



Australian Government
Department of Education

Annual Report

2013–14

Opportunity
through
learning

Annual Report

2013–14

ISSN 2203-5451 [print]
ISSN 2203-546X [online]



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The document must be attributed as the Department of Education Annual Report 2013–14.

Aboriginal and Torres Strait Islander readers are warned that this document may contain images and names of deceased persons. The term 'Indigenous' in this report refers to Aboriginal and Torres Strait Islander peoples unless otherwise stated.



Australian Government
Department of Education

Secretary
Lisa Paul AO PSM

The Hon Christopher Pyne MP
Minister for Education
Parliament House
CANBERRA ACT 2600

Dear Minister

It is my pleasure to present to you the Department of Education Annual Report for 2013–14.

The report reflects the department's legislative reporting requirements and has been prepared in accordance with section 63 of the *Public Service Act 1999*, which requires me to provide a report for you to present to the Parliament. It reflects the requirements of the Department of Prime Minister and Cabinet for Annual Reports as approved by the Joint Committee of Public Accounts and Audits.

The report includes the 2013–14 Annual Report of the Tuition Protection Service, as required under section 170B of the *Education Services for Overseas Students Act 2000*.

Included are the Auditor-General's report and the department's audited financial statements prepared in accordance with section 57 of the now superseded *Financial Management and Accountability Act 1997*.

As required by the *Commonwealth Fraud Control Guidelines*, I certify that I am satisfied that the department:

- prepared fraud risk assessments and fraud control plans
- had in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes
- took all reasonable measures to minimise the incidence of fraud against the department and to investigate and recover the proceeds of fraud against the department.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Lisa Paul'.

Lisa Paul

17 October 2014

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REPORT GUIDE

This report is prepared in accordance with parliamentary reporting and legislative requirements and its purpose is to provide details of departmental activities and performance during the financial year.¹

OVERVIEW

Comprises an overview by the Secretary, Executive biographies and the department's role and structure.

PERFORMANCE REPORT

Reports on the department's performance against the Portfolio Budget Statements 2013–14 and Portfolio Additional Estimates Statements 2013–14.²

OUR ACCOUNTABILITY AND HOW WE OPERATE

These parts explain measures to remain transparent and accountable in the department's operations including corporate governance and external scrutiny.

They also cover compliance activities and how the department manages its workplace environments and human resources.

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FINANCIAL STATEMENTS

Includes the independent auditor's report and the department's financial statements.

APPENDICES

The appendices provide additional information about the department's operations and responses to a number of legislative reporting requirements.

REFERENCE MATERIALS

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

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- 1 As a result of the Administrative Arrangements Order (AAO) that took effect on 18 September 2013, some responsibilities of the former Department of Education, Employment and Workplace Relations and some responsibilities of the former Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education combined to form the Department of Education. The 2013–14 Department of Education Annual Report details these functions for the entirety of the reporting period.
 - 2 The Annual Report details the agency's performance against the relevant outcomes and performance frameworks outlined in the Department of Education, Employment and Workplace Relations 2013–14 Portfolio Budget Statements, the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education 2013–14 Portfolio Budget Statements and the Department of Education 2013–14 Portfolio Additional Estimates Statements.

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PART 1

Overview

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Secretary's overview

The 2013–14 year saw the formation of the new Department of Education, established on 18 September 2013, with a vision to provide *opportunity through learning*.

A dedicated Australian Government Department of Education provides opportunity to support a stronger economy, opportunity to build stronger communities and the opportunity for a more equitable society. We will achieve this by enabling learning that is lifelong.

Our portfolio is responsible for national policies and programmes that help Australians access quality and affordable child care, early childhood education, school education, higher education, international education and academic research.

The department has been active in implementing the education policy agenda for the Australian Government elected on 7 September 2013. This includes supporting the Minister for Education, the Hon Christopher Pyne MP, the Assistant Minister for Education, the Hon Sussan Ley MP, and the Parliamentary Secretary to the Minister for Education, Senator the Hon Scott Ryan.

The creation of the Department of Education required a complex set of Machinery of Government changes involving several other agencies. In a first for the Australian Public Service (APS), a shared services centre was created to provide corporate services that can be shared between APS agencies.

During the year, we developed and launched our 2014–2017 Strategic Plan to guide the day-to-day work of all Education people. The plan reinforces the work of the department through four goals of excelling through knowledge, enriching early learning, supporting quality schooling and enabling business areas.

We have established a Deregulation Unit to identify opportunities for reducing the regulatory burden on individuals, business and community organisations. This is contributing towards the government's \$1 billion red tape reduction target.

In our department, *Indigenous business is everyone's business*. We develop and deliver education policies and programmes by working with Aboriginal and Torres Strait Islander peoples, respecting their cultures and building the cultural capability of Education people.

Our Reconciliation Action Plan is a formal commitment and call to action for all our people to improve outcomes for Aboriginal and Torres Strait Islander peoples. The department's Indigenous Leader works to ensure the department is identified as an employer of choice for Aboriginal and Torres Strait Islander peoples. We have also established an Aboriginal and Torres Strait Islander Employee Committee.

Excelling through knowledge

Reforms to higher education announced in the 2014–15 Budget represent important changes which aim to give students greater choice and ensure the sustainability of Australia's higher education system.

Under Associate Secretary Robert Griew, the Higher Education, Research and International area is working closely with the higher education sector to progress the Government's reform agenda. This includes deregulation of Australia's higher education institutions, as well as ongoing support for Australian research and international education.

The department is also supporting the Government to position Australia as a regional leader in international education cooperation. Under the New Colombo Plan more than 1300 undergraduate students from 39 universities across Australia will have the opportunity to study and live in a country in the Asia-Pacific region.

Enriching early years

The establishment of the Productivity Commission Inquiry into Child Care and Early Childhood Learning was one of the Government's first priorities and a key election commitment. The Early Childhood Education and Child Care area led by Deputy Secretary Jackie Wilson has actively contributed to the inquiry process, through a submission and the provision of a range of information to the Commission. The policy focus is the Government's commitment to make child care more affordable, flexible and accessible for Australian families and to reduce the burden of red tape on service providers. We are looking forward to supporting the Government in responding to the Inquiry report when released.

During 2013–14, the Government also invested significantly in early childhood development, education and care including establishing the Long Day Care Professional Development Programme.

Supporting quality schooling

The Schools and Youth teams led by Associate Secretary Tony Cook are active in supporting the delivery of the *Students First* framework for improving school education and implemented needs-based funding arrangements commencing with the 2014 school year.

Under the *Students First* plan, policies and programmes are being developed and implemented to address four areas that affect student outcomes: high-quality teaching, parental engagement in a child's learning, greater autonomy for schools and a strong national curriculum.


Our people

During 2013–14, our people have again proved to be resourceful, resilient and dedicated to achieving our collective goals. I thank them for their ongoing efforts. I look forward to working with all Education people in 2014–15 to continue creating *opportunity through learning*.



Lisa Paul AO PSM
Secretary

Our portfolio



Minister for Education
The Hon Christopher Pyne MP

Assistant Minister for Education
The Hon Sussan Ley MP

Parliamentary Secretary to the Minister for Education
Senator the Hon Scott Ryan

Department of Education Lisa Paul AO PSM, Secretary
Portfolio agencies
Australian Curriculum, Assessment and Reporting Authority Robert Randall—Chief Executive Officer
Australian Institute of Aboriginal and Torres Strait Islander Studies Russell Taylor—Principal (Chief Executive Officer)
Australian Institute for Teaching and School Leadership Margery Evans—Chief Executive Officer
Australian Research Council Professor Aidan Byrne—Chief Executive Officer
Tertiary Education Quality and Standards Agency Dr Carol Nicoll PSM—Chief Executive Officer

Our portfolio agencies

Australian Curriculum, Assessment and Reporting Authority

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

Australian Institute of Aboriginal and Torres Strait Islander Studies

Outcome—Further understanding of Australian Indigenous cultures, past and present through undertaking and publishing research, and providing access to print and audio-visual collections.

