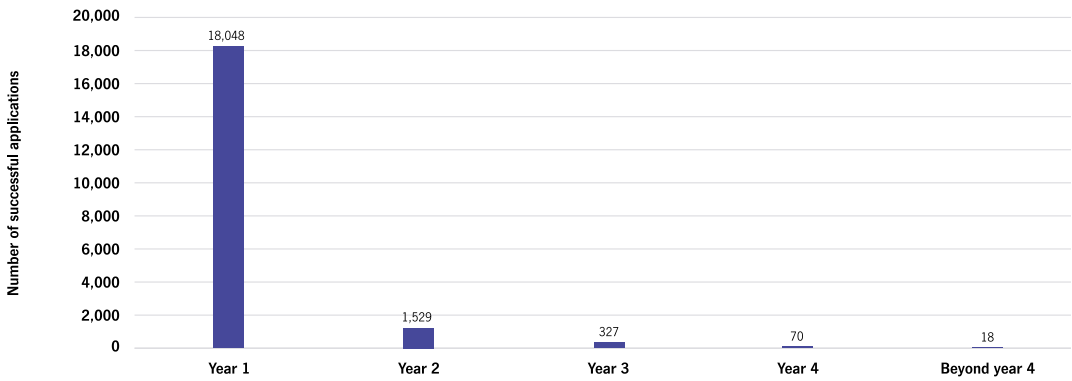


Figure B.5: Number of successful trade support loan applications received, by state/territory, 2018–19

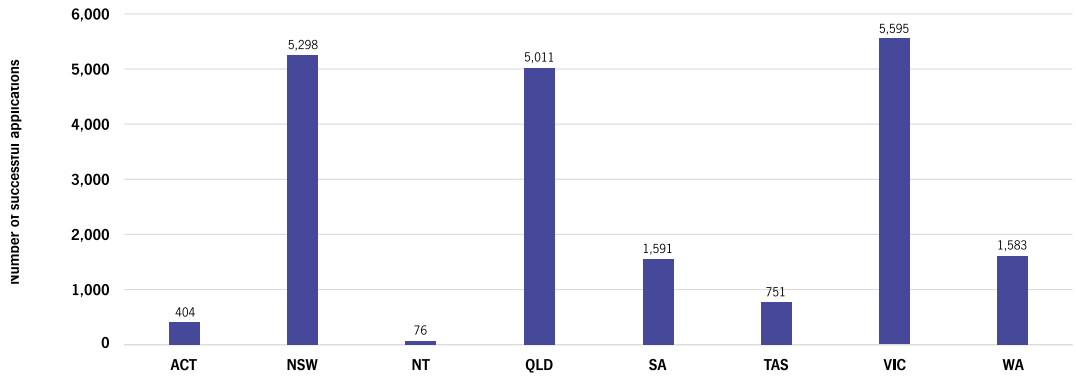
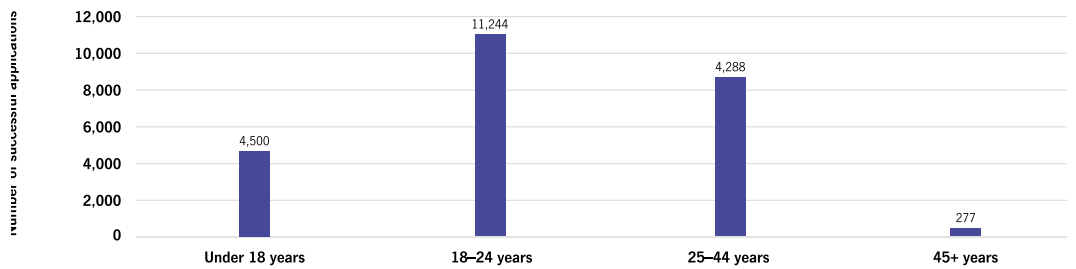


Figure B.6: Number of successful trade support loan applications received, by age category, 2018–19



APPENDIX C: ANNUAL REPORT OF THE TUITION PROTECTION SERVICE

The Tuition Protection Service (TPS) is a placement and refund service for international students on a student visa who have been affected by an education provider closure. The TPS may also assist students who have withdrawn or not started their course and are eligible for a refund of tuition fees.

An annual TPS levy, paid by all Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) registered providers, is paid into the Overseas Students Tuition Fund (OSTF). The levy income is used to build reserves in the OSTF and to fund TPS operations.

This report summarises the activities of the TPS from 1 July 2018 to 30 June 2019, in compliance with the *Education Services for Overseas Students Act 2000* (ESOS Act). It includes an assessment of issues affecting TPS operation, the outlook for the year ahead and any potential risks to the OSTF.

Governance

A statutorily appointed TPS Director and Advisory Board govern the TPS. The board's primary function is to provide advice and recommendations to the TPS Director on the annual TPS levy, which all institutions delivering education services to international students must pay.

The Advisory Board comprises five specified government agency representatives and up to seven non-government members. As at 30 June 2019, the board had four non-government members, including the chair and deputy chair (Table C.1).

Table C.1: Tuition Protection Service Advisory Board members, at 30 June 2019

Position	Advisory Board member
Chair	Ms Helen Zimmerman
Deputy Chair	Dr Kevin Donnelly AM
Non-government member	Mr Peter Emmerton
Non-government member	Ms Karen Howard
Representative from the Australian Prudential Regulation Authority	Mr Peter Kohlhagen <i>(replacing Mr Michael Horton from 20 May 2019)</i>
Representative from the Department of Home Affairs	Mr Matthew Noble <i>(replacing Ms Bronwyn Giese from 20 May 2019)</i>
Representative from the Department of Finance	Mr Libor Pelecky
Representative from the Department of Education	Ms Karen Sandercock
Representative from the Australian Government Actuary	Mr Guy Thorburn

A small secretariat provided by the department supports the Advisory Board and the TPS Director. The director is also supported by an external service provider, which is engaged to ensure students receive the appropriate support following a provider closure.

Operation of the Tuition Protection Service

The TPS delivers a world-class tuition assurance service that is professional, responsive and transparent.

Over the 12 months to 30 June 2019, 16 providers defaulted, which displaced 1,876 students. Eleven of these providers defaulted due to action by the regulator, and the remaining five defaults were the result of business failure. Only eight of these 16 provider defaults required the activation of the TPS, resulting in 1,013 placements or refunds.

During the year, the TPS noted that certain providers who defaulted had moved to collect more than 50 per cent of tuition fees before a student had begun their course. They started collecting more than the maximum allowable fee weeks before going into default. Under the Education Services for Overseas Students legislative framework, this is only permitted with the student's consent. The TPS remains alert to this issue.

