

Department of Employment

Financial Statements 2014–15

Department of Employment

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

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

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

Signed.....

Signed.....

Reneé Leon PSM
Accountable Authority

Glen Casson
Chief Financial Officer

11 September 2015

11 September 2015

Department of Employment

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
NET COST OF SERVICES			
EXPENSES			
Employee benefits	4A	181,711	171,548
Suppliers	4B	123,488	91,679
Grants	4C	1,439	1,925
Depreciation and amortisation	8A	27,875	43,362
Finance costs	4D	474	35
Write-down and impairment of assets	4E	848	19,046
Losses from asset sales		224	1,576
Total expenses		336,059	329,171
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	5A	26,100	13,813
External audit		460	465
Total own-source revenue		26,560	14,278
Gains			
Gains from sale of assets		-	436
Other gains	5B	1,361	821
Total gains		1,361	1,257
Total own-source income		27,921	15,535
Net cost of services		308,138	313,636
Revenue from Government		295,989	288,195
Deficit attributable to the Australian Government		(12,149)	(25,441)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		-	3,376
Total other comprehensive income		-	3,376
Total comprehensive loss		(12,149)	(22,065)

Department of Employment

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents		6,321	5,669
Trade and other receivables	7A	116,131	73,454
Other financial assets	7B	4,094	2,604
Total financial assets		126,546	81,727
Non-financial Assets			
Leasehold improvements	8A	20,260	21,017
Infrastructure, plant and equipment	8A	13,239	13,102
Intangibles	8A	65,761	40,011
Other non-financial assets	8B	12,011	16,050
Total non-financial assets		111,271	90,180
Total assets		237,817	171,907
LIABILITIES			
Payables			
Suppliers	9A	16,720	6,146
Other payables	9B	34,936	29,165
Total payables		51,656	35,311
Provisions			
Employee provisions	10A	62,596	59,560
Other provisions	10B	6,264	2,597
Total provisions		68,860	62,157
Total liabilities		120,516	97,468
Net assets		117,301	74,439
EQUITY			
Contributed equity		151,515	96,504
Reserves		3,376	3,376
Accumulated deficit		(37,590)	(25,441)
Total equity		117,301	74,439

Department of Employment

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2015

	Retained earnings		Asset revaluation		Contributed		Total equity	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	(25,441)	-	3,376	-	96,504	-	74,439	-
Adjusted opening balance	(25,441)	-	3,376	-	96,504	-	74,439	-
Comprehensive income								
Other comprehensive income	-	-	-	3,376	-	-	-	3,376
Deficit for the period	(12,149)	(25,441)	-	-	-	-	(12,149)	(25,441)
Total comprehensive income	(12,149)	(25,441)	-	3,376	-	-	(12,149)	(22,065)
Contributions by owners								
Equity injection - Appropriation	-	-	-	-	23,987	2,127	23,987	2,127
Departmental capital budget	-	-	-	-	31,024	21,265	31,024	21,265
Restructuring (Note 10)	-	-	-	-	-	73,112	-	73,112
Sub-total transactions with owners	-	-	-	-	55,011	96,504	55,011	96,504
Closing balance attributable to Australian	(37,590)	(25,441)	3,376	3,376	151,515	96,504	117,301	74,439

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

Department of Employment

CASH FLOW STATEMENT

for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		281,233	262,471
Sale of goods and rendering of services		28,130	16,405
Net GST received		13,559	8,357
Total cash received		322,922	287,233
Cash used			
Employees		182,157	165,197
Suppliers		110,617	94,897
Grants		1,439	1,925
Section 74 receipts transferred to the OPA		26,198	84
Total cash used		320,411	262,103
Net cash from operating activities	12	2,511	25,130
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of infrastructure, plant and equipment		54	439
Total cash received		54	439
Cash used			
Purchase of infrastructure, plant and equipment		4,591	2,665
Purchase / development of intangibles		41,634	19,025
Purchase of leasehold improvements		7,526	205
Total cash used		53,751	21,895
Net cash used by investing activities		(53,697)	(21,456)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - restructure		-	1,995
Contributed equity - equity injection and capital budget		51,838	-
Total cash received		51,838	1,995
Net cash from financing activities		51,838	1,995

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

Department of Employment

CASH FLOW STATEMENT

for the period ended 30 June 2015

<i>Net increase in cash held</i>	652	5,669
Cash and cash equivalents at the beginning of the reporting	5,669	-
<i>Cash and cash equivalents at the end of the reporting period¹</i>	6,321	5,669

1. As shown in the Statement of Financial Position.

Department of Employment

SCHEDULE OF COMMITMENTS

as at 30 June 2015

	2015	2014
	\$'000	\$'000
BY TYPE		
Commitments receivable		
Sublease rental income ¹	(6,490)	(10,424)
Other commitments receivable	(109)	-
Net GST recoverable on commitments	(20,752)	(10,694)
Total commitments receivable	<u>(27,351)</u>	<u>(21,118)</u>
Commitments payable		
Other commitments		
Operating leases ¹	191,961	81,028
IT commitments ²	17,118	27,164
Research and development	28	30
Other ³	21,554	22,628
Total other commitments	<u>230,661</u>	<u>130,850</u>
Net commitments by type	<u><u>203,310</u></u>	<u><u>109,732</u></u>
BY MATURITY		
Commitments receivable		
Operating lease income		
Within one year	(3,359)	(4,374)
Between one to five years	(2,878)	(4,924)
More than five years	(253)	(1,126)
Total operating lease income	<u>(6,490)</u>	<u>(10,424)</u>
Other commitments receivable		
Within one year	(5,488)	(5,209)
Between one to five years	(7,838)	(4,931)
More than five years	(7,535)	(554)
Total other commitments receivable	<u>(20,861)</u>	<u>(10,694)</u>
Total commitments receivable	<u>(27,351)</u>	<u>(21,118)</u>
Commitments payable		
Operating lease commitments¹		
Within one year	30,806	30,360
Between one to five years	78,273	43,442
More than five years	82,882	7,226
Total operating lease commitments	<u>191,961</u>	<u>81,028</u>
IT commitments²		
Within one year	10,501	13,680
Between one to five years	6,617	13,484

Department of Employment

SCHEDULE OF COMMITMENTS

as at 30 June 2015

Total IT commitments	<u>17,118</u>	<u>27,164</u>
Research and development commitments		
Within one year	<u>28</u>	<u>30</u>
Total research and development commitments	<u>28</u>	<u>30</u>
	2015	2014
	\$'000	\$'000
Other commitments³		
Within one year	18,931	19,665
Between one to five years	2,623	2,963
Total other commitments	<u>21,554</u>	<u>22,628</u>
Total commitments payable	<u>230,661</u>	<u>130,850</u>
Net commitments by maturity	<u>203,310</u>	<u>109,732</u>

Note: Commitments are GST inclusive where relevant.

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

Nature of lease	General description of leasing arrangement
Leases for office accommodation	Lease payments are subject to periodic market value or indexed increases.
Sub lease revenue for office accommodation	Vacant office space is sub leased where possible. The total of future minimum lease payments expected to be received over the next five years is \$6.5 million including GST.
Agreement for provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the department.

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

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

Department of Employment

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
NET COST OF SERVICES EXPENSES			
Suppliers	18A	1,298,369	1,333,586
Subsidies	18B	170,844	161,784
Personal benefits	18C	384,959	212,836
Grants	18D	89,773	37,279
Write-down and impairment of assets		155	203
Payments to corporate Commonwealth entities		7,563	1,433
Total expenses		1,951,663	1,747,121
INCOME			
Revenue			
Taxation revenue			
Other taxes		159,401	133,578
Total taxation revenue		159,401	133,578
Non-taxation revenue			
Interest		20	6
Commonwealth asset recoveries		23,278	16,778
Other revenue		5,643	3,969
Total non-taxation revenue		28,941	20,753
Total revenue		188,342	154,331
Gains			
Reversals of previous asset write-downs and impairment		-	155
Total gains		-	155
Total income		188,342	154,486
Net cost of services		(1,763,321)	(1,592,635)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost			
Changes in asset revaluation surplus		79,181	28,752
Total other comprehensive income		79,181	28,752
Total comprehensive loss		(1,684,140)	(1,563,883)

Department of Employment

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents		104	-
Trade and other receivables	20A	32,165	23,340
Other investments	20B	224,658	145,477
Total financial assets		256,927	168,817
Non-financial assets			
Prepayments		5,014	4,968
Total non-financial assets		5,014	4,968
Total assets administered on behalf of Government		261,941	173,785
LIABILITIES			
Payables			
Suppliers	21A	127,076	21,641
Subsidies	21B	24,973	14,810
Personal benefits	21C	6,692	9,441
Grants	21D	-	459
Other payables	21E	2,794,446	2,784,003
Total payables		2,953,187	2,830,354
Total liabilities administered on behalf of Government		2,953,187	2,830,354
Net liabilities		(2,691,246)	(2,656,569)

Department of Employment

ADMINISTERED RECONCILIATION SCHEDULE

for the period ended 30 June 2015

	2015 \$'000	2014 \$'000
Opening assets less liabilities	(2,656,569)	-
Adjustment for errors	5,023	-
Adjusted opening assets less liabilities	(2,651,546)	-
Net cost of services		
Income	188,342	154,486
Expenses		
Payments to entities other than corporate Commonwealth	(1,944,100)	(1,745,688)
Payments to corporate Commonwealth entities	(7,563)	(1,433)
Other comprehensive income		
Revaluations transferred to reserves	79,181	28,752
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Administered assets and liabilities appropriations	-	80
Annual appropriations		
Payments to entities other than corporate Commonwealth	1,290,262	1,439,078
Payments to corporate Commonwealth entities	7,563	1,433
Special appropriations (unlimited)		
Payments to corporate Commonwealth entities	198,110	159,388
Payments to entities other than corporate Commonwealth	334,246	162,615
Appropriation transfers to Official Public Account		
Transfers to Official Public Account	(185,741)	(152,610)
Restructuring	-	(2,702,670)
Closing assets less liabilities as at 30 June	(2,691,246)	(2,656,569)

Department of Employment

ADMINISTERED CASH FLOW STATEMENT

for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
OPERATING ACTIVITIES			
Cash received			
Interest		20	6
Net GST received		111,982	144,261
Levies		158,606	127,622
Other		28,982	20,747
Total cash received		299,590	292,636
Cash used			
Suppliers		1,308,506	1,482,956
Subsidies		160,681	154,999
Personal benefits		387,719	205,671
Grants		71,792	55,743
Payments to corporate Commonwealth entities		7,563	1,433
Total cash used		1,936,261	1,900,802
Net cash flows used by operating activities	22	(1,636,671)	(1,608,166)
Net decrease in cash held		(1,636,671)	(1,608,166)
Cash and cash equivalents at the beginning of the reporting		-	-
Cash from the Official Public Account for			
- Appropriations		1,830,183	1,762,594
- GST appropriations		115,076	43,205
		1,945,259	1,805,799
Cash to the Official Public Account for			
- Appropriations		(185,741)	(152,610)
- Return of GST appropriations		(122,743)	(45,023)
		(308,484)	(197,633)
Cash and cash equivalents at the end of the reporting		104	-
1. As shown in the Statement of Financial Position			

Department of Employment

ADMINISTERED SCHEDULE OF COMMITMENTS

for the period ended 30 June 2015

	2015	2014
BY TYPE	\$'000	\$'000
Commitments receivable		
Net GST recoverable on commitments	(855,520)	(145,685)
Total commitments receivable	<u>(855,520)</u>	<u>(145,685)</u>
Commitments payable		
Other commitments		
Employment programs	9,222,564	1,592,246
Goods and services	177,798	3,519
Grants	3,446	6,770
Total other commitments	<u>9,403,809</u>	<u>1,602,535</u>
Net commitments by type	<u><u>8,548,289</u></u>	<u><u>1,456,850</u></u>
BY MATURITY		
Commitments receivable		
Within one year	(147,212)	(144,861)
Between one to five years	(708,308)	(824)
Total commitments receivable	<u>(855,520)</u>	<u>(145,685)</u>
Commitments payable		
Other Commitments		
Within one year	1,619,334	1,593,469
Between one to five years	7,784,474	9,066
Total other commitments	<u>9,403,809</u>	<u>1,602,535</u>
Net commitments by maturity	<u><u>8,548,289</u></u>	<u><u>1,456,850</u></u>

Note: All commitments are GST inclusive where relevant.