Australian Institute for Teaching and School Leadership

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

Australian Research Council

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

Tertiary Education Quality and Standards Agency

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

Our department

The Department of Education is the Australian Government’s lead agency responsible for national policies and programmes that help Australians access affordable, flexible, high-quality child care and early childhood learning, school education, higher education, international education and academic research.

The department works to provide opportunity through learning for all Australians.

The department develops and provides access to:

- ▶ affordable, accessible, flexible and high-quality child care and early childhood learning; a child care system that supports workforce participation and meets the needs of modern families and the economy; and services that are inclusive and responsive to children, parents and communities
- ▶ a world-class school education system that is based on teacher quality, school autonomy, engaging parents in education and strengthening the Australian Curriculum, which can have a significant impact on student outcomes
- ▶ higher education and research so that Australia excels through knowledge, by enabling the delivery of quality higher education, international education, and research opportunities that contribute to Australia’s society and the global economy.

The department collaborates closely with other Australian Government agencies, state and territory governments and education stakeholders.

Our executive

The department is led by an Executive team that works closely with all areas of the department, including the department’s Indigenous Leader, Kevin Brahim, to deliver our business.



Executive team as at 30 June 2014. Standing clockwise from top left: Robert Griew, Tony Cook, Martin Hehir, Jackie Wilson, Lisa Paul and Jessie Borthwick.

Lisa Paul
Secretary
Department of Education

Tony Cook
Associate Secretary
Early Childhood, Schools
and Youth

Martin Hehir
Deputy Secretary
Schools and Youth

Robert Griew
Associate Secretary
Higher Education,
Research and International

Jackie Wilson
Deputy Secretary
Early Childhood Education
and Care

Jessie Borthwick
Deputy Secretary a/g
Higher Education Reform
and Support



Lisa Paul, Secretary

Lisa Paul AO PSM is the Secretary of the Commonwealth Department of Education.

Lisa has been a Chief Executive for 10 years across three different Secretary roles:

- ▶ Secretary Department of Education, Science and Training 2004–2007
- ▶ Secretary Department of Education, Employment and Workplace Relations 2007–2013
- ▶ Secretary of the Department of Education current.

In 2011, Lisa was made an Officer of the Order of Australia for distinguished service to public sector leadership in key policy and programme implementation. Also in 2011, Lisa received the Chartered Accountants Australia Federal Government Leader of the Year Award.

In 2003, Lisa was awarded a Public Service Medal for leading the Australian Government's domestic response to the Bali bombings.

As Secretary of the department, Lisa has a particular interest in organisational leadership and the links between productivity and leadership inside workplaces.

Lisa is currently a non-executive director of the Australian Research Alliance for Children and Youth, Social Ventures Australia, the Advisory Council of the Australian National University Crawford School of Public Policy, the Advisory Board to the Strategic Centre for Leadership Learning and Development, the Centre for Workplace Leadership and the National Security College Advisory Board.

Lisa has been a director of the Education Investment Fund, the Australian National Institute of Public Policy Advisory Board, the Commonwealth Scientific and Industrial Research Organisation, the Australian Research Council, the Higher Education Endowment Fund, the Australian Housing and Urban Research Institute and a single women's refuge.

Lisa is a national fellow of the Institute of Public Administration Australia, a fellow of the Australian Council for Educational Leaders, a fellow of the Australian Institute of Management, an Australian National University Public Policy fellow, a member of the Australian Institute of Company Directors and a member of Chief Executive Women.



Tony Cook, Associate Secretary

Tony Cook PSM is the Associate Secretary, Early Childhood, Schools and Youth. Before joining the former Department of Education, Employment and Workplace Relations (DEEWR) in October 2011, Tony was the Deputy Secretary Government and Corporate with the Victorian Department of Premier and Cabinet. Tony has held a number of senior executive education positions including:

- ▶ Deputy Secretary, Office for Children and Portfolio Coordination, Victoria
- ▶ Deputy Secretary, Office for Planning, Strategy and Coordination, Victoria
- ▶ General Manager, Student Learning, Victorian Department of Education and Early Childhood Development.

Tony began his education career with Education Queensland.

Tony is a registered primary school teacher with a major in early childhood education and has been a deputy principal and taught in schools and preschools in Queensland and the United Kingdom. Tony holds a Bachelor of Education degree from the Queensland University of Technology.

In October 2013, Tony was made an honorary fellow of the Australian Council for Education Leaders, and in January 2014 he was awarded a Public Service Medal for outstanding public service, especially in driving schools policy and funding reform in Australia.



Robert Griew, Associate Secretary

Robert Griew is the Associate Secretary, Higher Education, Research and International.

Robert has a distinguished career spanning the public, private and not-for-profit sectors.

Robert spent the first 28 years of his career focused on health and community services, including four years as Secretary of the Northern Territory Department of Health and Community Services, and senior positions in New South Wales and Victoria. He spent more than 10 years managing Commonwealth health and

community services, including running the Commonwealth aged care and Aboriginal health programmes. He has run his own consulting business doing both technical and organisational development work and held senior positions in the community health sector.

Robert moved to the education sector in 2008 and, prior to joining the department as part of the 2013 Machinery of Government changes, has been responsible for labour market strategy, tertiary education and Indigenous employment programmes.

He has previously chaired ministerial advisory councils, including the National Public Health Partnership and most recently the National Senior Officials' Committee, which supported tertiary education ministers. Past directorships include the National Centre for Vocational Education and Research, the National eHealth Advisory Council, the New South Wales Legal Aid Commission and Australian Hearing.

Robert has a bachelor's degree in health science and education, a master's degree in public health and a graduate economics degree from the Australian National University.



Jackie Wilson, Deputy Secretary

Jackie Wilson is the Deputy Secretary, Early Childhood Education and Care. Jackie also has responsibility for the department's state and territory network, as well as leading the department's deregulation agenda.

Prior to joining the former Department of Education, Employment and Workplace Relations (DEEWR) in August 2013, Jackie jointly led the Schools Funding Taskforce with DEEWR for 12 months in the Department of the Prime Minister and Cabinet.

From 2009 to 2011, Jackie worked in the Department of Immigration and Citizenship and was the deputy secretary responsible for business services, including responsibility for finance and information technology, and detention and community services during a very busy time for the department.

Jackie has also worked in a number of senior positions in a range of Commonwealth portfolios, including the Department of Finance's Budget Group with responsibility for the social welfare areas of the budget and the overall coordination of the budget.

In the Commonwealth health and family and community services portfolios, Jackie has worked extensively on policy and programme management including management of a range of income support payments.



Martin Hehir, Deputy Secretary

Martin Hehir is the Deputy Secretary, Schools and Youth.

Martin has held this responsibility since April 2012. Prior to this role, he was Director-General of the Community Services Directorate, Australian Capital Territory (ACT) Government.

Martin has held a number of senior positions in other ACT Government agencies and worked as an advisor to a member of the ACT Legislative Assembly. He has played a key role in a number of Ministerial Advisory Councils and supported Ministers at ministerial council meetings covering housing, community and

disability services; immigration and multicultural affairs; Aboriginal and Torres Strait Islander affairs; and employment, education, early childhood, training and youth affairs.