The TPS aims to continuously improve its business processes and its service to students affected by a provider closure. In 2018–19, the TPS reviewed its business processes to identify opportunities for improvements and efficiencies in finalising placements and payments to support students. Following this review, the TPS implemented a new rapid claim process aimed at assessing a student's claim for a placement or refund more quickly.

The TPS Director is supported in his role of providing assistance to students by Vincents Chartered Accountants, which is contracted to provide a closure and student claim management service. The current contract was extended on 27 November 2018. An option to extend for one more year remains.

Tuition Protection Service levy—2019 settings and collection

In formulating the Tuition Protection Service levy settings, the Advisory Board and the TPS Director aim for an appropriate balance between ensuring there are sufficient reserves in the OSTF to meet potential demand, and that the levy collected is reasonable for providers and accumulated reserves are not excessive.

In finding this balance, the board seeks advice from stakeholders across the sector, including industry peak bodies, the regulators and the Australian Government Actuary.

As at 30 June 2019, the balance in the OSTF was a healthy \$40.6 million, which is within the Advisory Board's 2018 reserves target of \$35 million to \$60 million. The board reviews this target each year and adjusts as necessary.

In 2019, \$6.1 million was collected from across the international education sector, which is similar to the amount collected in 2018.

In 2019, the TPS decided to undertake a comprehensive review of all levy settings, including risk factors, as these had not changed significantly since their inception. As part of the review, the Advisory Board noted that while the risk factors for the risk-rated premium of the levy remained consistent with its agreed principles, there was scope to consider some adjustments to risk factors and associated risk scores. The board also agreed that changes to the levy framework, including risk factors and risk scores, may be implemented over two years following the opportunity to have discussions and consultation with the sector about any proposed changes.

The Advisory Board is expected to provide its advice to the TPS Director in the second half of 2019 to inform the TPS Director's formal decision on the final settings for the risk-rated premium and special tuition protection components for 2020.

Insurance recovery

In late 2018, the TPS commenced the process to claim refunds against its 2015–16 and 2016–17 insurance policies. Specifically, the TPS believed it had breached the amount required to claim against the 2015–16 insurance policy. The claim against the 2016–17 policy was for a rebate amount for not breaching its deductible limit.

The TPS has been informed that both claims have been approved by the relevant insurers and will be paid to the OSTF in the near future, as reflected in Table C.4.

Working with stakeholders

The TPS is part of the international education sector's broad regulatory and consumer protection framework. The TPS Director engages and works cooperatively with a range of stakeholders to help maintain and improve Australia's world-class international education sector.

Each closure, depending on its circumstances, usually requires the input and collaboration of a number of agencies, including state and territory governments, the Department of Home Affairs, the Australian Skills Quality Authority (ASQA) and the Tertiary Education Quality and Standards Agency. The TPS continues to maintain close working relationships with these agencies to ensure the TPS is able to respond to regulatory action in a proactive and constructive manner to achieve good outcomes for students.

In particular, during 2018–19, the TPS worked closely with ASQA, noting its increased regulatory activity to improve the quality of the vocational education and training (VET) sector. Historically, most provider closures that have required activation of the TPS have been in the VET sector.

The TPS also continues to work closely with the Overseas Students Ombudsman (OSO) to resolve disputes between providers and international students over the payment of tuition fee refunds. In 2018–19, the OSO referred a number of cases to the TPS where a student was eligible for TPS assistance.

Case of interest

On 4 July 2018, the Equity Division of the NSW Supreme Court ruled *in the matter of Australian Institute of Professional Education Pty Limited (In Liquidation)* [2018] NSWSC 1028. This matter related to the TPS, specifically section 29 of the *Education Services for Overseas Students Act 2000* (ESOS Act).

The Australian Institute of Professional Education was a large provider whose closure in 2016 resulted in the TPS assisting a number of students.

Among other matters, the ruling found that a company in liquidation whose registration is cancelled does not have to comply with the protected amount provisions of the ESOS Act.

The TPS has provided feedback to the Department of Education on the implications of the decision and matters for consideration in future policy development for the Education Services for Overseas Students legislative framework. The department is considering this matter.

Outlook for 2019–20

The international education sector of the past seven years or so is characterised by sustained and strong enrolment growth; however, the risks associated with this include:

- potential inability of the education infrastructure to keep up with demand and for quality to be maintained
- potential for business failure among providers and consequent displacement of affected students if there is a fall in enrolments.

The general economic conditions in Australia appear benign, Australia’s education system has good credentials in terms of quality, and the Australian dollar remains relatively low. These factors combine to make Australia an attractive destination for overseas students. Nonetheless, there are risks to the economic outlook in Australia and globally, with central banks revising down their forecasts for economic growth.

In order for community support to be maintained for international education in Australia into the future, it will be important for the social and economic benefits to be better understood by the community. This is critical in ensuring Australia’s excellent reputation for welcoming international students is maintained. Policymakers are, for example, already responding to concerns about infrastructure and population pressures in the large cities by better promoting study in regional Australia to overseas students.

There has been significant growth in VET sector enrolments in recent years, bringing into question the continued sustainability of such growth. There has also been a focus from government to mitigate risks in international education through policy and regulatory action. The VET sector regulator, ASQA, has increased its activity in improving the quality in the VET sector. VET provider closures have traditionally made up the majority of closures where a claim on the OSTF has been made, and the TPS remains alert to these risks and the challenges that might lie ahead.

The TPS Director would like to take this opportunity to thank the Chair of the Advisory Board, Ms Helen Zimmerman, and members of the board for their support, sage advice and guidance over the past 12 months.



Placement and payment activity

A total of 1,013 calls were made on the OSTF during 2018–19. The number of calls relates to the number of enrolments against which a call was made. As many students had more than one enrolment, sometimes several, the number of calls on the OSTF is higher than the number of displaced students who received payments.

Tables C.2 and C.3 show the time taken by the TPS to place students and make payments from the OSTF in 2018–19.

Table C.2: Time taken by the Tuition Protection Service to place students, 2018–19

	Within 30 days	Over 30 days	Total ^a
Number of students placed	0	17	17

a Seventeen students were placed through the TPS online system; however, more than 17 students were found a placement during the year. Many other students went to providers directly and then elected for their refund payment to be paid directly to their new provider (123 such payments were made in 2018–19; see Table C.3). Also, many of the students who received a refund from the TPS went on to continue their studies in Australia.

Table C.3: Time taken to make payments from the Overseas Students Tuition Fund, 2018–19

	Refunds to students		Payments to providers		Total paid \$'000
	Within 30 days	31 days and over	Within 30 days	31 days and over	
Payments made during 2018–19	175	715	11	112	1,833

Note: Payments relate to students who were affected by closures that occurred between 1 July 2012 and 30 June 2019.