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of Employment

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

The department provides advice to the Government and administers programmes to achieve the Government's objectives to create more jobs and increase productivity. The department works in partnership with the states and territories, non-government authorities, job service providers and industry.

The department is structured to meet the following outcomes:

Outcome 1: Fostering a productive and competitive labour market through employment policies and programmes that assist job seekers into work, meet employer needs and increase Australia's workforce participation.

Outcome 2: Facilitating jobs growth through policies that promote fair, productive and safe workplaces.

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

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

The department conducts the following administered activities on behalf of the Government:

- Aid the gaining of paid employment, delivering benefits for individuals, their families and the community through job service providers.
- Provide advice and support on the national workplace relations system that encourages employers and employees to agree, and productive and competitive working arrangements to support jobs growth, and advise on workplace health and safety and workers compensation.

1.2 Basis of Preparation of the Financial Statements

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

The financial statements and notes have been prepared in accordance with:

- Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

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

Unless an alternative treatment is specifically required by an accounting standard or the FFRs, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the department or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Contingencies note.

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

Due to the Machinery of Government changes on 18 September 2013, comparatives for 2013–14 are from 19 September 2013 to 30 June 2014.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the department has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of leasehold improvements and infrastructure, plant and equipment has been taken to be the market value of similar items as determined by an independent valuer.
- The liability for long service leave has been estimated using an actuarial assessment based on the FRR requirements. This takes into account expected salary growth, attrition and future discounting using the government bond rates.

The department made no other assumptions or estimates identified as having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

The following new and amended standards were issued prior to the signing of the statement by the accountable authority and chief financial officer, were applicable to the current reporting period and had a material effect on the entity's financial statements:

AASB 1055	Budgetary Reporting—March 2013 (Principal): this requires the department to explain significant variances between the original budget and actual expenditure.
AASB 2015-7	The department has early adopted AASB 2015-7 <i>Amendments to Australian Accounting Standards—Fair Value Disclosures of Not-for-Profit Public Sector Entities</i> . AASB 2015-7 amends AASB 13 <i>Fair Value Measurement</i> to provide disclosure relief to not-for-profit public sector entities from certain disclosures about the fair value measurements of property, plant and equipment held for their current service potential rather than to generate net cash inflows. This includes relief from disclosures of quantitative information about the significant unobservable inputs used in fair value measurements and of the sensitivity of certain fair value measurements to changes in unobservable inputs.

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

Future Australian Accounting Standard Requirements

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

AASB 2015-2, AASB 101	<i>Presentation of Financial Statements</i> —Initiatives to improve disclosures.
AASB 15	<i>Revenue from Contracts with Customers</i> —specifies the accounting treatment for all revenue arising from contracts with customers.

All other new standards and interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on the entity's financial statements.

1.5 Revenue

Revenue from the sale of goods is recognised when:

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

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

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

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

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

Resources Received Free of Charge

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

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another non-corporate or corporate Commonwealth entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Revenue from Government

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

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment to this entity) is recognised as Revenue from Government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.

1.6 Gains

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Sale of Assets

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

1.7 Transactions with the Government as Owner

Equity Injections

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

Restructuring of Administrative Arrangements

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

Other Distributions to Owners

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

1.8 Employee Benefits

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

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

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

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Leave

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

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

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2014 and which has been assessed by the department as being relevant for 2015. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

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

Superannuation

The majority of the Department's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or the Australian Government Employees Superannuation Trust (AGEST).

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

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

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

The liability for superannuation recognised as at 30 June 2015 represents outstanding contributions for the final fortnight of the year.

1.9 Leases

An operating lease is a lease that is not a finance lease and where the lessor effectively retains substantially all such risks and benefits.

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

Lease Incentives

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

1.10 Fair Value Measurements

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

1.11 Cash

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

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.12 Financial Assets

The department classifies its financial assets in the following category:

- loans and receivables.

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

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. The department's loans and receivables are measured at their nominal amount less impairment.

Impairment of Financial Assets

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

- *Financial assets held at cost*—If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.13 Financial Liabilities

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

Financial Liabilities at Fair Value through Profit or Loss

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

Other Financial Liabilities

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

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

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

1.14 Contingent Liabilities and Contingent Assets

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

1.15 Acquisition of Assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

1.16 Property, Plant and Equipment

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Asset Recognition Threshold

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

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

Revaluations

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

Asset Class	Fair value measurement
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price

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

Revaluation adjustments were 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 were recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

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

Depreciation

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

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

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

Asset Class	2015
Leasehold improvements	Lease term
Infrastructure, plant and equipment	3-25 years

Impairment

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

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

the asset would be replaced if the department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

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

1.17 Intangibles

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

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

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

1.18 Taxation

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

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

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

1.19 Reporting of Administered Activities

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

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

Administered Cash Transfers to and from the Official Public Account

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

Revenue

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

Administered fee revenue is recognised when the service is provided. Collectability of the debt is reviewed at balance date. Impairment allowances are made when collectability of the debt is judged to be less, rather than more, likely.

Loans and Receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.

Administered Investments

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

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Administered investments other than those held for sale are classified as available-for-sale and are measured at their fair value as at 30 June 2015. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at the end of the reporting period.

Prepayments

All administered prepayments are current assets.

Grants and Subsidies

The department administers a number of grant and subsidy schemes on behalf of the Government.

Grant and subsidy liabilities are recognised to the extent that:

- (i) the services required to be performed by the grantee have been performed; or
- (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

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

Personal Benefits

The department administers personal benefit programmes on behalf of the government that provide entitlements to individuals. Payments are determined in accordance with provisions of the *Fair Entitlements Guarantee Act 2012* and the funding agreement for the New Enterprise Incentive Scheme under Job Services Australia.

Payments to Corporate Commonwealth Entities

Payments to Comcare from amounts appropriated for that purpose are classified as administered expenses of the department. The appropriation to the department is disclosed in Table A of the appropriations note.

Note 2: Events After the Reporting Period

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

Note 3: Net Cash Appropriation Arrangements

	2015	2014
	\$'000	\$'000
<i>Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations¹</i>	15,726	21,297
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(27,875)	(43,362)
<i>Total comprehensive loss - as per the Statement of Comprehensive Income</i>	(12,149)	(22,065)

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

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 4: Expenses

	2015	2014
	\$'000	\$'000
Note 4A: Employee Benefits		
Wages and salaries	122,601	113,789
Superannuation		
Defined contribution plans	12,392	9,929
Defined benefit plans	16,391	16,899
Leave and other entitlements	28,362	23,025
Separations and redundancies	540	6,546
Other employee expenses	1,425	1,360
Total employee benefits	181,711	171,548
Note 4B: Suppliers		
Goods and services supplied or rendered		
Consultants	8,854	9,775
Contractors	8,980	1,795
Travel	4,512	2,165
IT services	24,180	23,467
Property	8,838	6,522
Resources provided free of charge	460	7,403
Legal	2,870	1,041
Other	14,100	7,210
Total goods and services supplied or rendered	72,794	59,378
Goods and services are made up of		
Provision of goods - related parties	52	84
Provision of goods - external parties	2,047	3,536
Rendering of services - related parties	6,145	11,663
Rendering of services - external parties	64,550	44,095
Total goods and services supplied or rendered	72,794	59,378
Expenses paid on behalf of portfolio agency¹	19,315	-
Other suppliers		
Operating lease rentals in connection with		
Minimum lease repayments - related parties	2,758	-
Minimum lease repayments - external parties	25,180	30,174
Workers compensation expenses	3,441	2,127
Total other suppliers	31,379	32,301
Total suppliers	123,488	91,679

1. Payments made to the Office of the Fair Work Building Industry Inspectorate to cover their operating costs from 1 July 2014 to 31 January 2015, due to legislative instruments not being enacted under the PGPA Act.

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

	2015	2014
	\$'000	\$'000
Note 4C: Grants		
Private sector		
Non-profit organisations	423	1,139
Other	1,016	786
Total grants	1,439	1,925
Note 4D: Finance Costs		
Unwinding of discount for restoration	17	35
Unwinding of discount for surplus lease space	53	-
Discount on lease incentives	404	-
Total finance costs	474	35
Note 4E: Write-Down and Impairment of Assets		
Asset write-downs and impairments from		
Write-off of receivables - goods and services	8	13
Impairment of receivables - goods and services	10	10
Impairment of leasehold improvements	689	159
Write-off of leasehold improvements	2	-
Write-off of infrastructure, plant and equipment	81	75
Impairment of infrastructure, plant and equipment	-	2,878
Write-off of intangibles	58	33
Impairment of intangibles	-	15,878
Total write-down and impairment of assets	848	19,046
Note 5: Income		
OWN-SOURCE REVENUE		
Note 5A: Sale of Goods and Rendering of Services		
Sales of goods - external parties	16	5
Rendering of services - related parties	21,935	8,911
Rendering of services - external parties	4,149	4,897
Total sale of goods and rendering of services	26,100	13,813
Note 5B: Other Gains		
Gain on write back of restoration provision	229	-
First time recognition of assets – infrastructure, plant and equipment	266	689
Write back of provision for surplus lease space	11	-
Write back of leaseholds impairment	155	-
Other	700	132
Total other gains	1,361	821

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

Note 6: Fair Value Measurement

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Note 6A: Fair Value Measurements

	Fair value measurements at the end of the reporting period			For Levels 2 and 3 fair value measurements	
	2015 \$'000	2014 \$'000	Category (Level 1, 2 or 3)	Valuation Techniques ¹	Inputs Used
Non-financial assets					
Leasehold Improvements	-	409	2	Replacement Cost	Replacement cost new (price per square metre)
	18,928	20,608	3	Depreciated Replacement Cost	Useful life (consumed economic benefit/ obsolescence of asset)
	320	-	3	Present Value	Current restoration costs (price per square metre) Discount rate Indexation rates
Infrastructure, plant and equipment	-	101	2	Replacement Cost	Replacement cost new (price per square metre)
	4,684	4,433	2	Market Approach	Adjusted market transactions
	8,525	8,568	3	Depreciated Replacement Cost	Useful life (consumed economic benefit/ obsolescence of asset)
Total non-financial assets	32,457	34,119			
Total fair value measurements of assets in the Statement of Financial Position	32,457	34,119			

1. There has been no change to valuation techniques.

Department of Employment

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	2015	2014
	\$'000	\$'000
Assets not measured at fair value in the statement of financial position		
Leasehold Improvements - AUC	1,013	-
Infrastructure, Plant & Equipment - AUC	32	-
Total assets not measured at fair value in the statement of financial position	1,045	-

The Department has a number of assets and liabilities not measured at fair value in the Statement of Financial Position. The carrying amounts of these assets and liabilities are considered to be a reasonable approximation of their fair value.