Martin holds an economics degree from the Australian National University and a Graduate Diploma in Applied Finance and Investment.



Jessie Borthwick, Deputy Secretary a/g

Jessie Borthwick is acting Deputy Secretary for Higher Education, Reform and Support.

Previously, Jessie was head of the Tertiary Quality and Participation Division in the former Department of Industry, Innovation, Science, Research and Tertiary Education, having returned to the department in 2011 from the Australian National University, where she worked as Executive Director, Strategy for the Australian National Institute for Public Policy.

Before working at the Australian National University, Jessie was Division Head for Science and Research in the former Department of Industry, Innovation, Science and Research. She was also Group Manager, Science and Group Manager, Strategic Analysis and Evaluation in the former Department of Education, Science and Training. Jessie has extensive experience at senior levels in state and Commonwealth agencies across tertiary education including in the New South Wales Technical and Further Education Commission, the Employment and Skills Formation Council, the Australian National Training Authority and the National Centre for Vocational Education Research.

OUR DEPARTMENTAL STRUCTURE

LISA PAUL AO PSM
Secretary

KEVIN BRAHIM
Indigenous Leader

TONY COOK PSM
Associate Secretary
Early Childhood Schools
and Youth

JACKIE WILSON
Deputy Secretary

Early Childhood Education
and Care

- **Early Childhood Initiatives**
 - Early Childhood Quality Reform
 - Stakeholder Engagement and Budget Based Funding
 - Early Childhood Workforce
- **Early Childhood Care Support**
 - Early Childhood Education Care Service Policy and Operations
 - Early Childhood Education Care Business Improvement Supports and HIPPY
 - Early Childhood Education Care Payments to Families and Services
- **Early Childhood Strategy**
 - Child Care Reform
 - Strategic Policy Coordination
 - Early Childhood Data and Analysis
- **State Network**
 - New South Wales / Australian Capital Territory offices
 - Victorian office
 - Queensland offices
 - South Australian office
 - Western Australian office
 - Northern Territory offices
 - Tasmanian office

MARTIN HEHIR
Deputy Secretary

Schools and Youth

- **Schools Funding**
 - School Payments
 - Schools Assurance
 - Financial Policy and Support
 - Strategic Priorities
- **Evidence Services**
 - Funding Portfolio Lead: Data
 - Schooling Portfolio Lead: National Performance Measurement
 - Workforce and Youth Portfolio Lead: Research and Evaluation
- **Schooling**
 - Curriculum and Learning
 - Assessment and Digital Infrastructure
 - Students with Disability
 - Chaplaincy
- **Workforce and Youth**
 - Leadership and Teaching
 - Education Access and Engagement
 - Training Infrastructure
 - School to Work
 - Youth Affairs

ROBERT GRIEW

Associate Secretary

Higher Education,
Research and International

● **Research and Strategy**

- Research and Higher Education Infrastructure
- Research Funding and Policy
- Access and Participation
- Strategy and Economic

● **International**

- ESOS and South Asia
- International Strategy and North Asia
- Mobility, South and East Asia
- Europe, Americas and Multilateral

- Tuition Protection Service

JESSIE BORTHWICK

Deputy Secretary a/g

Higher Education Reform
and Support

● **Quality and Student Support**

- Student Support
- Quality and Deregulation
- Office for Learning and Teaching

● **Higher Education Funding and Implementation**

- Data and Analysis
- Finance and Implementation

● **Higher Education Reform Taskforce**

- Stakeholder Engagement

SHARED SERVICES CENTRE

CRAIG STOREN PSM

Chief Executive Officer a/g

- Technology
- Business and Technology Services Support
- Enterprise Solutions
- Business Solutions
- Business Enabling
- Investigations
- Work Environment
- People and Business Services
- Service Delivery
- SSC Communications

TONY COOK • ROBERT GRIEW • JACKIE WILSON • MARTIN HEHIR

● **Finance and Strategy**

- Corporate Management and Planning
- Finance and Budget
- Parliamentary and Deregulation

● **People, Capability and Communication**

- Communication
- Strategic Capability
- People

● **Legal and Compliance**

- Schools, Tertiary, International and Legislation Legal
- Child care, Corporate and External Review Legal
- Risk, Implementation and Audit

STRUCTURE AT 30 JUNE 2014

Outcome and programme structure

OUTCOME 1

Improved access to quality services that support early childhood learning and care for children through a national quality framework, agreed national standards, investment in infrastructure, and support for parents, carers, services and the workforce.

1.1 Support for the Child Care System

1.3 Child Care Rebate

1.2 Child Care Benefit

1.4 Early Childhood Education

OUTCOME 2

Improved learning, and literacy, numeracy and educational attainment for school students, through funding for quality teaching and learning environments, workplace learning and career advice.

2.1 Government Schools National Support

2.5 Digital Education

2.2 Non-government Schools National Support

2.6 More Support for Students with Disabilities

2.3 Schools Support

2.7 Youth Support

2.4 Trade Training

OUTCOME 3

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

3.1 Commonwealth Grant Scheme

3.5 Investment in Higher Education Research

3.2 Higher Education Superannuation Programme

3.6 Research Capacity

3.3 Higher Education Support

3.7 International Education Support

3.4 Higher Education Loan Programme

OUTCOME

1



PART 2

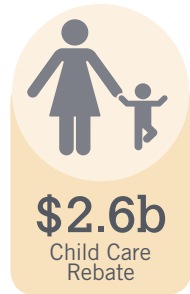
Performance report

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Outcome 3—Higher Education, Research and International	55

1,476,000

Children attended approved child care centres

Record level of support for **Families**



Establishment of the

**New Long Day Care
Professional
Development
Programme**



Commenced the review of the

**National Partnership
Agreement on the
National Quality Agenda
for Early Childhood
Education and Care**

Budget Based Funded (BBF)



5 New Buildings



12 Refurbishments



17 Infrastructure Projects

HIPPY Programme



Assisting Indigenous Communities



25 New Locations



Future 25 New Locations



Improved access to quality services that support early childhood learning and care for children through a national quality framework, agreed national standards, investment in infrastructure, and support for parents, carers, services and the workforce.

During 2013–14, the Department of Education continued to invest significantly in early childhood development and education and child care assistance, to deliver better access to affordable and high-quality early childhood education and care for Australian families.

Early childhood is a critical stage of development that forms the foundation for children's future wellbeing and learning. The skills and abilities acquired in early childhood years are fundamental to a person's success and wellbeing later in life.

A highly skilled and professional workforce is instrumental in ensuring high-quality child care and early learning experiences. On 5 May 2014, the Hon Sussan Ley MP, Assistant Minister for Education, released the guidelines for the new Long Day Care Professional Development Programme (LDCPDP). The programme will assist all educators in long day care centres to meet the National Quality Framework (NQF) qualification requirements and improve quality outcomes for children. The LDCPDP complements the Inclusion and Professional Support Programme, which provides subsidised professional development and inclusion support for carers and educators and \$200 million will be provided over three years.

All children, regardless of location, should have access to quality child care and early learning experiences. The department is committed to lifting the quality of centre-based Budget Based Funded (BBF) early childhood services. The department

funds BBF early childhood education and care and school-age care services in approved locations where the market would not normally allow services to operate. These services predominantly operate in rural, remote and Aboriginal and Torres Strait Islander communities. A review of arrangements for BBF services was undertaken in 2013 and the outcomes of the report are being used to inform future policy to ensure that the services are well targeted to contemporary needs.