Table C.4: Financial status of the Overseas Students Tuition Fund, 2018–19^a

	\$'000
Opening balance at 1 July 2018	36,433
TPS annual levy collected	6,131
Other revenue collected ^b	1,011
Total revenue	7,142
Student and provider payments	(2,007)
TPS administrator services	(774)
Other operational/administrative expenses ^c	(159)
Total expenditure	(2,940)
Balance as at 30 June 2019	40,635

a As at 30 June 2019, the annual financial statements (refer to Note I2 in Part 4) disclose the balance of the OSTF as \$39,564 on a cash basis. The difference between this balance and the above table is due to the inclusion of non-cash transactions.

b Other revenue collected relates to successful insurance claims approved for payment.

c Other expenditure relates to TPS operations, Advisory Board meetings, legal and actuarial advice, and other sundry items.

APPENDIX D: ANNUAL REPORT OF THE STUDENT IDENTIFIERS REGISTRAR

The Unique Student Identifier (USI) is a reference number made up of 10 numbers and letters. Since 1 January 2015, all students undertaking nationally recognised vocational education and training (VET) have required a USI. As at 30 June 2019, over 9.9 million USIs have been created.

The USI service provides students with a secure online record of all of their recognised training and qualifications gained in Australia since 2015.

Additionally, the USI service provides students with the ability to:

- view and download their training records as an authenticated VET transcript
- manage which training providers can view their authenticated VET transcript
- manage which training providers can view and/or update their details in their USI account
- self-manage their personal details for continuity of service.

The USI allows the national VET data collections to be used to streamline administration of entitlement programs. It supports recognition of prior learning and improves quality indicators, including completion rate measurements.

To ensure a student's authenticated VET transcript reflects training activity correctly, registered training organisations (RTOs) verify the USIs collected from students. RTOs verified 4,548,813 USIs in 2018–19. More broadly, in 2018–19, 571,242 authenticated VET transcripts were viewed online.

Governance

A statutorily appointed Student Identifiers Registrar oversees the USI initiative.

The *Student Identifiers Act 2014* sets out the registrar's primary functions, which consist of assigning and verifying student identifiers, resolving USI-related problems and providing access to authenticated VET transcripts or extracts of VET transcripts.

The legislative framework includes the Act, the Student Identifiers Regulation 2014, the Student Identifiers (Exemptions) Instrument 2018 and the Student Identifiers (VET Admission Bodies) Instrument 2015. The Standards for Registered Training Organisations (RTOs) 2015—administered by the Australian Skills Quality Authority (the national VET regulator)—include Unique Student Identifier requirements for RTOs.

Ms Janette Dines commenced her appointment as Student Identifiers Registrar on 15 April 2019, following the end of Mr Jason Coutts' term. Ms Dines' appointment coincided with the relocation of the USI Office from Canberra to Adelaide, as part of the Government's decentralisation agenda announced in the 2018–19 Budget.

During 2018–19, the registrar convened quarterly meetings of a working group comprising representatives from the Commonwealth, state and territory training authorities and the National Centre for Vocational Education Research (NCVER). The registrar uses this group to provide advice and elicit feedback on current and future operations. Since her appointment in April, Ms Dines has commenced a program of visits to USI stakeholders across the country.

Structure

The USI Office supports the Student Identifiers Registrar. In accordance with the Act, the Secretary of the Department of Education made available the staff necessary to assist the registrar.

The USI Office comprises three key areas of operations: information technology; operational policy and procedures; and stakeholder communications and business operations, incorporating a contact centre for provision of direct support for students, RTOs and other stakeholders.

USI operations

In 2018–19, the Student Identifiers Registrar and USI Office focused on enhancing the online user experience for students, RTOs and other stakeholders; and quality and timeliness of availability of training activity records for the USI transcript service. Significant planning occurred to ensure that the relocation of the USI Office and its services from Canberra to Adelaide did not disrupt services to stakeholders.

Highlights of USI operations during 2018–19 include the following:

- Development commenced on an improved USI website to enhance usability and online self-service, and to streamline high volumes of transactions.
- The review of the implementation of the USI initiative was completed, with receipt of the final report in September 2018. This operational review confirmed the initiative's successful implementation and identified non-critical areas for improvement.
- Relocation of the USI Office to Adelaide from Canberra, announced in the 2018–19 Budget as part of the Government's decentralisation agenda, was completed seamlessly. The Adelaide office opened on 15 April 2019 and the Canberra office ceased operations on 28 June 2019. Service continuity was a high priority during the transition, with operations transferring from Canberra to Adelaide in a staged process, ensuring no interruption to USI creation, verification and transcript service functions.
- The USI Office and the Department of Education completed a digital identity pilot that allows individuals to use a single digital identity to access multiple government online services. The Digital Transformation Agency, which is overseeing the project, invited the USI Office to participate in the pilot program.
- The USI Office assisted the department with proposed legislative amendments to enable student-controlled, online access to authenticated VET transcripts for third parties, such as authorised employers and licensing bodies.
- The Government announced in the 2019–20 Budget the extension of the USI initiative from vocational education and training to all higher education and school sectors. The USI Office assisted the department in its scoping of this future work.

Support for individuals

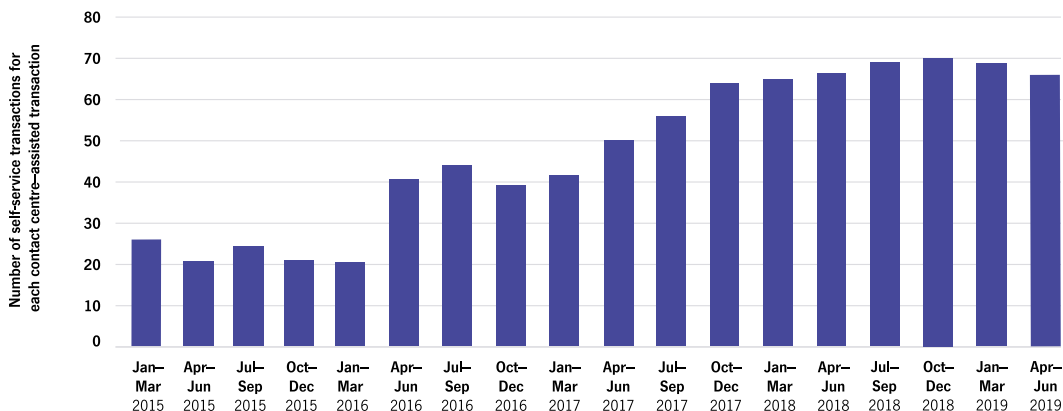
The USI Registry System provides easy online access for students to create a USI themselves, or with parental or other assistance, and for RTOs to create a USI with the individual's permission. To reduce administrative effort for RTOs, students can create their USI and access their account online using digital devices including desktops, smartphones and tablets.