Fair value measurement - highest and best use

The Department's assets are held for operational purposes not for the purposes of deriving a profit. The current use of all controlled assets is considered the highest and best use.

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

Australian Valuation Solutions (AVS) provided a comprehensive valuation of all leasehold improvements as at 30 June 2014. The department has a policy of testing the currency of the valuation of various asset classes at least once every 12 months and to obtain a comprehensive valuation at least once every three years. AVS provided written assurance to the department that the models developed comply with AASB 13.

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

Leasehold improvements, infrastructure, plant and equipment - depreciated replacement cost

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6B: Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets					
	Leasehold Improvements		Infrastructure, plant and equipment		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Opening balance	20,608	24,946	8,568	12,966	29,176	37,912
Total losses recognised in net cost of	(8,289)	(6,870)	(2,852)	(6,025)	(11,141)	(12,895)
Total gains recognised in	(2)	3,376	(17)	-	(19)	3,376
Purchases	6,522	507	2,806	1,728	9,328	2,235
Disposals	-	(1,351)		(101)	-	(1,452)
Transfers into Level 3 ²	409	-	20	-	429	-
Closing balance	19,248	20,608	8,525	8,568	27,773	29,176

1. These losses are presented in the Statement of Comprehensive Income under 'depreciation and amortisation' and 'write-down and Impairment of assets'.

2. Transfers into level 3 represent assets that were moved from AUC level 2 category into level 3 during the year.

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

Note 7: Financial Assets

	2015 \$'000	2014 \$'000
<u>Note 7A: Trade and Other Receivables</u>		
Goods and services - related parties	4,319	5,763
Goods and services - external parties	1,229	1,296
Appropriation receivables - for existing programs	109,207	65,080
GST receivable from the Australian Taxation Office	1,386	1,325
<i>Total trade and other receivables (gross)</i>	<u>116,141</u>	<u>73,464</u>
Less impairment allowance account		
Goods and services	(10)	(10)
Total impairment allowance account	<u>(10)</u>	<u>(10)</u>
<i>Total trade and other receivables (net)</i>	<u>116,131</u>	<u>73,454</u>
Trade and other receivables (net) expected to be recovered		
No more than 12 months	116,027	72,677
More than 12 months	104	777
<i>Total trade and other receivables (net)</i>	<u>116,131</u>	<u>73,454</u>
Trade and other receivables (gross) aged as follows		
Not overdue	115,876	72,068
Overdue by		
0 to 30 days	20	232
31 to 60 days	60	153
61 to 90 days	28	218
More than 90 days	157	793
<i>Total trade and other receivables (gross)</i>	<u>116,141</u>	<u>73,464</u>
Impairment allowance account aged as follows		
Overdue by:		
More than 90 days	(10)	(10)
<i>Total impairment allowance</i>	<u>(10)</u>	<u>(10)</u>

Credit terms are net 30 days.

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Reconciliation of the Impairment Allowance

Movements in relation to 2015

	Goods and services \$'000	Total \$'000
Opening balance	(10)	(10)
Amounts written off	10	10
Decrease recognised in net cost of services	(10)	(10)
Closing balance	(10)	(10)

Note 7A: Financial Assets (continued)

Reconciliation of the Impairment Allowance

Movements in relation to 2015

	Goods and \$'000	Total \$'000
Opening balance	(10)	(10)
Amounts written off	10	10
Decrease recognised in net cost of services	(10)	(10)
Closing balance	(10)	(10)

Movements in relation to 2014

	Goods and \$'000	Total \$'000
Opening balance	-	-
Decrease recognised in net cost of services	(10)	(10)
Closing balance	(10)	(10)

2015	2014
\$'000	\$'000

Note 7B: Other Financial Assets

Accrued revenue	<u>4,094</u>	<u>2,604</u>
Total other financial assets	<u><u>4,094</u></u>	<u><u>2,604</u></u>

All accrued revenue is expected to be received in no more than 12 months.

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

Note 8: Non-Financial Assets

Note 8A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles 2014 -15

	Leasehold improvements	Other plant & equipment	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2014					
Gross book value	21,599	21,582	86,190	706	130,077
Opening adjustment - gross book value	-	80	-	(5)	75
Accumulated depreciation and impairment	(582)	(8,480)	(46,744)	(141)	(55,947)
Opening adjustment - accumulated depreciation and impairment	155	(80)	-	5	80
Net book value 30 June 2014	21,172	13,102	39,446	565	74,285
Additions					
Purchase or internally developed	7,533	4,990	41,169	-	53,692
First time recognition	-	152	114	-	266
Impairments recognised in net cost of services	(689)	-	-	-	(689)
Depreciation/amortisation expense	(7,754)	(4,762)	(15,145)	(214)	(27,875)
Disposals					
Other	-	(162)	(116)	-	(278)
Write-offs	(2)	(81)	(58)	-	(141)
Total as at 30 June 2015	20,260	13,239	65,410	351	99,260
Total as at 30 June 2015 represented by:					
Gross book value					
Fair Value	27,545	23,697	78,492	701	130,435
Work in progress	1,037	-	929	-	1,966
Accumulated amortisation	-	-	(13,143)	(319)	(13,462)
Accumulated depreciation	(7,432)	(9,239)	-	-	(16,671)
Accumulated impairment	(890)	(1,219)	(868)	(31)	(3,008)
Total as at 30 June 2015	20,260	13,239	65,410	351	99,260

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

There were no indicators of impairment identified for internally developed software during 2015 (2014: \$15.8m). During 2015, \$0.58 million of internally developed software was written off (2014: nil). There were no write offs of purchased software during 2015 (2014: \$0.33m).

There are 5 leased properties that the department manages which are due to be vacated within the next 12 months that have leasehold improvement assets. The total net book value of the leasehold improvements, including restoration for these properties, was \$0.59 million as at 30 June 2015.

An impairment loss of \$0.69 million was recognised for 7 properties associated with surplus lease space (2014: \$0.159m, 5 properties).

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

Revaluations of non-financial assets

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

Revaluation increments for leasehold improvements credited to the asset revaluation reserve were included in the equity section of the Statement of Financial Position, no increments were expensed.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (2013 -14) (continued)

	Leasehold improvements	Other plant & equipment	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 19 September 2013					
Gross book value	25,283	18,267	67,102	184	110,836
Accumulated depreciation and impairment	-	-	-	-	-
Net book value 19 September 2013¹	25,283	18,267	67,102	184	110,836
Additions					
Purchase or internally developed	360	3,367	19,088	-	22,815
First time recognition	380	309	-	527	1,216
Reclassification	-	(28)	-	28	-
Revaluations and impairments recognised in other comprehensive income	3,376	-	-	-	3,376
Impairments recognised in the operating result	(159)	(2,878)	(15,824)	(54)	(18,915)
Depreciation/amortisation expense	(6,753)	(5,602)	(30,920)	(87)	(43,362)
Disposals					
From disposal of entities or operations (including restructuring)	(119)	(28)	-	-	(147)
Other	(1,351)	(230)	-	-	(1,581)
Write-offs	-	(75)	-	(33)	(108)
Net book value 30 June 2014	21,017	13,102	39,446	565	74,130
Net book value as of 30 June 2014 represented by:					
Gross book value					
Fair Value	21,190	21,582	84,686	706	128,164
Work in progress	409	-	1,504	-	1,913
Accumulated amortisation	-	-	(30,920)	(87)	(31,007)
Accumulated depreciation	-	(5,602)	-	-	(5,602)
Accumulated impairment	(582)	(2,878)	(15,824)	(54)	(19,338)
Net book value 30 June 2014	21,017	13,102	39,446	565	74,130

1. Opening balances represent the balances transferred as a result of the 18 September 2013 restructure (Refer Note 11).

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

	2015 \$'000	2014 \$'000
<u>Note 8B: Other Non-Financial Assets</u>		
Prepayments	12,011	16,050
<i>Total other non-financial assets</i>	12,011	16,050
Other non-financial assets expected to be recovered in		
No more than 12 months	10,314	13,743
More than 12 months	1,697	2,307
<i>Total other non-financial assets</i>	12,011	16,050

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

Note 9: Payables

Note 9A: Suppliers

Trade creditors - related parties	136	745
Trade creditors - external parties	14,470	2,658
Operating lease rentals - external parties	2,114	2,743
<i>Total suppliers</i>	16,720	6,146
Suppliers expected to be settled		
No more than 12 months	15,652	4,047
More than 12 months	1,068	2,099
<i>Total suppliers</i>	16,720	6,146

Settlement is usually made within 30 days.

Note 9B: Other Payables

Salaries and wages	6,252	5,176
Superannuation	1,004	976
Separations and redundancies	108	5,242
Other employee benefits	58	210
Lease incentive	16,817	6,548
Unearned income	3,979	2,545
Accrued expenses	6,718	8,468
<i>Total other payables</i>	34,936	29,165
Other payables expected to be settled		
No more than 12 months	20,142	25,317
More than 12 months	14,794	3,848
<i>Total other payables</i>	34,936	29,165

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

Note 10: Provisions

	2015 \$'000	2014 \$'000
<u>Note 10A: Employee Provisions</u>		
Leave	62,596	59,560
Total employee provisions	62,596	59,560
Employee provisions expected to be settled		
No more than 12 months	18,545	18,239
More than 12 months	44,051	41,321
Total employee provisions	62,596	59,560
<u>Note 10B: Other Provisions</u>		
Provision for restoration	1,030	1,315
Provision for surplus lease space	5,234	1,282
Total other provisions	6,264	2,597
Other provisions expected to be settled		
No more than 12 months	4,224	759
More than 12 months	2,040	1,838
Total other provisions	6,264	2,597

	Provision for restoration \$'000	Provision for surplus lease space \$'000	Total \$'000
As at 30 June 2014	1,315	1,282	2,597
Additional provisions made	14	4,346	4,360
Amounts reversed	(316)	(11)	(327)
Amounts used	-	(436)	(436)
Unwinding of discount or change in discount rate	17	53	70
Total as at 30 June 2015	1,030	5,234	6,264

The department currently has three agreements for the leasing of premises which have provisions requiring the department to restore the premises to their original condition at the conclusion of the lease (2014: 5 agreements). The department has made a provision to reflect the present value of this obligation.

The department has recognised a provision for surplus lease on nine properties. Three of these properties have lease end dates in 2015–16. Five properties have a lease end date within two years. One property has a lease end date greater than two years.