Support for children's early literacy and numeracy development will be improved with the continued expansion of the Home Interaction Programme for Parents and Youngsters (HIPPY) to a total of 100 locations by 2015. HIPPY is a two-year, home-based parenting and early childhood enrichment programme targeted at disadvantaged communities.

During 2013–14, the department undertook work to reduce the red tape and regulatory burden experienced by individuals, businesses and community organisations. Consistent with this, the department is working closely with state and territory governments and with the child care and early childhood learning sector to find practical ways to improve the implementation of the NQF without compromising the quality of education and care that is provided.

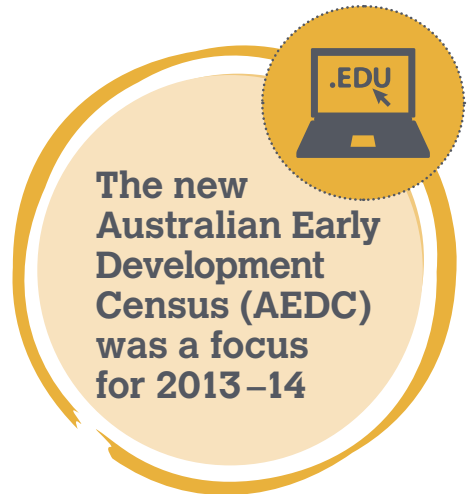
The department worked with a number of early childhood and early education peak bodies to test a range of flexible child care models across the long

day care, family day care and outside school hours care sectors. These trials will be independently evaluated by the Australian Institute of Family Studies; however, the uptake by parents of some of the flexible arrangements on offer has not been as high as initially anticipated.

A focus for 2013–14 has been the Australian Early Development Census (AEDC)—formerly known as the Australian Early Development Index—which was launched on 1 July 2014 through a new website at www.aedc.gov.au. The department has committed to the third national collection of the AEDC data; this will occur in mid 2015.

The AEDC is a population measure of children's development before their first year of full-time school. The AEDC will help governments at all levels, as well as community organisations and early childhood services, to monitor progress, consider emerging trends and inform early childhood policy and planning across education, health and community services.

The department contributed to the development of improved early childhood learning and care policies and programmes in various ways—for example, it provided a formal submission, detailed data and programme information to the Productivity Commission's ongoing Inquiry into Child Care and Early Childhood Learning.



Priorities

Assist parents and carers to access affordable child care and support them in their roles as early childhood educators and carers.

Work with state and territory governments to identify opportunities to improve and streamline the implementation of the NQF.

Support the Productivity Commission Inquiry into Child Care and Early Childhood Learning to consider ways to make Australia's child care and early learning system more flexible, affordable and accessible while supporting workforce participation and addressing children's learning and development needs. The Commission's final report will be provided to government by the end of October 2014.

On behalf of the Council of Australian Governments, commence reviews of both the National Partnership Agreement on Universal Access to Early Childhood Education and the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care.

Provide child care services with information and support to enable services to be compliant with the family assistance law; and take proportionate compliance action against those services found to be breaching the law.

Continue to work in partnership with state and territory governments to implement the AEDC, which will provide governments, communities, schools and early childhood services with information on how children are progressing across key developmental areas in their communities.

Invest in programmes and infrastructure to improve access to quality early childhood learning and child care services.

Improve the qualifications and skill levels of child care and early learning educators to meet the requirements of the NQF.

Complete the review of the BBF programme.

Progressively expand HIPPY to 50 new locations by 2015, with an emphasis on Aboriginal and Torres Strait Islander communities; and continue to deliver HIPPY in the existing 50 locations.

Achievements

The Australian Government delivered record levels of support to families and the child care sector. During 2013–14, the Government provided over \$5.6 billion in child care fee assistance. This included \$3.0 billion for Child Care Benefit (CCB) and \$2.6 billion for Child Care Rebate (CCR).

The department provided a substantial submission to the Productivity Commission Inquiry into Child Care and Early Childhood Learning. The submission described the Australian child care and early learning system and relevant government policies and programmes.

The department also provided submissions for two Senate inquiries into child care: ‘Delivery of quality and affordable early childhood education and care services’; and ‘Immediate future of the child care sector in Australia’. The submissions described the Australian child care and early learning system and relevant government policies and programmes, and provided additional information to address specific terms of reference.

The department facilitated the Ministerial Review of the Early Years Quality Fund. The outcomes were publicly released in December 2013.

The department established a new professional development programme—the Long Day Care Professional Development Programme—to assist all educators in long day care centres to meet the qualification requirements under the NQF and improve quality outcomes for children.

The review of the BBF programme was completed and announced by the Hon Sussan Ley MP in June 2014. The review has resulted in changes to the programme that will further embed quality improvement in BBF services and inform future policy.

The department, on behalf of the Australian Government, commenced the review of the National Partnership Agreement on Universal Access to Early Childhood Education to determine whether the objectives have been met.

The department, on behalf of the Australian Government, commenced the review of the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care.

The Standing Council on School Education and Early Childhood agreed to amendments to the Education and Care Services National Regulations to improve the operation of the NQF. The amendments commenced on 1 June 2014 in all states and territories except Western Australia. The amendments relate to staffing arrangements, the physical environment of child care and early learning services and transitional provisions to deal with workforce shortages in remote and very remote areas.

In 2013–14, the department implemented a more sophisticated results-oriented approach to child care payments compliance; strengthened compliance operations; and imposed sanctions and penalties on 19 services, including cancelling or suspending 10 child care services approvals.

Under the infrastructure element of the BBF Quality Measure, 17 infrastructure projects were completed, with five new builds and 12 refurbishments.

Under the workforce element of the BBF Quality Measure, participants achieved around 100 qualifications. A further 384 participants were working towards a qualification.

The first 25 new locations of HIPPY, with an emphasis on Aboriginal and Torres Strait Islander communities, commenced operations in 2014. A process to select the final 25 locations is underway, while programme delivery continues in the first 50 locations.

The department engaged the University of Technology Sydney: Centre for Local Government to develop the Best Practice Guidelines for Planning and Development of Child Care Facilities, which will be used by local governments to streamline child care approval processes and build community support for child care. The guidelines are designed to provide national-level guidance for local government, child care operators and developers on the planning and development of child care facilities. They will be made available on the department's website.

The implementation of the Child Care Flexibility Trials is nearing completion with 244 families participating. Fifty action-based research projects have also commenced in 65 Outside School Hours Care services across Australia.

Changes to the Community Support Programme (CSP) will enable programme funding to be better targeted to child care services in regional, remote and disadvantaged communities.

Results from the second Early Childhood Education and Care Workforce Census, which took place between May and August 2013, were released in May 2014.

Programme 1.1 Support for the Child Care System

The objective of this programme is to support child care services so that more families can access quality early childhood education and child care services.

The programme helps families to participate in the social and economic life of their communities by:

- ▶ promoting and supporting quality child care
- ▶ assisting service providers to improve access and inclusion for children and families with special or additional needs
- ▶ providing the child care and early learning sector with increased access to professional development to build the capacity of the child care sector
- ▶ supporting the sustainability of child care for all Australian children and families, including in areas and circumstances where services would not otherwise be available
- ▶ developing, providing and disseminating information to assist families to make informed decisions about child care and the related support programmes and services provided or funded by the Government
- ▶ improving the flexibility and accessibility of child care services so they are more responsive to the needs of families.