Phone, email and online help requests are available through the USI Contact Centre to support and assist individuals and RTOs experiencing issues with creation or verification of USIs. However, the USI Registry System is designed to support stakeholder self-service, and the self-service functions are used for most USI transactions.

USIs can be created using a range of specified alternative forms of identification. Under these arrangements, 12,819 USIs were assigned in 2018–19, representing less than 1 per cent of total USIs assigned during the reporting year. Using standard identity documents, students created 88.4 per cent of USIs in 2018–19.

The significant increase in self-service transactions in 2017–18 was sustained during 2018–19, with an average of 68 self-service transactions completed for each contact centre-assisted transaction, as illustrated in Figure D.1.

Figure D.1: Number of USI self-service transactions for each contact centre–assisted transaction, January 2015 to June 2019



The USI Contact Centre managed 202,509 client contacts—phone, email and electronic help requests—between 1 July 2018 and 30 June 2019, an increase of 3.7 per cent from 195,327 in the previous year.

Improved USI reporting

With increased popularity of the USI transcript service and the number of authenticated VET transcript views growing, the USI Office communicated regularly with RTOs to emphasise the importance of reporting and accuracy of training activity data submissions to the national VET data collections.

The rate of inclusion of USIs in training activity data is improving each year. Indications for 2018–19 data submitted directly to NCVER and via state and territory training authorities by RTOs show that the average USI reporting rate across all jurisdictions is above 97 per cent, a further improvement on previous years. We will continue our efforts to encourage timely and accurate reporting to maximise the benefit of the USI transcript service.

The USI transcript update tool, developed and administered by NCVER, allows RTOs to amend incorrect information and add omitted training activity data. In 2018–19, 417 RTOs used the tool to amend transcript data they had previously reported to the national VET data collections for 22,375 students. There was also a 24.5 per cent increase in the number of RTOs (335) using the tool during 2018–19.

Communications materials and activities

USI communication and education activities continued to reinforce and support RTOs in their timely and accurate data contributions, as well as their privacy obligations. Mechanisms include regular bulletins, fact sheets, attending national conferences, hosting webinars, and communication via industry associations.

Protecting personal information

The *Student Identifiers Act 2014* requires the registrar to take reasonable steps to protect a student's personal information from misuse, interference or loss, and from unauthorised access, modification or disclosure. Under the Act, the Australian Information Commissioner has functions additional to those mandated under the *Privacy Act 1988* to help ensure the protection of personal information collected and held by the Student Identifiers Registrar.

No confirmed breaches under the Notifiable Data Breaches scheme were received by the Office of the Australian Information Commissioner (OAIC) or by the USI Office in 2018–19.

The USI Office referred two matters relating to data handling practices in two RTOs to the OAIC.

The OAIC determined that neither were 'eligible data breaches' in line with the Notifiable Data Breaches scheme.

During 2018–19, the USI Office:

- received and referred to the OAIC three privacy-related complaints. The OAIC investigations resulted in one RTO being cautioned against locating a USI without an individual's permission, and two RTOs undertaking to improve business practices in relation to USI privacy provisions.
- notified the OAIC of two separate incidents involving two RTOs who modified USI passwords of 77 individual students without authority. Both RTOs instituted remedial action, including a commitment to provide staff with additional privacy training.

The OAIC hosted a webinar to discuss the key findings from a privacy assessment of five RTOs.

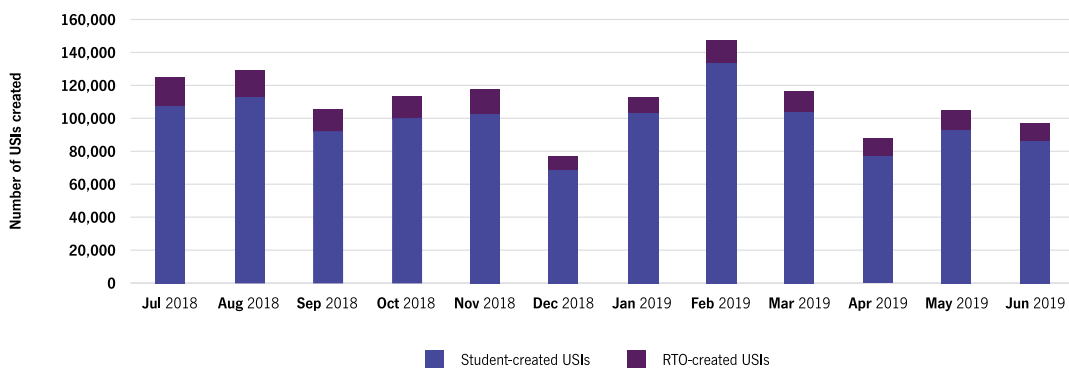
Assisting research, policy development and program administration

In 2018–19, the Student Identifiers Registrar authorised use of USI data to support delivery of the 2018 National Student Outcomes Survey administered by NCVET.

Performance information

Figures D.2 and D.3 show the USI Office's performance in providing an accessible, user-friendly and accurate USI Registry System in 2018–19. Figure D.4 shows the USI Office's performance in providing access to authenticated VET transcripts in 2018–19.

Figure D.2: Number of USIs created by students and registered training organisations, 2018–19