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

Note 11: Restructuring

Note 11A: Departmental Restructuring

	2014			
	Employment and Workplace Relations Functions	State Network and Corporate Functions	Indigenous Functions	Disability Employment Functions
	Department of Education, Employment and Workplace Relations ¹	Department of Education ²	Department of the Prime Minister and Cabinet ³	Department of Social Services ⁴
	\$'000	\$'000	\$'000	\$'000
FUNCTIONS ASSUMED				
Assets recognised				
Cash and cash equivalents	1,995	-	-	-
Trade and other receivables	21,858	-	-	-
Other financial assets	3,948	-	-	-
Leasehold improvements	25,283	-	-	-
Infrastructure, plant and	18,267	-	-	-
Intangibles	67,286	-	-	-
Other non-financial assets	18,893	-	-	-
Total assets recognised	157,530	-	-	-
Liabilities recognised				
Suppliers	(5,194)	-	-	-
Other payables	(17,344)	-	-	-
Employee provisions	(71,176)	(14,277)	-	-
Other provisions	(1,526)	-	-	-
Total liabilities recognised	(95,240)	(14,277)	-	-
Net assets/(liabilities) recognised	62,290	(14,277)	-	-
Income assumed				
Recognised by the receiving	303,685	-	-	-
Recognised by the losing entity	41,538	-	-	-
Total income assumed	345,223	-	-	-
Expenses assumed				
Recognised by the receiving	(329,126)	-	-	-
Recognised by the losing entity	(83,340)	-	-	-
Total expenses assumed	(412,466)	-	-	-

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

Note 11A: Departmental Restructuring (continued)

	2014			
	Employment and Workplace Relations Functions	State Network and Corporate Functions	Indigenous Functions	Disability Employment Functions
	Department of Education, Employment and Workplace Relations ¹	Department of Education ²	Department of the Prime Minister and Cabinet ³	Department of Social Services ⁴
	\$'000	\$'000	\$'000	\$'000
FUNCTIONS RELINQUISHED				
Assets relinquished				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
Other financial assets	-	-	-	-
Leasehold improvements	-	-	119	-
Infrastructure, plant and Other non-financial assets	-	-	27	1
Total assets relinquished	-	-	146	1
Liabilities relinquished				
Suppliers				
Other payables	-	-	-	-
Employee provisions	-	(6,504)	(9,970)	(8,772)
Total liabilities relinquished	-	(6,504)	(9,970)	(8,772)
Net liabilities relinquished	-	(6,504)	(9,824)	(8,771)

1. The employment and workplace relation functions were assumed from the Department of Education, Employment and Workplace Relations (DEEWR) as a result of the Administrative Arrangement Orders on 18 September 2013.
2. Responsibility for corporate and state network functions in relation to the former DEEWR were acquired/relinquished from/to the Department of Education on 28 February 2014. The transfer of staff followed the transfer of function resulting from the Administrative Arrangement Orders on 18 September 2013.
3. Indigenous functions were relinquished to the Department of the Prime Minister and Cabinet (PM&C) during 2013-14 as a result of Administrative Arrangements Orders on 18 September 2013.
4. The disability and income support functions were relinquished to the Department of Social Services (DSS) during 2013-14 as a result of Administrative Arrangements Orders on 18 September 2013.
5. The net assets assumed from DEEWR and Education was \$48,013,000 and net liabilities relinquished to Education, PM&C and DSS was \$25,099,000.
6. In respect of functions assumed/relinquished, the net book values of assets and liabilities were transferred/received for no consideration.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11B: Administered Restructuring

	2014		
	Employment and workplace relations	Indigenous functions relating to employment	Disability employment functions
	Department of Education, Employment and Workplace Relations ¹	Department of the Prime Minister and Cabinet ²	Department of Social Services ³
	\$'000	\$'000	\$'000
FUNCTIONS ASSUMED			
Assets recognised			
Cash on hand	78	-	-
Trade and other receivables	17,357	-	-
Other non-financial assets	2,329	-	-
Investments	116,725	-	-
Total assets recognised	136,489	-	-
Liabilities recognised			
Payables	(2,840,851)	-	-
Total liabilities recognised	(2,840,851)	-	-
Net liabilities recognised	(2,704,362)	-	-
FUNCTIONS RELINQUISHED			
Assets relinquished			
Trade and other receivables	-	63	2,801
Total assets relinquished	-	63	2,801
Liabilities relinquished			
Payables	-	(4,556)	-
Total liabilities relinquished	-	(4,556)	-
Net (liabilities)/assets relinquished	-	(4,493)	2,801
Expenses			
Recognised by gaining entity	1,321,024	-	-
Recognised by losing entity	345,604	-	-
Total expenses	1,666,628	-	-
Income			
Recognised by gaining entity	153,802	-	-
Recognised by losing entity	24,266	-	-
Total income	178,068	-	-

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11B: Administered Restructuring (continued)

1. The employment and workplace relations functions were assumed from the former DEEWR on 18 September 2013 as a result of the Administrative Arrangement Orders.
2. Indigenous functions were relinquished to PM&C during 2013-14 as a result of the Administrative Arrangement Orders on 18 September 2013.
3. Disability employment functions were relinquished to the DSS during 2013–14 due to the Administrative Arrangement Order of 18 September 2013.
4. The net liabilities assumed from DEEWR were \$2,704,362,000, net liabilities relinquished to PM&C were \$4,493,000 and net assets relinquished to DSS were \$2,801,000.
5. In respect of functions assumed/relinquished, the net book values of assets and liabilities were transferred/received for no consideration

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

Note 12: Cash Flow Reconciliation

	2015	2014
	\$'000	\$'000
Reconciliation of net cost of services to net cash from (used by) operating activities		
Net cost of services	(308,138)	(313,636)
Revenue from Government	295,989	288,195
Adjustments for non-cash items		
First time recognition of non-financial assets	(266)	(689)
Depreciation / amortisation	27,875	43,362
Net write-down and impairment of non-financial assets	830	19,023
Net losses from sale of assets	224	1,140
Finance costs	474	35
Asset other movements	(153)	-
Restructure	-	(39,572)
Movements in assets and liabilities		
Assets		
Increase in net receivables	(39,504)	(50,062)
Increase in accrued revenue	(1,490)	(2,604)
Decrease / (increase) in prepayments	4,039	(16,050)
Liabilities		
Increase in employee provisions	3,036	59,560
Increase in supplier payables	10,157	4,701
Increase in other provisions	3,667	1,315
Increase in other payables	5,771	30,412
Net cash from operating activities	2,511	25,130

Note 13: Contingent Assets and Liabilities

	Claims for Damages and Costs		Total	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Contingent liabilities				
Balance from previous period	180	-	180	-
New contingent liabilities recognised	125	244	125	244
Re-measurement	3	(64)	3	(64)
Total contingent liabilities	308	180	308	180
Net contingent liabilities	(308)	(180)	(308)	(180)

Notes:

Quantifiable Contingencies

The above table reports contingent liabilities in respect of claims for damages of \$0.308 million (2014: \$0.180). The department had no contingent assets in respect of claims for damages.

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

Unquantifiable Contingencies

As at 30 June 2015, the department had no contingent liabilities likely to be paid in respect of damages and claims that are not quantifiable.

Significant Remote Contingencies

The value of contingent liabilities where the likelihood of payment is remote is \$60.0 million. This represents the indemnities provided to the Administrator and the Assistant Administrators of the Health Services Union.

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

The department has also provided for four (4) indemnities in relation to venue hire agreements which are considered to be remote and unquantifiable.

Note 14: Senior Management Personnel Remuneration

	2015 \$'000	2014 \$'000
Short-term employee benefits		
Salary	11,090	8,843
Other ¹	2,357	1,722
Total short-term employee benefits	<u>13,447</u>	<u>10,565</u>
Post-employment benefits		
Superannuation	2,107	1,880
Total post-employment benefits	<u>2,107</u>	<u>1,880</u>
Other long-term employee benefits		
Annual leave accrued	990	621
Long-service leave	670	368
Total other long-term employee benefits	<u>1,660</u>	<u>989</u>
Termination benefits		
Separation and redundancy payments	135	200
Total termination benefits	<u>135</u>	<u>200</u>
Total senior executive remuneration expenses	<u><u>17,349</u></u>	<u><u>13,634</u></u>

The total number of senior management personnel that are included in the above table is 66 (2014: 86).

This note was prepared on an accrual basis and excludes acting arrangements, unless these are deemed to be significant long-term acting.

In 2014, the reporting period was from 19 September 2013 to 30 June 2014.

Due to changes in reporting requirements all substantive SES are included as headcount in the note regardless of time engaged with the agency for the reporting period or dollar value of remuneration. Accordingly SES staff movements may result in SES numbers that exceed the number of SES positions. This is particularly evident in 2014 due to the Machinery of Government changes.

1. Other includes motor vehicle allowances, other allowances and reportable fringe benefits.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15: Jointly Controlled Operations

The Shared Services Centre (SSC) commenced operation on 1 July 2014. The SSC provides operational, transactional, advisory and support functions for information technology and a range of corporate services for the partner departments: the Departments of Employment (Employment) and Education and Training (Education). The SSC also provides services to other agencies across the Commonwealth on a fee for service basis.

The SSC is classed as a joint operation under AASB 11—*Joint Arrangement*, whereby Employment and Education have joint control of the arrangement with rights to the assets and obligations for the liabilities relating to the SSC. The rights and obligations, as well as the contributions by the partner agencies, are underpinned by a Heads of Agreement between the two partner departments. The financial statements of both departments recognise their share of the assets, liabilities, revenues and expenses of the SSC.

The partner's ownership in the SSC is 50:50. Items are generally shared between the partners on a 50:50 basis, with the main exception being property related items which are allocated based on occupancy at an agreed date. The resultant overall share of net assets for Employment in 2014–15 is 52%.

Note 16: Financial Instruments

Note 16A: Categories of Financial Instruments

	2015	2014
	\$'000	\$'000
Financial Assets		
Loans and receivables		
Cash and cash equivalents	6,321	5,669
Goods and services receivables	5,538	7,049
<i>Total loans and receivables</i>	11,859	12,718
<i>Total financial assets</i>	11,859	12,718
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	16,720	6,146
<i>Total financial liabilities measured at amortised cost</i>	16,720	6,146
<i>Total financial liabilities</i>	16,720	6,146

Note 16B: Net Gains or Losses on Financial Assets

Loans and receivables		
Write off - goods and services	(8)	(13)
Impairment of receivables - goods and services	(10)	(10)
Net losses on loans and receivables	(18)	(23)
<i>Net losses on financial assets</i>	(18)	(23)

The carrying amount of financial assets and liabilities is a reasonable approximation of fair value.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16C: Credit Risk

The department is exposed to minimal credit risk as loans and receivables were cash, cash on deposit and trade receivables. The maximum exposure to credit risk was the risk that arises from potential default of a debtor. This amount was equal to the total amount of trade receivables of \$5,548,000 (2014: \$7,059,000). The department assessed the risk of the default on payment and allocated \$10,000 to an impairment allowance account (2014: \$10,000).