Child Care Services Support

The Child Care Services Support Programme provides a range of payments directly to child care service providers to improve access to child care. The main elements of the programme include:

- ▶ community support—delivering improved access to child care by supporting the establishment of new services and the maintenance of existing services, especially in areas where the market would otherwise fail to provide child care services



The Hon Sussan Ley MP, Assistant Minister for Education, at the launch of the Home Interaction Programme for Parents and Youngsters (HIPPY) at Koori Kindermanna Preschool, Glenroy, 2014.

- ▶ child care quality support—aiming to ensure that children in care have stimulating, positive experiences and interactions that will foster all aspects of their development; and promote quality care for all children in approved child care services
- ▶ inclusion and professional support—promoting and maintaining high-quality care and inclusion for all children in eligible child care services by providing professional development and inclusion support to carers and educators
- ▶ LDCPDP—this \$200 million programme assists educators in centre-based long day care services to meet qualification requirements under the NQF and improve quality outcomes for

children. Applications for the LDCPDP opened in May 2014 and closed on 13 June 2014. Educators will have three years to use funding they receive under the programme

- ▶ **BBF**—helps non-mainstream services with the costs of operating child care services.

In addition to the contribution made to providers to operate services, funding is also available under the BBF Quality Measure to upgrade or build new centre-based BBF early childhood services in

line with the new National Quality Standards. In 2013–14, around \$16.6 million was provided to approximately 62 BBF services across Australia under this initiative.

On 21 March 2014, the Hon Sussan Ley MP announced changes to the CSP which introduced new eligibility criteria for all new family day care service providers applying for CSP funding. The eligibility criteria applied to all new services applying for funding from 1 April 2014.

FEATURE STORY

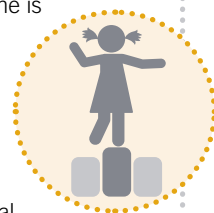
Budget Based Funded Quality Measure projects at Mary MacKillop Gooddo on Palm Island

In 2013–14, the St Mary MacKillop Gooddo Early Learning Centre on Palm Island received approximately \$1 million for infrastructure improvements and workforce assistance under the Budget Based Funded—Improved Standards measure. Assistance is provided to help improve the quality of around 140 Budget Based Funded services so that they can work towards the National Quality Standard for early childhood services.

Infrastructure works at Palm Island included improvements to nursery areas, bottle preparation areas and the kitchen. In the outside play areas funds were used to provide a new outdoor shade structure able to withstand the temperamental tropical weather and a sturdy perimeter fence to keep the island’s wild horse and dog population at bay. A new ramp and an entry path were also built to improve access to the service for families. These infrastructure works were co-funded by the Queensland Government, which contributed \$400,000 to the project.

Improvements to the physical structure of the building and surroundings were made through the quality measure, and intensive training support was provided to educators at the service by the Australian Government funded Indigenous Professional Support Unit (IPSU), under the auspices of the Queensland Council of Social Services. Two educators from the service completed a Diploma of Children’s Services, and one is studying for a diploma. Another educator has completed a Certificate III and one is studying towards this qualification.

The approach taken by the IPSU in its training courses, delivered at 16 Budget Based Funded services in Queensland, has been recognised as a successful pathway for Aboriginal and Torres Strait Islander people into higher education.



Jobs, Education and Training Child Care Fee Assistance

The Jobs, Education and Training Child Care Fee Assistance (JETCCFA) programme helps eligible income support parents with the cost of approved child care while they are working, studying or training. The programme assists parents to enter or return to the workforce, by removing the cost of child care as a barrier. JETCCFA, which is an element of the Government’s workforce

participation and productivity agenda, helps to improve employment outcomes for parents.

From July 2013 the Government is investing an additional \$27.2 million over five years in the JETCCFA programme to ensure that parents undertaking Year 12 and university enabling courses, commonly known as foundation and bridging courses, will be eligible for JETCCFA.

PERFORMANCE INFORMATION

Table 1 Programme 1.1 Support for the Child Care System performance information

DELIVERABLES	2013–14 ESTIMATE	2013–14 ACTUAL
Child Care Services Support		
Number of child care services receiving sustainability assistance	2,500	2,601
Number of child care services receiving establishment assistance	250	389
Number of Budget Based Funded Services	343	311 ^a
Jobs, Education and Training Child Care Fee Assistance^b		
Number of children in childcare	53,900	34,900
Number of parents assisted	34,700	22,900
PERFORMANCE INDICATORS		
Trend in the number of children with additional needs using government approved child care services—by target group:		
• Children with disability	3%	3%
• Aboriginal, Torres Strait and Australian South Sea Islander children	3%	3%
• Children from non-English speaking backgrounds	17%	17%

a Following the Machinery of Government change on 18 September 2013, the remaining 32 BBFs (23 Indigenous Playgroups and 9 Stronger Futures Northern Territory crèches) transferred to the Department of the Prime Minister and Cabinet.

b JETCCFA estimates are as published in the 2013–14 Department of Education, Employment and Workplace Relations Portfolio Budget Statements. Actual JETCCFA data for the 2013–14 financial year was not available at the time of publication. These figures are estimates based on the September quarter and unpublished December quarter data for 2013–14. The data is sourced from Department of Education administrative collections.

**FEATURE
STORY**

Remote Indigenous Professional Development

The Remote Indigenous Professional Development (RIPD) for the Early Years Learning Framework Project provides professional development for Indigenous early childhood educators in remote settings.

The RIPD began in 2010 with the development of a practical resource package, and implementation began in 2012 in Queensland, Western Australia and the Northern Territory. Educators are provided with five days of professional development, supported by a practical resource, to assist them to interpret and use the Early Years Learning Framework to develop quality education programmes for young Indigenous children.

The training, delivered by qualified Indigenous early childhood teachers, includes modelling quality practice, coaching and mentoring. RIPD has opened up innovative ways to deliver professional development that can be customised to the local context in remote settings. A special feature of the project is the delivery of training by Indigenous early childhood teachers, which has resulted in strong growth in Indigenous leadership.



To date, more than 200 pedagogical leaders have been trained to deliver the RIPD package and over 700 early childhood educators across the Northern Territory, Queensland and Western Australia have received training. Ongoing positive feedback from participants is a strong testament to the success of this project, with the majority of educators agreeing that RIPD has helped increase confidence and understanding in using the Early Years Learning Framework.

This work continues to build the capacity of Indigenous early childhood educators and strengthen pedagogical leadership in early childhood education.

Programme 1.2 Child Care Benefit

The Child Care Benefit (CCB) is a means-tested payment to assist parents with the cost of approved and registered child care. The payment of CCB varies depending on family income, the number of children in care, the hours of care and the type of child care used. Low-income families receive the highest rate of CCB.

PERFORMANCE INFORMATION

Table 2 Programme 1.2 Child Care Benefit performance information

DELIVERABLES	2013–14 ESTIMATE	2013–14 ACTUAL
Number of children using approved child care places	1,436,000	1,476,000
Number of families using approved child care services	998,000	991,000
Number of families using approved child care services and receiving a child care payment	978,000	986,000
Percentage of families who use care and receive a payment	98%	99.5%
Number of families receiving both Child Care Benefit and Child Care Rebate	686,000	614,000
Number of families receiving only Child Care Benefit	89,000	127,000
Number of eligible approved services	16,400	17,200
PERFORMANCE INDICATOR		
Percentage of child care out-of-pocket expenses as a proportion of weekly disposable income after child care subsidies	8 to 12%	8 to 10%

Note: Child Care Benefit estimates are as published in the 2013–14 Department of Education, Employment and Workplace Relations Portfolio Budget Statements. Actual Child Care Benefit data for the 2013–14 financial year was not available at the time of publication. These figures are estimates based on the September quarter and unpublished December quarter data for 2013–14. The data is sourced from Department of Education administrative collections.