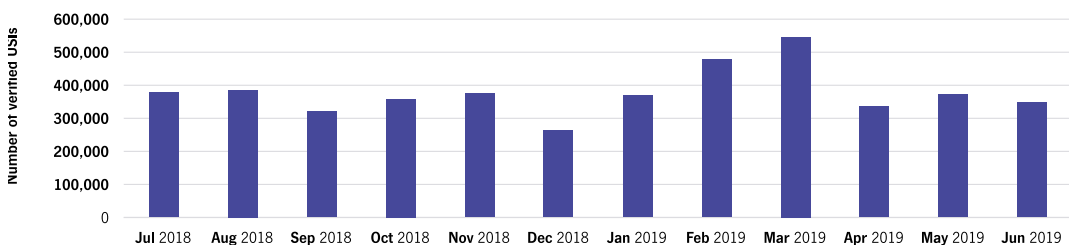


Total USIs created: 1,329,933

Student-created USIs: 1,175,624

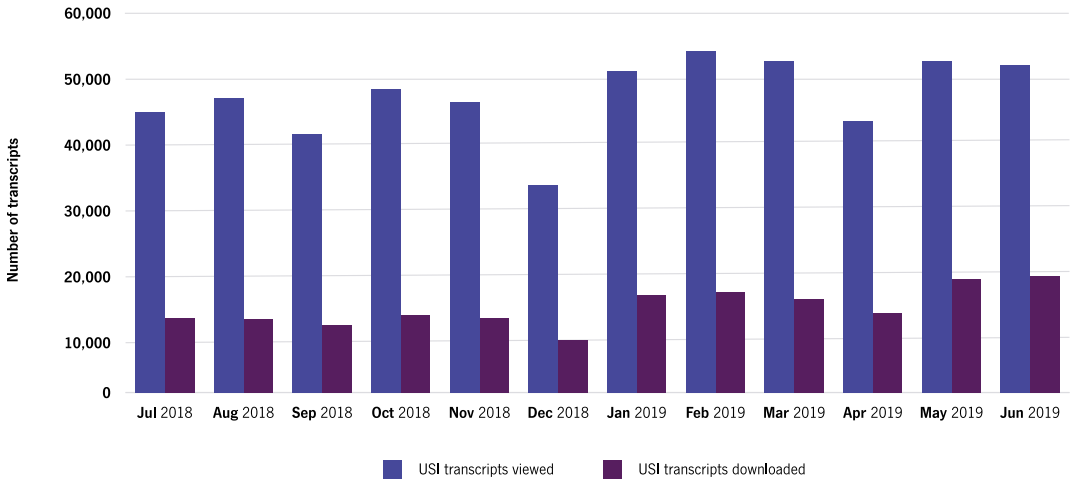
RTO-created USIs: 154,309

Figure D.3: Number of USIs verified by registered training organisations, 2018–19



Total USIs verified: 4,548,813

Figure D.4: Number of authenticated VET transcripts viewed and downloaded, 2018–19



Total transcripts viewed: 571,242

Total transcripts downloaded: 181,519

Outlook for 2019–20

The USI Office will focus on the following priorities in 2019–20:

- Final user experience testing will be conducted with stakeholder groups prior to the launch of the new USI website.
- Subject to legislative changes to the *Student Identifiers Act 2014*, the USI Office will expand online access to a student's authenticated VET transcript to third parties (such as employers and licensing bodies), with the permissions set by the student. Building and delivering enhancements to the USI Registry System will expand the range of transcript services available to students.
- The USI Office will work in conjunction with the Australian Taxation Office to implement the new authentication and authorisation services under the Digital Identity Program ('GovPass'). The USI Office will develop the USI Registry System solution and will onboard approximately 4,500 RTOs to the AusKey replacement solution to ensure seamless and continued access to USI services.
- The expansion of the USI to the higher education sector was announced in the 2019–20 Budget, with a proposed implementation date of 1 January 2021. Subject to legislative changes to the *Student Identifiers Act 2014*, the USI Office will complete required enhancements to the USI Registry System to accommodate higher education students and providers.



APPENDIX E: WORKFORCE STATISTICS

Table E.1: Remuneration for key management personnel, 2018–19

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		
		\$	\$	\$	\$	\$	\$	\$	\$
Michele Bruniges	Secretary	535,871	0	172,594	100,108	16,449	0	0	825,023
Alex Gordon ¹	Deputy Secretary	352,833	0	35,201	62,980	18,424	0	0	469,438
David Learmonth	Deputy Secretary	320,183	0	36,398	64,046	32,398	0	0	453,025
Marcus Markovic ¹	Deputy Secretary	331,673	0	33,929	62,980	28,689	0	0	457,271
Jackie Wilson	Deputy Secretary	320,373	0	24,594	63,118	41,354	0	0	449,438
Nadine Williams ²	Deputy Secretary	226,418	0	23,548	28,060	3,979	0	0	282,005
James Hart ³	A/g Deputy Secretary	92,992	0	9,717	15,447	4,071	0	0	122,227
Matthew Yannopoulos ⁴	Deputy Secretary	8,364	0	0	0	0	0	0	8,364
Carolyn Smith ⁵	Deputy Secretary	5,884	0	479	0	0	0	0	6,363
Total		2,194,590	0	336,461	396,738	145,364	0	0	3,073,154

- 1 Employee on temporary performance loading from 1 July 2018 to 3 October 2018; promoted on 4 October 2018.
- 2 Employee commenced on promotion on 5 November 2018.
- 3 Period of acting as Deputy Secretary from 1 July 2018 to 3 November 2018.
- 4 Employee on secondment from Department of Health from 1 July to 8 July 2018.
- 5 Employee retired on 6 July 2018.

Notes

This table was prepared on an accrual basis. It reports the total remuneration of key management personnel paid during the reporting period. In 2018–19, there were 26 fortnightly pays.

'Short-term benefits' is comprised of:

- the base salary (including paid and accrued: paid while on leave; paid while on sick leave; temporary performance allowance; and purchased annual leave)
- bonuses payable within 12 months
- other benefits and allowances, including executive vehicle allowance and accommodation allowances.

For individuals in a defined contribution scheme (for example, PSSap and super fund of choice) superannuation includes superannuation contribution amounts. For individuals in a defined benefits scheme (for example, CSS and PSS), superannuation includes the relevant notional employer contribution rate and employer productivity superannuation contribution.

'Other long-term benefits' is the amount of long service leave accrued and deferred (more than 12 months) for the reporting period. It also includes any salary paid while on long service leave.

Table E.2: Remuneration for senior executives, 2018–19

Total remuneration bands \$	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary \$	Average bonuses \$	Average other benefits and allowances \$	Average superannuation contributions \$	Average long service leave \$	Average other long-term benefits \$	Average termination benefits \$	Average total remuneration \$
0 to <220,000	27	77,703	0	10,506	15,500	4,664	0	0	108,373
220,000 to 245,000	12	169,222	0	26,817	30,822	5,660	0	0	232,521
245,001 to 270,000	17	186,659	0	25,435	33,977	13,046	0	0	259,116
270,001 to 295,000	12	199,722	0	27,043	36,516	17,019	0	0	280,300
295,001 to 320,000	3	224,766	0	23,842	42,020	11,615	0	0	302,244
320,001 to 345,000	7	238,625	0	27,544	43,232	21,565	0	0	330,966
345,001 to 370,000	3	238,848	0	29,937	46,080	13,193	0	33,693	361,751
370,001 to 395,000	2	211,760	0	78,075	43,070	17,546	0	0	350,451
545,001 to 570,000	1	228,514	0	30,611	39,873	0	0	248,991	547,989

Notes

This table was prepared on an accrual basis. It reports the average total remuneration of senior executives and holders of public office paid during the reporting period. In 2018–19, there were 26 fortnightly pays.

This table also includes the residual remuneration for an employee reported in Table E.1: Remuneration for key management personnel, 2018–19.

'Short-term benefits' is comprised of:

- the average base salary (including paid and accrued: paid while on leave; paid while on sick leave; temporary performance allowance; and purchased annual leave)
- the average bonuses payable within 12 months
- the average of other benefits and allowances including allowances, payable on overseas postings.