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

Maximum exposure to credit risk (excluding any collateral or credit enhancements)	2015	2014
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	6,321	5,669
Goods and services	5,548	7,059
Total	11,869	12,728

In relation to the department's gross credit risk there is no collateral held however in 2015, 11 limited indemnities were given in respect of venue hire between the Commonwealth and third parties.

Credit quality of financial instruments not past due or individually determined as impaired	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	6,321	5,669	-	-
Goods and services receivables	5,283	5,663	265	1,396
Total	11,604	11,332	265	1,396

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

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Goods and services	20	60	28	147	255
Total	20	60	28	147	255

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

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Goods and services	232	153	218	783	1,386
Total	232	153	218	783	1,386

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16D: Liquidity Risk

The Department's financial liabilities were trade creditors. The exposure to liquidity risk was based on the notion that the department will encounter difficulty in meeting its obligations associated with financial liabilities. This was highly unlikely as the department is appropriated funding from the Australian Government. The department manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the department has policies in place to ensure timely payments are made when due and has no past experience of default.

Maturities for non-derivative financial liabilities in 2015

	On demand \$'000	Within one year \$'000	Between one to two \$'000	Between two and \$'000	More than five years \$'000	Total \$'000
Trade creditors	-	15,652	656	109	303	16,720
Total	-	15,652	656	109	303	16,720

Maturities for non-derivative financial liabilities 2014

	On demand \$'000	Within one year \$'000	Between one to two \$'000	Between two and \$'000	More than five years \$'000	Total \$'000
Trade creditors	-	4,047	1,045	584	470	6,146
Total	-	4,047	1,045	584	470	6,146

Note 16E: Market Risk

The department held basic financial instruments that did not expose the department to market risks.

Note 17: Financial Assets Reconciliation

		2015 \$'000	2014 \$'000
<u>Financial assets</u>	Notes		
<i>Total financial assets as per Statement of Financial Position</i>		126,546	81,727
Less: non-financial instrument components			
Appropriations receivable	7A	109,207	65,080
GST receivable from the ATO	7A	1,386	1,325
Accrued revenue	7B	4,094	2,604
Total non-financial instrument components		114,687	69,009
<i>Total financial assets as per financial instruments note</i>	16A	11,859	12,718

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18: Administered - Expenses

Note 18A: Suppliers	2015	2014
	\$'000	\$'000
Services rendered		
Labour market assistance to job seekers and industry - external parties	1,280,720	940,845
Industrial relations - external parties	17,649	7,974
Assistance to people with disabilities - related parties	-	73,240
Assistance to people with disabilities - external parties	-	311,527
Total suppliers	1,298,369	1,333,586

Note 18B: Subsidies		
Subsidies in connection with		
Labour market assistance to job seekers and industry - external parties	11,443	19,916
Industrial relations - related parties	159,401	133,578
Assistance to people with disabilities - external parties	-	8,290
Total subsidies	170,844	161,784

Note 18C: Personal Benefits		
Labour market assistance to job seekers and industry - direct	72,515	56,823
Industrial relations - indirect	312,444	156,013
Total personal benefits	384,959	212,836

Note 18D: Grants		
Public sector		
Australian Government entities (related parties)	84,299	30,812
Private sector		
Non-profit organisations	957	1,521
Other	4,517	4,946
Total grants	89,773	37,279

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19: Administered - Fair Value Measurement

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Note 19A: Fair Value Measurements

	Fair value measurements at the end of the reporting period using			For Levels 2 and 3 fair value measurements		
	2015 \$'000	2014 \$'000	Category Level 1, 2 or 3)	Valuation Techniques	Inputs used	Weighted average
Financial assets						
Administered investments	224,658	145,477	3	Net assets of the entity	Net Assets	
Total financial assets	224,658	145,477		-	-	-
Total fair value measurements of assets in the Administered Schedule of Assets and Liabilities	224,658	145,477		-	-	-

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

The department's administered investments are classified as available-for-sale financial assets and are measured at their fair value as at 30 June 2015. Fair value is assessed as the Australian Government's proportional interest in the net assets of the entity at balance date. The methods and valuation techniques used for the purpose of measuring fair value of assets and liabilities in 2015 are unchanged from the prior year.

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

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19B: Reconciliation For Recurring Level 3 Fair Value

There have been no transfers between levels during the period.

Recurring Level 3 fair value measurements - reconciliation

	Financial assets			
	Administered investments		Total	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Opening balance	145,477	116,725	145,477	116,725
Total gains recognised in administered equity	79,181	28,752	79,181	28,752
Closing balance	224,658	145,477	224,658	145,477

Note 20: Administered - Financial Assets

	2015	2014
	\$'000	\$'000
<u>Note 20A: Receivables</u>		
Taxation receivables - related parties	14,002	13,207
Goods and services receivables - related parties	124	-
Goods and services receivables - external parties	711	543
GST receivable from the ATO	17,465	9,731
<i>Total trade and other receivables (gross)</i>	32,302	23,481
Less impairment allowance		
Goods and services	(137)	(141)
Total impairment allowance	(137)	(141)
<i>Total trade and other receivables (net)</i>	32,165	23,340
Trade and other receivables (net) expected to be recovered		
No more than 12 months	32,072	23,340
More than 12 months	93	
<i>Total trade and other receivables (net)</i>	32,165	23,340
Receivables (gross) aged as follows		
Not overdue	31,682	22,939
Overdue by:		
0 to 30 days	14	24
31 to 60 days	14	125
61 to 90 days	53	85
More than 90 days	539	308
<i>Total trade and other receivables (gross)</i>	32,302	23,481
Impairment allowance aged as follows		
Overdue by:		
More than 90 days	(137)	(141)
<i>Total impairment allowance</i>	(137)	(141)

Credit terms are within 30 days.

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

Reconciliation of the Impairment Allowance

Movements in relation to 2015

	Goods and \$'000	Total \$'000
Opening balance	(141)	(141)
Amounts written off	141	141
Increase/(decrease) recognised in net cost of services	(137)	(137)
Closing balance	(137)	(137)

Movements in relation to 2014

	Goods and \$'000	Total \$'000
Opening balance	-	-
Increase/(decrease) recognised in net cost of services	(141)	(141)
Closing balance	(141)	(141)
	2015	2014
	\$'000	\$'000

Note 20B: Other Investments

Other Investments

Coal Mining Industry Corporation ¹	224,658	145,477
Total other investments	224,658	145,477

All other investments are expected to be recovered in greater than 12 months.

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

1. *Coal Mining Industry Corporation (CMIC)* –the administration of the Coal Mining Industry Long Service Leave Fund (The Fund). The Fund has operated since 1949 to provide reimbursement payments to employers paying long service leave to persons employed in the black coal industry in New South Wales, Queensland, Western Australia and Tasmania on the basis of industry employment service.

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

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

Note 21: Administered - Payables

	2015	2014
	\$'000	\$'000
Note 21A: Suppliers		
Trade creditors and accruals - external parties	127,076	21,641
Total suppliers	<u>127,076</u>	<u>21,641</u>
All suppliers are expected to be settled in no more than 12 months. Settlement was made within 30 days.		

Note 21B: Subsidies

Subsidies in connection with

Related parties	14,001	13,207
External parties	10,972	1,603
Total subsidies	<u>24,973</u>	<u>14,810</u>
All subsidies are expected to be settled in no more than 12 months		

Note 21C: Personal Benefits

Labour market assistance to job seekers and industry - direct	2,142	2,166
Industrial relations - external parties	4,550	7,275
Total personal benefits	<u>6,692</u>	<u>9,441</u>
All personal benefits are expected to be settled in no more than 12 months.		

Note 21D: Grants

Private sector

Non-profit organisations	-	459
Total grants	<u>-</u>	<u>459</u>

All grants are expected to be settled in no more than 12 months.

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

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015	2014
	\$'000	\$'000
Note 21E: Other Payables		
Comcare payable ¹	2,787,681	2,769,241
GST payable	6,765	14,762
Total other payables	2,794,446	2,784,003
Other payables expected to be settled		
No more than 12 months	6,765	14,762
More than 12 months	2,787,681	2,769,241
Total other payables	2,794,446	2,784,003
The amount payable to Comcare represents amounts payable by the Commonwealth for:		
<ul style="list-style-type: none"> - workers compensation claims resulting from injuries that occurred prior to 1 July 1989, referred to as 'pre-premium' claims; - workers compensation claims resulting from injuries that have occurred since 1 July 1989, referred to as 'premium' claims; and - the management of asbestos related personal injury common law disease claims against the Commonwealth. 		
Full details of the amounts payable may be found in the Comcare annual report.		

Note 22: Administered - Cash Flow Reconciliation

	2015	2014
	\$'000	\$'000
Reconciliation of net cost of services to net cash from / (used by) operating activities		
Net cost of services	(1,763,321)	(1,592,635)
Adjustments for non-cash items		
Net write down of non-financial assets	155	203
Reversals of previous asset write-downs and impairments	-	(155)
Movements in assets / liabilities		
Assets		
(Increase) / decrease in net receivables	(8,987)	(6,225)
(Increase) / decrease in other non-financial assets	(46)	(2,639)
Liabilities		
Increase / (decrease) in supplier payables	105,432	(2,201)
Increase in subsidies payable	10,163	6,785
Increase / (decrease) in personal benefits payable	(2,749)	7,164
Increase / (decrease) in other payables	23,141	(18,922)
Increase / (decrease) in grants payable	(459)	459
Net cash used by operating activities	(1,636,671)	(1,608,166)

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 23: Administered - Contingent Assets and Liabilities

	Claims for damages or		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Contingent assets				
Balance from previous	22,724	20,172	22,724	20,172
New contingent assets	-	2,615	-	2,615
Re-measurement	25,471	19,049	25,471	19,049
Assets realised	(23,292)	(19,112)	(23,292)	(19,112)
Total contingent assets	24,903	22,724	24,903	22,724
Contingent liabilities				
Balance from previous	114,469	90,126	114,469	90,126
Re-measurement	(70,036)	24,343	(70,036)	24,343
Total contingent liabilities	44,433	114,469	44,433	114,469
Net contingent assets / (liabilities)	(19,530)	(91,745)	(19,530)	(91,745)

Quantifiable Contingencies

The above table reports contingent assets and liabilities in respect of estimated payments and recoveries in relation to dividends for General Employee Entitlements and Redundancy Scheme (GEERS), the Fair Entitlements Guarantee (FEG), and proceedings in the Dust Disease Tribunal as a result of the department's administration in prior years. The estimated contingent liability is \$44.433 million. The estimated contingent asset is \$24.903 million.

Unquantifiable Contingencies

As at 30 June 2015, the department had a number of claims for employee entitlements under the *Fair Entitlements Guarantee Act 2012* which were currently subject to review by the Administrative Appeals Tribunal.

Relating to FEG, it is known that there are employers with outstanding employee entitlements that have been placed into liquidation. The amounts are unable to be quantified as no claim forms have been received.