CASE
STUDY

Child Care Payments Compliance

The Australian Government is investing more than \$28.5 billion from 2014 to 2018 in child care and early childhood learning. With such a large investment in child care programmes, the Government needs to be sure these funds are well targeted and make best use of taxpayer funds.

While most approved child care services are providing high quality, accessible and affordable child care to Australian families and are correctly applying the rules under family assistance law, some are not. It is not acceptable for child care services to operate outside the law or to misuse taxpayer funds.

In 2013–14, the department revamped its approach to child care payments compliance to encourage, strengthen and enforce compliance with family assistance law in the child care sector. An important aspect of the new approach has been the introduction of Random Sample Parent Checks to provide improved assurance about the accuracy of child care payment. The department is working collaboratively with the child care and early childhood learning sector to enhance their knowledge of, and adherence to, their obligations under family assistance law.

The department has strengthened its compliance operations by establishing a virtual task force—comprising highly capable and experienced compliance staff from the department’s national and state offices—to better leverage our resources to address child care services at high risk of non-compliance.

In addition, the department is building a sophisticated data analytics capability to support this work.

The department has taken compliance action against 19 services, including cancelling or suspending the approval of 10 services during 2013–14. Around \$4.5 million of incorrectly paid child care fee assistance or debts has been recovered or action is being taken to recover, and fines totalling more than \$234,000 have been imposed. The department closely monitors the effectiveness of its compliance operations and continues to consider new initiatives to strengthen child care payments compliance.



In 2013–14, the department revamped its approach to child care payments compliance.

Programme 1.3 Child Care Rebate

The Child Care Rebate (CCR) is not means-tested and covers families for 50 per cent of their out-of-pocket approved child care expenses after the CCB has been received, up to an annual maximum of \$7500 per child. This assistance helps eligible parents who are working, studying or training with the cost of approved child care.

PERFORMANCE INFORMATION

Table 3 Programme 1.3 Child Care Rebate performance information

DELIVERABLE	2013–14 ESTIMATE	2013–14 ACTUAL
Number of families receiving only Child Care Rebate	203,000	349,000

Note: Child Care Rebate estimates are as published in the 2013–14 Department of Education, Employment and Workplace Relations Portfolio Budget Statements. Actual CCR data for the 2013–14 financial year was not available at the time of publication. These figures are estimates based on the September quarter and unpublished December quarter data for 2013–14. The data is sourced from Department of Education administrative collections.

The Productivity Commission Inquiry into Child Care and Early Childhood Learning

The Productivity Commission’s Inquiry into Child Care and Early Childhood Learning received more than 2000 submissions and online comments through its public submission processes, comprising over 900 formal submissions and around 1170 online comments.

The use of online comments was a first for the Productivity Commission and was designed to make it easier for busy parents and child care workers to participate in the inquiry.



Programme 1.4 Early Childhood Education

The objective of this programme is to improve access to high-quality child care and early childhood learning to support optimal child development in the early years and prepare children for formal schooling.

These goals are being achieved through a number of national partnership agreements.

The National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care established the National Quality Framework for Early Childhood Education and Care. An element of the framework is the national quality assessment and rating process, which provides families with information to help them make informed choices about services.

Under the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care there is a requirement to conduct a review of the effectiveness of the implementation of the National Quality Framework for Early Childhood Education and Care, including the assessment and rating process. As at 30 June 2014, the review was being progressed by the Australian Government in cooperation with all jurisdictions.

The National Partnership Agreement on Universal Access to Early Childhood Education supported the delivery of early childhood education programmes between 1 July 2013 and 31 December 2014, including for vulnerable, disadvantaged and Aboriginal and Torres Strait Islander children.

Under the National Partnership Agreement on Universal Access to Early Childhood Education, the Government allocated \$407 million³ in the 2013–14 financial year to state and territory governments so that children have access to a quality preschool programme for 600 hours in the year before full-time school.

In 2013–14, the department worked in cooperation with the state and territory governments on a review of the National Partnership Agreement on Universal



The Hon Sussan Ley MP, Assistant Minister for Education, visiting the Murray Children's Centre, Thurgoona, NSW, 2013.

Access to Early Childhood Education. The review will assess the degree to which the agreed objectives, outcomes and outputs of the national partnership have been achieved, the most efficient service delivery models and whether return on the Government's investment of \$1.6 billion over six financial years has been maximised.

The National Partnership Agreement on Technical and Further Education (TAFE) Fee Waivers for Child Care Qualifications supports individuals, including existing child care workers, to gain a vocational education and training qualification in early childhood care. This funding removes the regulated course fees for diplomas and advanced diplomas in children's services delivered by a TAFE institute or other government training provider.

³ Amount includes an additional \$1 million the previous Australian Government agreed to allocate to Tasmania that is not stated in the National Partnership Agreement on Universal Access to Early Childhood Education. The amount was published in the Economic Statement in August 2013 and is in Tasmania's Implementation Plan.

PERFORMANCE INFORMATION

Table 4 Programme 1.4 Early childhood education performance information

PERFORMANCE INDICATORS	2013–14 ESTIMATE	2013–14 ACTUAL ^a
National Partnership Agreement on Universal Access to Early Childhood Education		
Percentage of all children enrolled in preschool	95%	98% ^{bc}
Percentage of Indigenous children enrolled in preschool	95%	94% ^{bcd}
Percentage of Indigenous children enrolled in preschool in remote areas	95%	85% ^e
Percentage of children enrolled in an early childhood education programme that is available for at least 15 hours a week	95%	80% ^{bcd}

- a Actual figures are based on data derived from the 2013 National Early Childhood Education and Care Collection published by the Australian Bureau of Statistics 2014, *Preschool Education Australia, 2013* cat. no. 4240.0, ABS, Canberra.
- b Data may include some children aged five years who were also counted in the National Early Childhood Education and Care Collection for 2012.
- c Includes enrolment data for South Australia in the 2013 National Early Childhood Education and Care Collection uplifted by a factor determined by South Australia to reflect the one-off impact of transitioning to a single intake preschool enrolment policy.
- d The Aboriginal and Torres Strait Islander population count is subject to a number of issues that limit its accuracy, including variable levels of Aboriginal and Torres Strait Islander identification and inaccuracies at fine levels of disaggregation. Data is based on population projections of Aboriginal and Torres Strait Islander peoples based on the 2006 Census published by the Australian Bureau of Statistics 2009, *Experimental Estimates and Projections, Aboriginal and Torres Strait Islander Australians, 1991 to 2021*, cat. no. 3238.0, ABS Canberra. This figure is based on population data from the 2006 Census to enable comparison with results in previous years.
- e Data for National Indigenous Reform Agreement reporting purposes is based on population projections of Aboriginal and Torres Strait Islander peoples based on the 2011 Census published by the Australian Bureau of Statistics 2014, *Estimates and Projections, Aboriginal and Torres Strait Islander Australians, 2001 to 2026* cat. no. 3238.0, ABS, Canberra. Data excludes some children aged five years who were also counted in the National Early Childhood Education and Care Collection for 2012. Figure not directly comparable to the figure in the Department of Education, Employment and Workplace Relations annual report for 2012–13. Figure not uplifted for transition to a single intake preschool enrolment policy in South Australia.
- f Consistent with the reporting requirements of the National Partnership Agreement on Universal Access to Early Childhood Education, this figure would be 82 per cent if it was a proportion of children enrolled in 2013.

Note: Data for 2014 will be available in March 2015.