'Other long-term benefit's is the average amount of long service leave accrued and deferred (more than 12 months) for the reporting period. It also includes the average of any salary paid while on long service leave.

Table E.3: Remuneration for other highly paid staff, 2018–19

Total remuneration bands \$	Number of other highly paid staff	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary \$	Average bonuses \$	Average other benefits and allowances \$	Average superannuation contributions \$	Average long service leave \$	Average other long-term benefits \$	Average termination benefits \$	Average total remuneration \$
245,001 to 270,000	2	122,966	0	100,505	21,872	8,125	0	0	253,469
270,001 to 295,000	1	154,565	0	103,643	22,646	6,050	0	0	286,904
295,001 to 320,000	1	113,916	0	160,599	17,611	4,671	0	0	296,797
320,001 to 345,000	2	152,440	0	144,963	27,250	4,359	0	0	329,011
345,001 to 370,000	1	148,136	0	172,664	28,209	2,396	0	0	351,405
370,001 to 395,000	1	141,698	0	197,584	39,872	4,084	0	0	383,238

Notes

This table was prepared on an accrual basis. It reports the average total remuneration of other highly paid staff (who were not key management personnel or senior executives) paid during the reporting period. In 2018–19, there were 26 fortnightly pays.

'Short-term benefits' is comprised of:

- the average base salary (including paid and accrued: paid while on leave; paid while on sick leave; temporary performance allowance; and purchased annual leave)
- the average bonuses payable within 12 months
- the average of other benefits and allowances, including allowances payable on overseas postings.

'Other long-term benefits' is the average amount of long service leave accrued and deferred (more than 12 months) for the reporting period. It also includes the average of any salary paid while on long service leave.

Table E.4: Ongoing employees by location, gender and employment status, at 30 June 2019

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Fulltime	Part Time	Total Indeterminate	
NSW	14	2	16	23	5	28	-	-	-	44
Qld	9	-	9	17	9	26	-	-	-	35
SA	14	1	15	27	11	38	-	-	-	53
Tas	3	1	4	7	-	7	-	-	-	11
Vic	9	-	9	23	12	35	-	-	-	44
WA	5	-	5	15	5	20	-	-	-	25
ACT	516	32	548	797	255	1,052	-	-	-	1,600
NT	1	-	1	7	3	10	-	-	-	11
Overseas	2	-	2	5	-	5	-	-	-	7
Total	573	36	609	921	300	1,221	-	-	-	1,830

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.5: Non-ongoing employees by location, gender and employment status, at 30 June 2019

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Fulltime	Part Time	Total Indeterminate	
NSW	-	-	-	-	-	-	-	-	-	-
Qld	-	-	-	-	-	-	-	-	-	-
SA	1	-	1	-	-	-	-	-	-	1
Tas	-	-	-	-	-	-	-	-	-	-
Vic	-	-	-	1	-	-	-	-	-	1
WA	1	-	1	1	-	1	-	-	-	2
ACT	26	4	30	33	9	42	-	-	-	72
NT	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	2	-	2	-	-	-	2
Total	28	4	32	37	9	46	-	-	-	78

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.6: Ongoing employees by location, gender and employment status, as at June 2018

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Fulltime	Part Time	Total Indeterminate	
NSW	19	1	20	21	5	26	-	-	-	46
Qld	8	-	8	17	8	25	-	-	-	33
SA	3	1	4	16	9	25	-	-	-	29
Tas	2	1	3	7	1	8	-	-	-	11
Vic	11	1	12	20	14	34	-	-	-	46
WA	6	-	6	17	4	21	-	-	-	27
ACT	462	27	489	762	242	1,004	-	-	-	1,493
NT	1	-	1	8	3	11	-	-	-	12
Overseas	2	-	2	5	-	5	-	-	-	7
Total	514	31	545	873	286	1,159	-	-	-	1,704

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.7: Non-ongoing employees by location, gender and employment status, at 30 June 2018

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Fulltime	Part Time	Total Indeterminate	
NSW	2	-	2	-	-	-	-	-	-	2
Qld	-	-	-	-	-	-	-	-	-	-
SA	1	-	1	-	-	-	-	-	-	1
Tas	-	-	-	-	-	-	-	-	-	-
Vic	2	-	2	3	-	3	-	-	-	5
WA	1	-	1	-	-	-	-	-	-	1
ACT	19	6	25	21	4	25	-	-	-	50
NT	-	-	-	1	-	-	-	-	-	1
Overseas	-	-	-	2	-	-	-	-	-	2
Total	25	6	31	27	4	31	-	-	-	62

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.8: APS ongoing employees, by classification, gender and employment status, at 30 June 2019

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Fulltime	Part Time	Total Indeterminate	
SES 3	1	-	1	3	-	3	-	-	-	4
SES 2	8	-	8	7	-	7	-	-	-	15
SES 1	17	-	17	34	2	36	-	-	-	53
Principal Government Lawyer	4	-	4	6	1	7	-	-	-	11
Senior Government Lawyer	8	-	8	11	3	14	-	-	-	22
Government Lawyer	-	-	-	6	3	9	-	-	-	9
EL 2	73	-	73	100	18	118	-	-	-	191
EL 1	181	18	199	235	112	347	-	-	-	546
APS 6	126	15	141	236	103	339	-	-	-	480
APS 5	62	2	64	160	36	196	-	-	-	260
APS 4	50	1	51	85	19	104	-	-	-	155
APS 3	17	-	17	20	2	22	-	-	-	39
APS 2	-	-	-	1	-	1	-	-	-	1
APS 1	-	-	-	-	-	-	-	-	-	-
Graduates	24	-	24	16	-	16	-	-	-	40
Trainees¹	2	-	2	1	1	2	-	-	-	4
Total	573	36	609	921	300	1,221	-	-	-	1,830

1 Trainees are participants in the Indigenous Apprenticeships Program.

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.9: APS non-ongoing employees, by classification, gender and employment status, at 30 June 2019

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Fulltime	Part Time	Total Indeterminate	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	-	-	-	-	-	-	-
Principal Government Lawyer	-	-	-	-	-	-	-	-	-	-
Senior Government Lawyer	-	-	-	-	-	-	-	-	-	-
Government Lawyer	-	-	-	-	-	-	-	-	-	-
EL 2	-	-	-	2	1	3	-	-	-	3
EL 1	3	-	3	6	3	9	-	-	-	12
APS 6	8	2	10	5	4	9	-	-	-	19
APS 5	6	-	6	8	-	8	-	-	-	14
APS 4	4	-	4	14	1	15	-	-	-	19
APS 3	4	1	5	2	-	2	-	-	-	7
APS 2	3	1	4	-	-	-	-	-	-	4
APS 1	-	-	-	-	-	-	-	-	-	-
Graduates	-	-	-	-	-	-	-	-	-	-
Trainees ¹	-	-	-	-	-	-	-	-	-	-
Total	28	4	32	37	9	46	-	-	-	78