Significant Remote Contingencies

The value of contingent assets and liabilities where the likelihood of receipt or payment is remote is nil.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24: Administered - Financial Instruments

	2015	2014
	\$'000	\$'000
Note 24A: Categories of Financial Instruments		
Financial Assets		
Available-for-sale financial assets		
Investments	224,658	145,477
Total available-for-sale financial assets	224,658	145,477
Loans and receivables		
Cash and cash equivalents	104	-
Goods and services receivables	698	402
Total loans and receivables	802	402
Total financial assets	225,460	145,879
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	127,076	21,641
Grants payables	-	459
Total financial liabilities measured at amortised cost	127,076	22,100
Total financial liabilities	127,076	22,100

Note 24B: Net Gains or Losses on Financial Assets

Available-for-sale financial assets		
Gains recognised in equity	79,181	28,752
Net gains from available-for-sale financial assets	79,181	28,752
Loans and receivables		
Interest revenue	20	6
Reversal of impairment - goods and services	-	155
Write-down and impairment	(155)	(203)
Net losses from loans and receivables	(135)	(42)
Net gains on financial assets	79,046	28,710

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24C: Fair value of Financial Instruments

	Carrying amount	Fair value	Carrying amount	Fair value
	2015	2015	2014	2014
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Available-for-sale financial assets				
Investments	224,658	224,658	145,477	145,477
Loans and receivables				
Cash at bank and on hand	104	104	-	-
Receivables for goods and services	698	711	402	543
Total financial assets	225,460	225,473	145,879	146,020
Financial Liabilities				
Financial liabilities measured at amortised				
Trade creditors	127,076	127,076	21,641	21,641
Grants payable	-	-	459	459
Total financial liabilities	127,076	127,076	22,100	22,100

Note 24D: Credit Risk

The administered loans and receivables of the department were not exposed to a high level of credit risk as the financial assets were trade receivables. The department manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the department had policies and procedures that guide employees' debt recovery techniques that were to be applied.

The department assessed the risk of the default on payment and allocated \$0.137 million in 2015 (2014: \$0.141m) to an impairment allowance for doubtful debts for goods and services receivables.

The department held no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired	Not past due nor 2015 \$'000	Not past due nor 2014 \$'000	Past due or 2015 \$'000	Past due or 2014 \$'000
Loans and receivables				
Cash at bank and on hand	104	-	-	-
Goods and services receivables	91	1	620	542
Total	195	1	620	542

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

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Goods and services receivables	14	14	53	402	483
Total	14	14	53	402	483

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

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Goods and services receivables	24	125	85	167	401
Total	24	125	85	167	401

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24E: Liquidity Risk

The department's financial liabilities were trade creditors. The exposure to liquidity risk is based on the notion that the department would encounter difficulty in meeting its obligations associated with financial liabilities. This was highly unlikely as the department was appropriated funding from the Australian Government and the department manages its budgeted funds to ensure it had adequate funds to meet payments as they fall due. In addition, the department has policies in place to ensure timely payments were made when due and had no past experience of default.

Maturities for non-derivative financial liabilities in 2015

	On demand	Within one year	Between one to two years	Between two to five years	More than five years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities						
Trade creditors	-	127,076	-	-	-	127,076
Total	-	127,076	-	-	-	127,076

Maturities for non-derivative financial liabilities 2014

	On demand	Within year	Between years	Between years	More years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities						
At amortised cost:						
Trade creditors	-	21,641	-	-	-	21,641
Grants payable	-	459	-	-	-	459
Total	-	22,100	-	-	-	22,100

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

Note 24F: Market Risk

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

Note 25: Administered – Financial Assets Reconciliation

		2015	2014
		\$'000	\$'000
Financial assets	Notes		
Total financial assets as per Administered Schedule of		256,927	168,817
Less: non-financial instrument components			
GST receivable from Australian Taxation Office	20A	17,465	9,731
Taxation receivables	20A	14,002	13,207
Total non-financial instrument components		31,467	22,938
Total financial assets as per financial instruments note	24A	225,460	145,879

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

Note 26: Appropriations

Note 26A: Annual Appropriations ('Recoverable GST exclusive')

	2015 Appropriations					Appropriation applied in 2015 (current and prior years) \$'000	Variance ¹ \$'000	Section 51 determinations \$'000
	<i>Appropriation Act</i>		<i>PGPA Act</i>		Total appropriation \$'000			
	Annual Appropriation \$'000	AFM \$'000	Section 74 \$'000	Section 75 \$'000				
DEPARTMENTAL								
Ordinary annual services	327,013	-	26,198	-	353,211	307,996	45,215	-
Other services								
Equity	23,987	-	-	-	23,987	26,114	(2,127)	-
Total departmental	351,000	-	26,198	-	377,198	334,110	43,088	-
ADMINISTERED								
Ordinary annual services								
Administered items	1,552,552	-	-	-	1,552,552	1,290,262	262,290	-
Payments to corporate entities	7,563	-	-	-	7,563	7,563	-	-
Total administered	1,560,115	-	-	-	1,560,115	1,297,825	262,290	-

The departmental ordinary annual services variance is due to closing liabilities not yet paid and operating surplus. The administered items variance relates to lower than planned administered expenditure.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26A: Annual Appropriations ('Recoverable GST exclusive') (continued)

	2014 Appropriations							Appropriation applied in 2014 \$'000	Variance \$'000
	Appropriation Act			FMA Act			Total appropriation \$'000		
	Annual \$'000	Appropriation \$'000	AFM ² \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000			
DEPARTMENTAL									
Ordinary annual services	195	-	-	-	16,672	309,265	326,132	274,060	52,072
Other services									
Equity	2,127	-	-	-	-	-	2,127	-	2,127
Total departmental	2,322	-	-	-	16,672	309,265	328,259	274,060	54,199
ADMINISTERED									
Ordinary annual services									
Administered items	14,321	(127,366)	-	1,440	-	1,576,708	1,465,103	1,439,078	26,025
Payments to CAC Act bodies	1,433	-	-	-	-	-	1,433	1,433	-
Other services									
Administered assets and	2,967	(2,887)	-	-	-	-	80	80	-
Total administered	18,721	(130,253)	-	1,440	-	1,576,708	1,466,616	1,440,591	26,025

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

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of the Appropriations Acts (Nos 1, 3 & 5) 2013–14 and section 12 of Appropriation Acts (No. 2, 4 & 6) 2013–14, the appropriation is taken to be reduced to the required amount specified in Table F of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination which is disallowable by Parliament
2. Advance to the Finance Minister (AFM) – Appropriation Acts (No. 1, 3 & 5) 2013–14: section 13 and Appropriation Acts (No. 2, 4 & 6) 2013–14: section 15.
3. Administered and departmental variances are due to the 18 September 2013 restructure and resultant section 32 transfers relating to opening and closing liabilities.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive')

	2015 Capital Budget Appropriations			Capital Budget Appropriations applied in 2015 (current and prior years)			Variance ³ \$'000	
	<i>Appropriation Act</i>	<i>PGPA Act</i>		Total Capital Budget Appropriations \$'000	Payments for non-financial assets ² \$'000	Payments for other purposes \$'000		Total payments \$'000
	Annual Capital Budget \$'000	Section 75 \$'000						
DEPARTMENTAL Ordinary annual services Departmental Capital Budget ¹	31,024	-		31,024	47,619	-	47,619	(16,595)

	2014 Capital Budget Appropriations			Capital Budget Appropriations applied in 2014			Variance ³ \$'000	
	<i>Appropriation Act</i>	<i>FMA Act</i>		Total Capital Budget Appropriations \$'000	Payments for non-financial assets ² \$'000	Payments for other purposes \$'000		Total payments \$'000
	Annual Capital Budget \$'000	Appropriations reduced \$'000	Section 32 \$'000					
DEPARTMENTAL Ordinary annual services Departmental Capital Budget ¹	-	-	21,265	21,265	-	-	-	21,265

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1, 3 & 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriation, please see Note 26A: Annual appropriations.
2. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.
3. The variances in 2014 and 2015 are a timing difference between the purchase of the assets and drawdown of the capital budget.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26C: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2015	2014
	\$'000	\$'000
Departmental		
Appropriation Act (No. 1) 2013-14	18,428	41,493
Appropriation Act (No. 1) Capital Budget 2013-14	-	21,265
Appropriation Act (No. 3) 2013-14	195	195
Appropriation Act (No. 4) 2013-14	-	2,127
Appropriation Act (No. 1) 2014-15	45,505	-
Appropriation Act (No. 1) Capital Budget 2014-15	2,059	-
Appropriation Act (No. 3) 2014-15	40,409	-
Appropriation Act (No. 3) Capital Budget 2014-15	2,611	-
Appropriation Act (No. 4) 2014-15	-	-
Cash at bank	6,321	5,669
Total	115,528	70,749
Administered		
Appropriation Act (No.1) 2013-14	25,880	141,654
Appropriation Act (No. 3) 2013-14	-	11,592
Appropriation Act (No. 4) 2013-14	-	2,887
Appropriation Act (No. 1) 2014-15	191,498	-
Appropriation Act (No. 3) 2014-15	70,792	-
Total	288,170	156,133

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2015 \$'000	2014 \$'000
<i>Fair Entitlements Guarantee Act 2012 - Section 50</i> (Administered)	Unlimited Amount	An Act to provide for financial assistance for workers who have not been fully paid for work done for insolvents or bankrupts, and for related purposes.	307,890	144,647
<i>Coal Mining Industry (Long Service Leave Funding) Act 1992</i> (Administered)	Unlimited Amount	An Act to manage the long service leave entitlement of the Coal Mining Industry.	158,607	127,622
<i>Safety, Rehabilitation and Compensation Act 1988</i> (SRC Act) (Administered)	Unlimited Amount	An Act to provide for the payment of workers compensation claims and associated expenses in accordance with the provisions of the SRC Act.	39,503	31,766
<i>Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005</i> (Administered)	Unlimited Amount	An Act to assign responsibility for the management of certain liabilities relating to asbestos-related claims, and for related purposes.	26,356	17,968
Total special appropriations applied			532,356	322,003

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27: Reporting of Outcomes

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

Note 27A: Net Cost of Outcome Delivery

	Outcome 1		Outcome 2		Payments to corporate Commonwealth entities*		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Departmental								
Expenses	252,959	231,015	83,100	98,111	-	-	336,059	329,126
Own-source income	23,490	10,872	4,431	4,618	-	-	27,921	15,490
Administered								
Expenses	1,367,249	1,414,696	576,851	330,992	7,563	1,433	1,951,66	1,747,12
Income	276	2,577	188,066	151,909	-	-	188,342	154,486
Net cost of	1,596,442	1,632,262	467,454	272,576	7,563	1,433	2,071,45	1,906,27

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

* Payments to corporate Commonwealth entities are not related to outcomes. They are included here so the total agrees to the resourcing table.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27B: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcome

	Outcome 1		Outcome 2		Not attributed [#]		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses								
Employee benefits	147,938	121,208	33,773	50,340	-	-	181,711	171,548
Suppliers	81,381	64,744	42,107	26,890	-	-	123,488	91,634
Grants	589	461	850	1,464	-	-	1,439	1,925
Depreciation and amortisation	21,891	30,007	5,984	13,355	-	-	27,875	43,362
Other	1,160	14,595	386	6,062	-	-	1,546	20,657
Total expenses	252,959	231,015	83,100	98,111	-	-	336,059	329,126
Income								
Sales of goods and rendering of services	22,582	9,985	3,978	4,248	-	-	26,560	14,233
Income from government	203,254	199,432	92,735	88,763	-	-	295,989	288,195
Other	908	887	453	370	-	-	1,361	1,257
Total income	226,744	210,304	97,166	93,381	-	-	323,910	303,685
Assets								
Cash and cash equivalents	-	-	-	-	6,321	5,669	6,321	5,669
Trade and other receivables	5,206	4,851	1,718	2,159	109,207	66,444	116,131	73,454
Other financial assets	2,808	1,918	1,286	686	-	-	4,094	2,604
Leaseholds	15,977	14,545	4,283	6,472	-	-	20,260	21,017
Infrastructure, plant and equipment	9,928	9,067	3,311	4,035	-	-	13,239	13,102
Intangibles	55,897	34,009	9,864	6,002	-	-	65,761	40,011
Other non-financial assets	9,031	13,524	2,980	2,526	-	-	12,011	16,050
Total assets	98,847	77,914	23,442	21,880	115,528	72,113	237,817	171,907
Liabilities								
Suppliers	13,130	4,253	3,590	1,893	-	-	16,720	6,146
Other payables	27,436	21,071	7,500	9,376	-	-	34,936	30,447
Employee provisions	49,157	41,219	13,439	18,341	-	-	62,596	59,560
Other provisions	4,919	910	1,345	405	-	-	6,264	1,315
Total liabilities	94,642	67,453	25,874	30,015	-	-	120,516	97,468

Outcomes are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Appendix 2 of this annual report for Agency resource statements and resources. [#] Assets and liabilities that could not be reliably attributed to outcomes.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27C: Major Classes of Administered Expenses, Income, Assets, and Liabilities by Outcome

	Outcome 1		Outcome 2		Payments to corporate		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Expenses								
Suppliers	1,280,720	1,325,612	17,648	7,974	-	-	1,298,369	1,333,586
Subsidies	11,443	28,206	159,401	133,578	-	-	170,844	161,784
Personal benefits	72,530	56,812	312,429	156,024	-	-	384,959	212,836
Grants	2,411	3,873	87,362	33,406	-	-	89,773	37,279
Other	145	193	10	10	7,563	1,433	7,718	1,636
Total expenses	1,367,249	1,414,696	576,851	330,992	7,563	1,433	1,951,663	1,747,121
Income								
Taxation	-	-	159,401	133,578	-	-	159,401	133,578
Non-taxation revenue	276	2,422	28,665	18,331	-	-	28,941	20,753
Gains	-	155	-	-	-	-	-	155
Total income	276	2,577	188,066	151,909	-	-	188,342	154,486
Assets								
Cash and cash equivalents	86	-	18	-	-	-	104	-
Receivables	17,754	10,186	14,411	13,154	-	-	32,165	23,340
Investments	-	-	224,658	145,477	-	-	224,658	145,477
Other non-financial assets	34	-	4,980	4,968	-	-	5,014	4,968
Total assets	17,874	10,186	244,067	163,599	-	-	261,941	173,785
Liabilities								
Suppliers	126,153	21,539	923	102	-	-	127,076	21,641
Subsidies	10,971	1,604	14,002	13,206	-	-	24,973	14,810
Personal benefits	2,221	2,240	4,471	7,201	-	-	6,692	9,441
Grants	-	459	-	-	-	-	-	459
Other payables	7,541	14,752	2,786,905	2,769,251	-	-	2,794,446	2,784,003
Total liabilities	146,886	40,594	2,806,301	2,789,760	-	-	2,953,187	2,830,354

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

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison between the 2014–15 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2014–15 financial statements. The Budget and Revised Budget is not audited and does not reflect budget estimates provided as part of the 2015–16 Portfolio Budget Statements (PBS). However, major changes in budget have been explained as part of the variance analysis where relevant.

Note 28A: Departmental Budgetary Reports

Statement of Comprehensive income

for the period ended 30 June 2015

	Actual	Budget estimate		Revised
		Original ¹	Variance ²	budget ³
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
NET COST OF SERVICES				
EXPENSES				
Employee benefits	181,711	192,604	(10,893)	211,414
Suppliers	123,488	80,601	42,887	104,957
Grants	1,439	200	1,239	200
Depreciation and amortisation	27,875	37,102	(9,227)	30,349
Finance costs	474	-	474	-
Write-down and impairment of assets	848	-	848	-
Losses from asset sales	224	-	224	-
Total expenses	336,059	310,507	25,552	346,920
OWN-SOURCE INCOME				
Own-source revenue				
Sale of goods and rendering of services	26,100	17,454	8,646	20,182
Other Revenue	460	400	60	400
Total own-source revenue	26,560	17,854	8,706	20,582
Gains				
Other gains	1,361	620	741	-
Total gains	1,361	620	741	-
Total own-source income	27,921	18,474	9,447	20,582
Net cost of services	308,138	292,033	16,105	326,338
Revenue from Government	295,989	254,931	41,058	295,989
Deficit attributable to the Australian	(12,149)	(37,102)	24,953	(30,349)
Total comprehensive loss	(12,149)	(37,102)	24,953	(30,349)

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15.

2. Between actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

3. Employment's revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. Employee and Supplier budgets have been amended from the revised budget to align budget with actuals. The total expense budget did not change.

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

Statement of Financial Position

as at 30 June 2015

	Actual	Budget estimate		Revised
		Original ¹	Variance ²	budget ³
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Financial Assets				
Cash and cash equivalents	6,321	2,768	3,553	2,768
Trade and other receivables	116,131	71,137	44,994	67,921
Other financial assets	4,094	4,111	(17)	4,111
Total financial assets	126,546	78,016	48,530	74,800
Non-financial Assets				
Leasehold improvements	20,260	38,263	(18,003)	21,344
Infrastructure, plant and equipment	13,239	20,318	(7,079)	13,770
Intangibles	65,761	75,371	(9,610)	63,678
Other non-financial assets	12,011	15,941	(3,930)	10,252
Total non-financial assets	111,271	149,893	(38,622)	109,044
Total assets	237,817	227,909	9,908	183,844
LIABILITIES				
Payables				
Suppliers	16,720	8,019	8,701	6,146
Other payables	34,936	26,902	8,034	11,690
Total payables	51,656	34,921	16,735	17,836
Provisions				
Employee provisions	62,596	60,380	2,216	65,592
Other provisions	6,264	1,235	5,029	1,315
Total provisions	68,860	61,615	7,245	66,907
Total liabilities	120,516	96,536	23,980	84,743
Net assets	117,301	131,373	(14,072)	99,101
EQUITY				
Contributed equity	151,515	197,066	(45,551)	151,515
Reserves	3,376	-	3,376	3,376
Accumulated deficit	(37,590)	(65,693)	28,103	(55,790)
Total equity	117,301	131,373	(14,072)	99,101

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15. Contributed equity and Reserves budgets have been amended from the original budget to align budget with actuals. The total equity budget did not change.

2. Between actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

3. Employment's revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. Trade and other receivables and Other financial assets budgets have been amended from the revised budget to align budget with actuals. The total assets budget did not change.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Statement of Changes in Equity

for the period ended 30 June 2015

	Retained earnings				Asset revaluation surplus				Contributed equity				Total			
	Budget estimate			Revised Budget ³	Budget estimate			Revised Budget ³	Budget estimate			Revised Budget ³	Budget estimate			Revised Budget ³
	Actual 2015 \$'000	Original ¹ 2015 \$'000	Variance ² 2015 \$'000		Actual 2015 \$'000	Original ¹ 2015 \$'000	Variance ² 2015 \$'000		Actual 2015 \$'000	Original ¹ 2015 \$'000	Variance ² 2015 \$'000		Actual 2015 \$'000	Original ¹ 2015 \$'000	Variance ² 2015 \$'000	
Opening balance																
Balance carried forward from previous period	(25,441)	(28,591)	3,150	(25,441)	3,376	-	3,376	3,376	96,504	163,965	(67,461)	96,504	74,439	135,374	(60,935)	74,439
Adjustment for errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted opening balance	(25,441)	(28,591)	3,150	(25,441)	3,376	-	3,376	3,376	96,504	163,965	(67,461)	96,504	74,439	135,374	(60,935)	74,439
Comprehensive income																
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment to provision for restoration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deficit for the period	(12,149)	(37,102)	24,953	(30,349)	-	-	-	-	-	-	-	-	(12,149)	(37,102)	24,953	(30,349)
Total comprehensive income	(12,149)	(37,102)	24,953	(30,349)	-	-	-	-	-	-	-	-	(12,149)	(37,102)	24,953	(30,349)
Contributions by owners																
Equity injection - Appropriation	-	-	-	-	-	-	-	-	23,987	5,926	18,061	23,987	23,987	5,926	18,061	23,987
Departmental capital budget	-	-	-	-	-	-	-	-	31,024	27,174	3,850	31,024	31,024	27,174	3,850	31,024
Return of Unspent Appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring (Note 10)	-	-	-	-	-	-	-	-	-	1	(1)	-	-	1	(1)	-
Sub-total transactions with owners	-	-	-	-	-	-	-	-	55,011	33,101	21,910	55,011	55,011	33,101	21,910	55,011
Closing balance attributable to Australian Government	(37,590)	(65,693)	28,103	(55,790)	3,376	-	3,376	3,376	151,515	197,066	(45,551)	151,515	117,301	131,373	(14,072)	99,101

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15. Contributed equity and Reserves budgets have been amended from the original budget to align budget with actuals. The total equity budget did not change.

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

3. Employment's revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15.

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

Cash Flow Statement

for the period ended 30 June 2015

	Actual	Budget estimate		Revised
		Original ¹	Variance ²	budget ³
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations	281,233	254,861	26,372	292,803
Sale of goods and rendering of services	28,130	17,454	10,676	22,996
Net GST received	13,559	-	13,559	9,236
Total cash received	322,922	272,315	50,607	325,035
Cash used				
Employees	182,157	192,534	(10,377)	216,986
Suppliers	110,617	79,781	30,836	110,950
Grants	1,439	-	1,439	-
Section 74 receipts transferred to the OPA	26,198	-	26,198	-
Total cash used	320,411	272,315	48,096	327,936
Net cash from operating activities	2,511	-	2,511	(2,901)
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of leasehold improvements	54	-	54	-
Total cash received	54	-	54	-
Cash used				
Purchase of infrastructure, plant and equipment	4,591	6,000	(1,409)	5,410
Purchase / development of intangibles	41,634	25,600	16,034	41,799
Purchase of leasehold improvements	7,526	1,500	6,026	7,802
Total cash used	53,751	33,100	20,651	55,011
	-			
Net cash used by investing activities	(53,697)	(33,100)	(20,597)	(55,011)
FINANCING ACTIVITIES				
Cash received				
Contributed equity - capital budget	51,838	33,100	18,738	55,011
Total cash received	51,838	33,100	18,738	55,011
Net cash from financing activities	51,838	33,100	18,738	55,011
Net increase in cash held	652	-	652	(2,901)
Cash and cash equivalents at the beginning of the reporting period	5,669	2,768	2,901	5,669
Cash and cash equivalents at the end of the reporting period	6,321	2,768	3,553	2,768

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15. Purchase of infrastructure, plant and equipment, Purchase of/development of Intangibles and Purchase of leasehold improvements budgets have been amended from the original budget to align budget with actuals. The total Investing Cash used budget did not change.