DEPARTMENTAL OUTPUTS

Table 5 Departmental performance indicators for Outcome 1

PERFORMANCE INDICATOR	2013–14 ESTIMATE	2013–14 ACTUAL
Services provided by Australian Government agencies (e.g. Centrelink) satisfy performance requirements	Requirements met	Satisfied

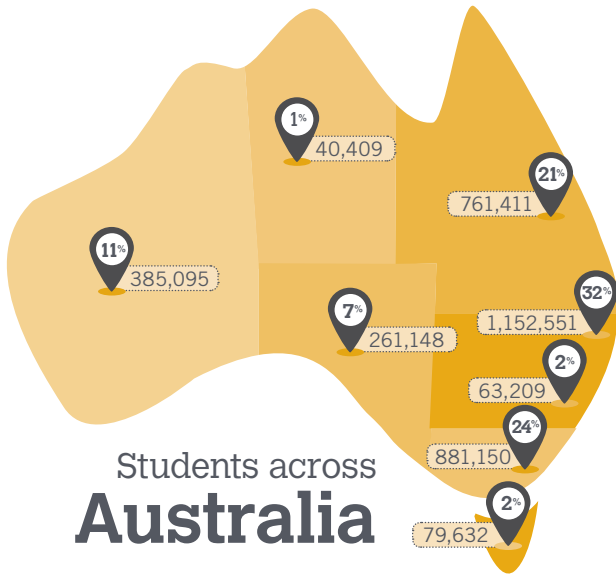
OUTCOME
2



PART 2

Performance report

Outcome 1—Early Childhood Education and Care	15
Outcome 2—Schools and Youth	31
Outcome 3—Higher Education, Research and International	55



Students across Australia



2.1 million
primary school students



1.5 million
secondary school students



24% Increase in school-based apprentices and trainees



Over **12,000**
extra teacher resources
over **5 years**

Results for the Positive Partnership Programme



193

participants received webinars training across Australia living in rural and remote areas.



1021

teachers, school leaders and other staff received professional development training.



1891

parents and carers participated in carer training.

Success for the Students with Disability Initiative



4983

assistive technology items provided to schools.



1147

health professionals providing support to 1092 schools.



24,364

teachers undertook speciality training in disability.



Improved learning, and literacy, numeracy and educational attainment for school students through funding for quality teaching and learning environments, workplace learning and career advice.

The Department of Education is committed to working in partnership with state and territory governments and the non-government sector to improve outcomes in Australian schools. Under the Australian Government's *Students First* package of reforms, there is a focus on four key areas that will improve student outcomes: teacher quality, school autonomy, engaging parents in education, and strengthening the Australian Curriculum. This includes ensuring that mainstream schools policy, programmes and service delivery contribute to improvements in outcomes for Aboriginal and Torres Strait Islander students.

The bulk of the Government's investment in schools is made either through payments direct to state and territory governments for government schools or through state and territory treasuries for non-government schools and systems. From 1 January 2014, recurrent funding to all schools and systems in Australia has been based on needs-based funding arrangements contained within the *Australian Education Act 2013*.

The Government's approach to supporting schools is based on the best evidence available while reflecting the realities of our federation, in which state and territory education authorities have primary responsibility for school education. The Council of Australian Governments (COAG) Education Council (formerly the Standing Council on School Education and Early Childhood), the Australian Education, Early Childhood Development

and Youth Affairs Senior Officials Committee and associated advisory bodies and working groups are the principal forums for policy coordination and collaboration at the national level. The Government is also committed to continuing improvements to national data collection, monitoring and reporting, and working with state and territory governments to support the development of evidence-based policy.

Ultimately, the Government recognises the important role that schools, parents and communities play in translating national policy settings into action at the local level. The department is consulting with state and territory school authorities to amend the *Australian Education Act 2013* to remove the command and control features to ensure that state and territory governments retain authority for schools within their jurisdictions and non-government schools maintain their independence and autonomy.

The department also oversees a range of initiatives that support young people to reach their full potential and make a successful transition from school to further education, training or work.

Priorities

Amending the *Australian Education Act 2013* and associated regulations to ensure that state and territory governments and non-government systems and schools retain responsibility for their schools, with consultation starting with stakeholders in April 2014.

Increasing attainment and successful transitions of young Australians to meet the COAG target of 90 per cent Year 12 or equivalent attainment by 2015.

Ensuring that mainstream schools policy, programmes and service delivery contribute to improvements in outcomes for Aboriginal and Torres Strait Islander students.

Supporting the Review of the Australian Curriculum being undertaken by Professor Ken Wiltshire AO and Dr Kevin Donnelly. The review is looking at both curriculum development and implementation.

Commissioning research on ways to encourage more secondary students to continue foreign school language education in Years 11 and 12 to support the Government's commitment to increasing language learning in schools. This research is expected to be completed in the second half of 2014.

Delivering programmes to support the quality of teaching in Australian schools, including supporting the Australian Institute for Teaching and School Leadership.

The Teacher Education Ministerial Advisory Group was established in February 2014 to provide advice on how teacher education can be improved to better prepare new teachers with the practical skills needed for the classroom. The advisory group will consider pedagogical approaches, subject content and professional experience (practicum). It will present a final report later in 2014.

Working with the Australian Curriculum, Assessment and Reporting Authority and the state and territory governments to deliver 2014 National Assessment Programme—Literacy and Numeracy test results earlier to teachers and parents. As a result, teachers and parents will be able to take timely and targeted action to improve the literacy and numeracy skills of young people.

The \$70 million Independent Public Schools initiative is available to provide funding to state and territory governments to increase the autonomy and independence of government schools. The Government is committed to working with state and territory governments to improve the capability of principals and school leaders to respond to local school needs, and to increase parental engagement and involvement in schools.

Supporting the completion of committed Trade Training Centres and Trades Skills Centres in priority areas, completing infrastructure against agreed construction schedules and developing tools to monitor and evaluate the outcomes of centres to ensure they achieve programme objectives.

Supporting the Government-appointed Planning Group to deliver the Youth 20 (Y20) Summit in alignment with the Group of 20 (G20) agenda during Australia's G20 presidency in 2014.

Achievements

The *Australian Education Act 2013*, which commenced on 1 January 2014, provides the basis and conditions for Commonwealth funding for schools. It also provides needs-based funding to support reform objectives and ensures strong accountability for school outcomes.

The first payments to approved authorities under the *Australian Education Act 2013* were made on 6 January 2014. As at the end of June 2014, a total of \$6.7 billion had been provided to Australia's approximately 9400 schools.

There has been progress towards the COAG target of 90 per cent Year 12 or equivalent attainment by 2015, with the current attainment rate at 86.7 per cent compared to 85.9 per cent in 2012–13.

The Australian Institute for Teaching and School Leadership promoted the Government's national policies to lift the quality and status of the teaching profession through its work in promulgating professional standards, teacher performance development processes and accreditation of teacher education courses.

The Nationally Consistent Collection of Data on School Students with Disability was implemented in 2013, with 20 per cent of schools participating. It is anticipated that all schools will submit data in 2015, providing the first complete national picture of students with disability and their needs.