1 Trainees are participants in the Indigenous Apprenticeships Program.

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.10: APS ongoing employees, by classification, gender and employment status, at 30 June 2018

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Fulltime	Part Time	Total Indeterminate	
SES 3	1	-	1	2	-	2	-	-	-	3
SES 2	6	-	6	9	-	9	-	-	-	15
SES 1	16	-	16	32	1	33	-	-	-	49
Principal Government Lawyer	4	-	4	3	2	5	-	-	-	9
Senior Government Lawyer	5	-	5	9	5	14	-	-	-	19
Government Lawyer	3	-	3	6	1	7	-	-	-	10
EL 2	69	1	70	103	19	122	-	-	-	192
EL 1	172	14	186	216	104	320	-	-	-	506
APS 6	112	12	124	238	99	337	-	-	-	461
APS 5	61	2	63	138	42	180	-	-	-	243
APS 4	39	2	41	84	10	94	-	-	-	135
APS 3	8	-	8	15	1	16	-	-	-	24
APS 2	-	-	-	1	1	2	-	-	-	2
APS 1	-	-	-	-	-	-	-	-	-	-
Graduates	18	-	18	12	1	13	-	-	-	31
Trainees¹	-	-	-	5	-	5	-	-	-	5
Total	514	31	545	873	286	1,159	-	-	-	1,704

1 Trainees are participants in the Indigenous Apprenticeships Program.

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.11: APS non-ongoing employees, by classification, gender and employment status, at 30 June 2018

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Fulltime	Part Time	Total Indeterminate	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	-	-	-	-	-	-	-
Principal Government Lawyer	-	-	-	-	-	-	-	-	-	-
Senior Government Lawyer	-	-	-	-	-	-	-	-	-	-
Government Lawyer	-	-	-	1	-	1	-	-	-	1
EL 2	1	-	1	3	-	3	-	-	-	4
EL 1	10	-	10	4	2	6	-	-	-	16
APS 6	8	4	12	2	1	3	-	-	-	15
APS 5	2	-	2	5	-	5	-	-	-	7
APS 4	3	-	3	7	-	7	-	-	-	10
APS 3	1	2	3	3	1	4	-	-	-	7
APS 2	-	-	-	2	-	2	-	-	-	2
APS 1	-	-	-	-	-	-	-	-	-	-
Graduates	-	-	-	-	-	-	-	-	-	-
Trainees¹	-	-	-	-	-	-	-	-	-	-
Total	25	6	31	27	4	31	-	-	-	62

1 Trainees are participants in the Indigenous Apprenticeships Program.

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.12: APS ongoing and non-ongoing employees, by classification and employment status, at 30 June 2019

	Ongoing			Non-ongoing			Total
	Fulltime	Part Time	Total Ongoing	Fulltime	Part Time	Total Ongoing	
SES 3	4	-	4	-	-	-	4
SES 2	15	-	15	-	-	-	15
SES 1	51	2	53	-	-	-	53
Principal Government Lawyer	10	1	11	-	-	-	11
Senior Government Lawyer	19	3	22	-	-	-	22
Government Lawyer	6	3	9	-	-	-	9
EL 2	173	18	191	2	1	3	194
EL 1	416	130	546	9	3	12	558
APS 6	362	118	480	13	6	19	499
APS 5	222	38	260	14	-	14	274
APS 4	135	20	155	18	1	19	174
APS 3	37	2	39	6	1	7	46
APS 2	1	-	1	3	1	4	5
APS 1	-	-	-	-	-	-	-
Graduates	40	-	40	-	-	-	40
Trainees¹	3	1	4	-	-	-	4
Total	1,494	336	1,830	65	13	78	1,908

1 Trainees are participants in the Indigenous Apprenticeships Program

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.13: APS ongoing and non-ongoing employees, by classification and employment status, at 30 June 2019

	Ongoing			Non-ongoing			Total
	Fulltime	Part Time	Total Ongoing	Fulltime	Part Time	Total Ongoing	
SES 3	3	-	3	-	-	-	3
SES 2	15	-	15	-	-	-	15
SES 1	48	1	49	-	-	-	49
Principal Government Lawyer	7	2	9	-	-	-	9
Senior Government Lawyer	14	5	19	-	-	-	19
Government Lawyer	9	1	10	1	-	1	11
EL 2	172	20	192	4	-	4	196
EL 1	388	118	506	14	2	16	522
APS 6	350	111	461	10	5	15	476
APS 5	199	44	243	7	-	7	250
APS 4	123	12	135	10	-	10	145
APS 3	23	1	24	4	3	7	31
APS 2	1	1	2	2	-	2	4
APS 1	-	-	-	-	-	-	-
Graduates	30	1	31	-	-	-	31
Trainees¹	5	-	5	-	-	-	5
Total	1,387	317	1,704	52	10	62	1,766

1 Trainees are participants in the Indigenous Apprenticeships Program

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.14: APS ongoing and non-ongoing employees, by location, at 30 June 2019

	Ongoing	Non-ongoing	Total
NSW	44	-	44
Qld	35	-	35
SA	53	1	54
Tas	11	-	11
Vic	44	1	45
WA	25	2	27
ACT	1,600	72	1,672
NT	11	-	11
Overseas	7	2	9
Total	1,830	78	1,908

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.15: APS ongoing and non-ongoing employees, by location, at 30 June 2018

	Ongoing	Non-ongoing	Total
NSW	46	2	48
Qld	33	-	33
SA	29	1	30
Tas	11	-	11
Vic	46	5	51
WA	27	1	28
ACT	1,493	50	1,543
NT	12	1	13
Overseas	7	2	9
Total	1,704	62	1,766

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.16: APS ongoing and non-ongoing employees, by Indigenous status, at 30 June 2019

	<i>Total</i>
Ongoing	73
Non-ongoing	2
Total	75

Table E.17: APS ongoing and non-ongoing employees, by Indigenous status, at 30 June 2018

	<i>Total</i>
Ongoing	66
Non-ongoing	-
Total	66

Table E.18: APS salary ranges by classification level, at 30 June 2019

	Minimum salary \$	Maximum salary \$
SES 3	341,700	351,900
SES 2	233,989	310,873
SES 1	178,500	266,788
Principal Government Lawyer	142,094	153,800
Senior Government Lawyer	106,226	130,125
Government Lawyer	66,639	94,995
EL 2	125,001	150,048
EL 1	106,226	117,402
APS 6	86,386	94,995
APS 5	76,841	82,150
APS 4	69,596	74,429
APS 3	63,978	66,639
APS 2	57,289	61,049
APS 1	29,266	53,333

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LIST OF REQUIREMENTS

The table below contains a list of annual report requirements—prepared in accordance with paragraph 17AJ(d) of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)—and page references for the department’s compliance with these requirements.