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

3. Employment's revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. Employee and Supplier budgets have been amended from the revised budget to align budget with actuals. The total Operating Cash used budget did not change.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10%
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of an entity.

Note 28B: Departmental Major Budget Variances for 2015

Explanations of major variances	Affected line items (and schedule)
The Machinery of Government changes of 18 September 2013 were not finalised until June 2014. The 2014–15 Portfolio Budget Statements reported the best estimate based on information available. This contributed to variances for Expenses, Assets, Liabilities and Equity to varying degrees.	Employee Benefits, Suppliers (Statement of Comprehensive Income) Trade and other receivables Non-Financial Assets, Contributed Equity, Reserves and Accumulated Deficit (Statement of Financial Position)
Lower than planned staffing numbers and higher capitalisation of employee costs associated with the development of software to support the implementation of jobactive reduced Employee Benefits by \$10.9m against the original budget.	Employee Benefits (Statement of Comprehensive Income), Employees (Cash Flow Statement)
Suppliers were \$42.9m higher against budget primarily due to the use of contractors to support the implementation of jobactive, additional legal costs, recognition of surplus lease, additional staff training. An additional, \$24.2m in suppliers budget was provided in the revised budget from the finalisation of the Machinery of Government changes and jobactive bringing the spend above budget down to \$18.7m.	Suppliers (Statement of Comprehensive Income) Suppliers (Cash Flow Statement)
During the year, the department provided funding for several non-reciprocal research projects that directly support the strategic priorities of the portfolio, which increased Grants by \$1.2m against the original budget.	Grants (Statement of Comprehensive Income) Grants (Cash Flow Statement)
Write-down and impairment of assets primarily relates to the fit out of properties that had surplus lease provisioned in 2014–15, for which the department does not budget.	Write-down and impairment of assets (Statement of Comprehensive Income)
The department received funding that was not in the original budget from other departments to assist with the coordination of the G20 Labour and Employment Ministerial meeting in Melbourne and higher than planned funding from other departments for tender and IT services and revenue from the Shared Services Centre for property sub-leases and fees for service.	Own-source revenue (Statement of Comprehensive Income) Sale of goods and rendering of services (Cash Flow Statement)
The first time recognition of assets, the disposal of make-good from a terminated lease increased Other Gains. These are all one off revenues and not budgeted for.	Other gains (Statement of Comprehensive Income)
Operating and capital surpluses, higher than planned payables and the finalisation of the Machinery of Government changes increased the Appropriation Receivable by \$44.2m against the original budget.	Trade and other receivables (Statement of Financial Position)
When the original budget was set, asset balances were not settled due to the Machinery of Government changes. This was addressed in the revised budget.	Leasehold Improvements, Infrastructure, Plant and Equipment and Intangibles (Statement of Financial Position)

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Software licences required to maintain replaced systems reduced, as such decreasing prepayments against the original budget.	Other non-financial assets (Statement of Financial Position)
Higher than planned creditor payables increased Supplier Payables against the budget due to higher than planned supplier expenses.	Supplier payables (Statement of Financial Position)
Higher than planned accrued expenses and revenue received in advance and a lease incentive associated with the department's national office increased Other Payables against the original budget. The lease incentive is amortised over the life of the lease.	Other payables (Statement of Financial Position)
The department has recognised a provision for surplus lease on nine properties. Three of these properties have lease end dates in 2015–16. Five properties have a lease end date within two years. One property has a lease end date greater than two years.	Other provisions (Statement of Financial Position)
As the Machinery of Government changes were not finalised this significantly impacted the variance against the original budget. The Department also received an additional \$21.9m in Capital and Equity injections associated with new measures.	Contributed Equity (Statement of Financial Position) Equity injection – appropriation, Departmental capital budget (Statement of Changes in Equity)
The assets of the department were revalued as at 30 June 2014. This reserve value was not known at the time of preparing the original budget.	Reserves (Statement of Financial Position) Asset Revaluation Surplus (Statement of Changes in Equity)
A capital and operating surplus in 2014–15 reduced the Accumulated Deficit by \$28.9m against the original budget. The variance against the revised budget is \$18.2m.	Accumulated deficit (Statement of Financial Position) Retained Earnings (Statement of Changes in Equity)
GST received from the ATO was \$4.3m higher than the revised budget due to higher than planned supplier expenses.	Net GST received (Cash Flow Statement)
There is no budget for the transfer of cash to the OPA from revenue received under Section 74 of the <i>Public Governance, Performance and Accountability Act 2013</i> .	Section 74 transfers to the OPA (Cash Flow Statement)
A later than planned transfer to a new data centre reduced Purchase of Infrastructure Plant and Equipment by \$0.8m against the revised budget.	Purchase of Infrastructure Plant and Equipment (Cash Flow Statement)

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28C: Administered Budgetary Reports

Administered Statement of Comprehensive income

for the period ended 30 June 2015

	Actual	Budget estimate		Revised
		Original ¹	Variance ²	budget ³
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
NET COST OF SERVICES				
EXPENSES				
Suppliers	1,298,369	1,344,198	(45,829)	1,414,647
Subsidies	170,844	225,882	(55,038)	226,091
Personal benefits	384,959	284,958	100,001	288,346
Grants	89,773	72,208	17,565	66,451
Write-down and impairment of assets	155	-	155	-
Payments to corporate Commonwealth	7,563	7,563	-	7,563
Total expenses	1,951,663	1,934,809	16,854	2,003,098
INCOME				
Revenue				
Taxation revenue				
Other taxes	159,401	174,618	(15,217)	174,618
Total taxation revenue	159,401	174,618	(15,217)	174,618
Non-taxation revenue				
Interest	20	-	20	-
Commonwealth asset recoveries	23,278	14,732	8,546	14,732
Other revenue	5,643	3,993	1,650	3,993
Total non-taxation revenue	28,941	18,725	10,216	18,725
Total revenue	188,342	193,343	(5,001)	193,343
Total income	188,342	193,343	(5,001)	193,343
Net cost of services	(1,763,321)	(1,741,466)	(21,855)	(1,809,755)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent				
Changes in asset revaluation surplus	79,181	-	79,181	-
Total other comprehensive income	79,181	-	79,181	-
Total comprehensive loss	(1,684,140)	(1,741,466)	57,326	(1,809,755)

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15. Suppliers, Subsidies, Personal Benefits, and Grants have been amended from the original budget to align budget with actuals. The total expense budget did not change.

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

3. Employment's revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. Suppliers, Subsidies, Personal Benefits, and Grants have been amended from the revised budget to align budget with actuals. The total expense budget did not change.

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

Administered Statement of Financial Position

as at 30 June 2015

	Actual	Budget estimate		Revised budget ³
		Original ¹	Variance ²	
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	104	-	104	-
Trade and other receivables	32,165	41,406	(9,241)	23,336
Other investments	224,658	-	224,658	145,477
Total financial assets	256,927	41,406	215,521	168,813
Non-financial assets				
Other non-financial assets	5,014	4,957	57	4,980
Total non-financial assets	5,014	4,957	57	4,980
Total assets administered on behalf of	261,941	46,363	215,578	173,793
LIABILITIES				
Payables				
Suppliers	127,076	42,435	84,641	21,642
Subsidies	24,973	28,427	(3,454)	14,810
Personal benefits	6,692	3,352	3,340	9,441
Grants	-	-	-	459
Other payables	2,794,446	2,797,472	(3,026)	2,791,124
Total payables	2,953,187	2,871,686	81,501	2,837,476
Interest bearing liabilities				
Loans	-	-	-	-
Total interest bearing liabilities	-	-	-	-
Total liabilities administered on behalf of	2,953,187	2,871,686	81,501	2,837,476
Net liabilities	(2,691,246)	(2,825,323)	134,077	(2,663,683)

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15.

2. Between actual and original budgeted amounts for 2015. Explanations of major variances are provided further

3. Employment's revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10%; and
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of an entity.

Note 28D: Administered Major Budget Variances for 2015	
Explanations of major variances	Affected line items (and schedule)
Lower than planned commencements in Job Services Australia and a new measure to pro-rata service fees for Job Services Australia providers in the final quarter of 2014–15 to account for the commencement of jobactive on 1 July 2015, reduced Suppliers by \$45.8m against the original budget.	Suppliers (Administered Schedule of Comprehensive Income)
Monthly levy collections under the <i>Coal Mining Industry (LSL) Act 1992</i> (CMIC) programme have averaged \$12.3m since December 2014 against the original budget estimate of \$15.0m, reducing Subsidies, Other Taxes and Subsidies Payable.	Subsidies (Administered Schedule of Comprehensive Income), Subsidies Payable (Administered Schedule of Assets and Liabilities)
The continued pause of the Wage Connect wage subsidy programme since December 2013 and lower than planned take-up of the Restart wage subsidy programme owing to the static labour market, reduced Subsidies by \$39.5m against the original budget.	Subsidies (Administered Schedule of Comprehensive Income)
Higher than planned Personal Benefits primarily relates to the Fair Entitlements Guarantee programme. Under the programme, the department processed 21,808 claims against the original budget estimate of 15,988 claims. Additionally, anticipated savings from a 2014 Budget measure to reduce the redundancy cap to 16 weeks from 1 January 2015 was factored into the original budget. This measure has not yet passed the Parliament which has impacted on the average claim costs.	Personal Benefits (Administered Schedule of Comprehensive Income), Personal Benefits Payable (Administered Schedule of Assets and Liabilities)
Monthly levy collections under the <i>Coal Mining Industry (LSL) Act 1992</i> (CMIC) programme have averaged \$12.3m since December 2014 against the original budget estimate of \$15.0m, reducing Subsidies, Other Taxes and Subsidies Payable.	Other Taxes (Administered Schedule of Comprehensive Income) Trade and other receivables (Administered Schedule of Assets and Liabilities)
Higher than planned Commonwealth Asset Recoveries relates to the Fair Entitlements Guarantee programme. Under the programme, funding is recovered through insolvency processes for the Commonwealth. The original budget was based on prior year outcomes, however by their nature, the recoveries vary from year to year.	Commonwealth Asset Recoveries (Administered Schedule of Comprehensive Income)
Higher than planned Other Revenue relates to recoveries of asbestos settlement claims from Employers for costs paid by the Commonwealth under the <i>Asbestos Related Claims Act 2005</i> . The original budget was based on prior year outcomes, however by their nature, the recoveries vary from year to year.	Other Revenue (Administered Schedule of Comprehensive Income)
Higher than planned Other Investments relates to the Government's holdings in the Coal Mining Industry (Long Service Leave Funding) Corporation. The budget was revised at the 2014–15 Portfolio Additional Estimates Statements to \$145.5m. CMICs financial position increased \$79.2m in the last financial year.	Other Investments (Administered Schedule of Assets and Liabilities)
Suppliers Payables were higher than planned due to accruals for the Job Services Australia programme for the Employment Pathway Fund and Outcome Fees to account for the programme ending on 30 June 2015.	Suppliers Payable (Administered Schedule of Assets and Liabilities)

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