Description	Requirement	Page
Letter of transmittal		
A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the PGPA Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	iii
Aids to access		
Table of contents.	Mandatory	iv
Index.	Mandatory	172
List of abbreviations and acronyms.	Mandatory	168
List of requirements.	Mandatory	162
Details of contact officer.	Mandatory	ii
Entity’s website address.	Mandatory	ii
Electronic address of report.	Mandatory	ii
Review by accountable authority		
A review by the accountable authority of the entity.	Mandatory	2
Overview of the entity		
A description of the role and functions of the entity.	Mandatory	2
A description of the organisational structure of the entity.	Mandatory	8
A description of the outcomes and programs administered by the entity.	Mandatory	13
A description of the purposes of the entity as included in corporate plan.	Mandatory	13
Position title of the accountable authority or each member of the accountable authority.	Mandatory	6
Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	6
An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory	5

Description	Requirement	Page
Name of the accountable authority or each member of the accountable authority.	Mandatory	6
Where the outcomes and programs administered by the entity differ from any portfolio budget statement, portfolio additional estimates statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory	N/A
Report on the performance of the entity		
Annual Performance Statements		
Annual performance statements in accordance with paragraph 39(1)(b) of the PGPA Act and section 16F of the PGPA Rule.	Mandatory	11
Report on Financial Performance		
A discussion and analysis of the entity's financial performance.	Mandatory	52
A table summarising the total resources and total payments of the entity.	Mandatory	118
If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory.	N/A
Management and accountability		
Corporate governance		
Information on compliance with section 10 of the PGPA Rule (fraud systems).	Mandatory	46
A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	iii
A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud, that meet the specific needs of the entity, are in place.	Mandatory	iii
A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	iii
An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	44

Description	Requirement	Page
A statement of significant issues reported to Minister under paragraph 19(1)(e) of the PGPA Act that relates to non-compliance with finance law and action taken to remedy non-compliance.	If applicable, mandatory	N/A
External Scrutiny		
Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	56
Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory	58
Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the PGPA Act), a parliamentary committee, or the Commonwealth Ombudsman.	If applicable, mandatory	56
Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	N/A
Management of human resources		
An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	47
Statistics on the entity's employees on an ongoing and no-ongoing basis, including the following: <ul style="list-style-type: none"> • full-time employees • part-time employees • gender • staff location. 	Mandatory	144
Statistics on the entity's APS employees on an ongoing and non-ongoing basis, including the following: <ul style="list-style-type: none"> • staffing classification level • full-time employees • part-time employees • gender • staff location • employees who identify as Indigenous. 	Mandatory	144
Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	48
Information on the number of SES and non-SES employees covered by agreements, etc. identified in paragraph 17AG(4)(c) of the PGPA Rule.	Mandatory	48

Description	Requirement	Page
The salary ranges available for APS employees by classification level.	Mandatory	144
A description of non-salary benefits provided to employees.	Mandatory	50
Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory	N/A
Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory	N/A
Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory	N/A
Information on aggregate amount of performance payments.	If applicable, mandatory	N/A
Asset management		
An assessment of effectiveness of asset management where asset management is a significant part of the entity's activities.	If applicable, mandatory	N/A
Purchasing		
An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	52
Consultants		
A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	53
A statement that 'During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].'	Mandatory	53
A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	53
A statement that 'Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.'	Mandatory	53

Description	Requirement	Page
Australian National Audit Office access clauses		
If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory	N/A
Exempt contracts		
If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory	N/A
Small business		
A statement that '[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.'	Mandatory	52
An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	52
If the entity is considered by the department administered by the Finance Minister as material in nature—a statement that '[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Australian Government Pay On-Time Survey are available on the Treasury's website.'	If applicable, mandatory	53
Financial statements		
Inclusion of the annual financial statements in accordance with subsection 43(4) of the PGPA Act.	Mandatory	59
Executive remuneration		
Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the PGPA Rule.	Mandatory	144
Other mandatory information		
If the entity conducted advertising campaigns, a statement that 'During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.'	If applicable, mandatory	53

Description	Requirement	Page
If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory	N/A
A statement that 'Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].'	If applicable, mandatory	53
Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	58
Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	58
Correction of material errors in previous annual report.	If applicable, mandatory	N/A
Information required by other legislation.	Mandatory	11, 127, 132, 137

N/A = not applicable

ABBREVIATIONS AND ACRONYMS

Acronym/Abbreviation	Definition
AASN	Australian Apprenticeship Support Network
ABS	Australian Bureau of Statistics
ACARA	Australian Curriculum, Assessment and Reporting Authority
ACCS	Additional Child Care Subsidy
AM	Member of the Order of Australia
AMEP	Adult Migrant English Program
APS	Australian Public Service
ASQA	Australian Skills Quality Authority
CBE	Commander of the Order of the British Empire
CCCF	Community Child Care Fund
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
EL	Executive Level
ELICOS	English Language Intensive Courses for Overseas Students
ESOS Act	<i>Education Services for Overseas Students Act 2000</i>
FOI Act	<i>Freedom of Information Act 1982</i>
FTE	full-time equivalent
GST	goods and services tax
HDR	higher degree by research
HELP	Higher Education Loan Program
IAP	Indigenous Apprenticeships Program
ICT	information and communications technology
MJ	megajoule
MP	Member of Parliament
NAPLAN	National Assessment Program – Literacy and Numeracy
NCRIS	National Collaborative Research Infrastructure Strategy
NCVER	National Centre for Vocational Education Research
OAIC	Office of the Australian Information Commissioner
OECD	Organisation for Economic Co-operation and Development
OSO	Overseas Students Ombudsman
OSTF	Overseas Students Tuition Fund
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
QILT	Quality Indicators for Learning and Teaching

Acronym/Abbreviation	Definition
RAP	Reconciliation Action Plan
RTO	registered training organisation
SEE	Skills for Education and Employment
SES	Senior Executive Service
SES	socioeconomic status
STE	small to medium-sized enterprise
SES	science, technology, engineering and mathematics
TAFE	Technical and Further Education
TPS	Tuition Protection Service
TRA	Trades Recognition Australia
TSL	Trade Support Loans
USI	Unique Student Identifier
VET	vocational education and training
VSL	VET Student Loans
WHS Act	<i>Work Health and Safety Act 2011</i>

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