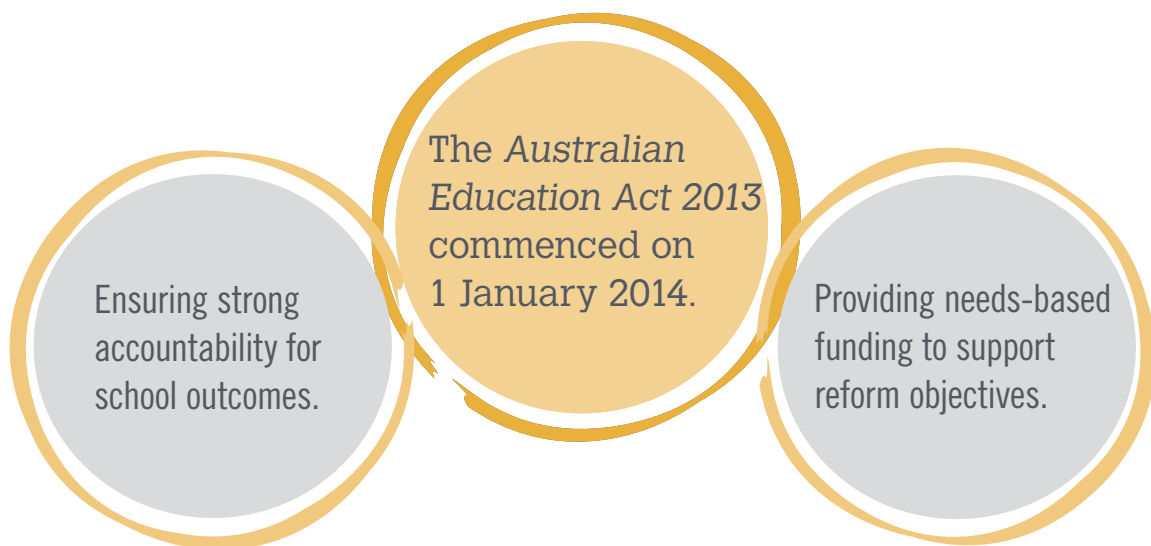
A funding loading for students with disability was introduced in 2014 as part of the needs-based funding arrangements contained within the *Australian Education Act 2013*. It applies to eligible students with disability no matter where they live or which school they attend. Collaborative work is continuing with state and territory government and non-government education authorities to refine these funding arrangements.

On 11 April 2014, education ministers agreed to establish a working group chaired by the department with representation from state and territory governments, other education authorities, the training sector and industry to update the Vocational Education in Schools Framework from 2001. The working group will report to the Education Council in August 2014 and provide an updated framework for endorsement in December 2014.

Under the Trade Training Centres in Schools Programme, a total of 511 centres benefiting 1296 schools have been funded. As at 30 June 2014, 78 centres reported commencing their trade training delivery during 2013–14, bringing the number of operational centres under the programme to 331 and the number of schools with access to a Trade Training Centre to 883.

In March 2014, the final phase of the Safe Schools Hub was released. The website, www.safeschoolshub.edu.au, is the digital home of the National Safe Schools Framework, providing a comprehensive range of high-quality digital information and resources on safe school and student wellbeing issues for teachers, students, parents and professionals.

The presentation night for the National Youth Awards was held in Canberra on 10 April 2014. The presentation celebrated the achievements of young people from across Australia.



Programme 2.1 Government Schools National Support

The Government Schools National Support programme contributes to boosting participation and productivity in Australia.

The programme provides supplementary funding to state and territory governments to support government schools in achieving the following outcomes:

- ▶ all children are engaged in, and benefiting from, schooling
- ▶ young people are meeting basic literacy and numeracy standards, and overall levels of literacy and numeracy achievement are improving
- ▶ Australian students excel by international standards
- ▶ schooling promotes social inclusion and reduces the educational disadvantage of children, especially Aboriginal and Torres Strait Islander children
- ▶ young people make a successful transition from school to work and further study.

Until 31 December 2013, funding for government schools was delivered through the framework of the *Federal Financial Relations Act 2009*, with state and territory governments receiving Schools Specific Purpose Payments provided by Treasury. Since 1 January 2014, funding for government schools has been appropriated under the *Australian Education Act 2013*. The first payments to approved authorities were made on 6 January 2014, including one-twelfth of each state's and territory's annual entitlement for government schools within its jurisdiction. A total of approximately \$2.4 billion was paid in monthly instalments to state and territory governments by the end of June 2014.



The Hon Christopher Pyne MP, Minister for Education, reads aloud to a class at Sunrise Christian School, Marion Campus, South Australia, February 2014.

The Government is also committed to working with state and territory governments to improve the capability of principals and school leaders to respond to local needs and to increase parental engagement and involvement in schools. The \$70 million Independent Public Schools programme provides funding to state and territory governments to increase the autonomy and independence of their government schools.

PERFORMANCE INFORMATION

Under current COAG arrangements, the performance reporting framework for schooling provides transparency and accountability on national progress toward the COAG targets to:

- ▶ lift the Year 12 or equivalent or Certificate II attainment rate to 90 per cent by 2015
- ▶ lift the Year 12 or equivalent or Certificate III attainment rate to 90 per cent by 2020
- ▶ halve the gap for Aboriginal and Torres Strait Islander students in reading, writing and numeracy by 2018
- ▶ at least halve the gap for Aboriginal and Torres Strait Islander students in Year 12 or equivalent attainment rates by 2020.

The department contributed to the following publications, which are linked to the performance reporting framework and report performance and other information on Australian schools:

- ▶ Australian Curriculum, Assessment and Reporting Authority 2013, *National Report on Schooling in Australia 2011*, ACARA, Sydney
- ▶ COAG Reform Council 2013, *Education in Australia 2012: Five years of performance*, COAG Reform Council, Sydney
- ▶ Steering Committee for the Review of Government Service Provision 2014, *Report on Government Services 2014*, Productivity Commission, Canberra.

Table 6 Programme 2.1 Government Schools National Support performance information

DELIVERABLE	2013–14 ESTIMATE	2013–14 ACTUAL
Government schools specific purpose payment		
Number of full-time equivalent students funded (enrolment projections)	2,351,000	2,350,712
PERFORMANCE INDICATORS^a		
Enrolment trends—government schools		
Full-time enrolments in Australian schools:		
▶ Primary	No estimate	1,462,201
▶ Secondary	No estimate	893,514
Number of Indigenous students at school	No estimate	154,065

^a These performance indicators regarding government schools provide additional context for Programme 2.1 and, consistent with the department's Portfolio Budget Statements 2014–15, will be included in subsequent reports.

FEATURE STORY

Low Socio-economic Status School Communities National Partnership—Bradshaw Primary School

As a participant in the Low Socio-economic Status School Communities National Partnership, Bradshaw Primary School in Alice Springs improved educational outcomes for its students through specialised assistance in literacy and numeracy and a targeted approach to improving attendance rates. The school offered a range of intervention programmes including phonological awareness, QuickSmart literacy and numeracy, and the Gateways Oral Language programme.

The school's Irrkerlantye Indigenous Support Programme had a positive impact on attendance and academic success as a result of the wrap-around services it provided, such as bus services for pick-up and drop-off; showers; provision of uniforms; breakfast, recess snack and lunch; medical interventions; and medical appointments.

The school's National Assessment Programme—Literacy and Numeracy (NAPLAN) results continued to improve from 2008, with increases in most areas for Years 3 and 5.



Smarter Schools —Improving Teacher Quality⁴

The Smarter Schools—Improving Teacher Quality National Partnership sought to implement a range of reforms targeting critical points in the teacher life cycle to attract, train, place, develop and retain quality teachers and leaders in schools and classrooms. These measures were supported by other reforms including the development of workforce planning and support, teacher remuneration structures, school-based decision making and teacher education and professional development. The reforms sought to contribute to improving the quality of teaching and school leadership and provide a platform for raising student performance and building the necessary foundation for other school reforms.

The Smarter Schools—Improving Teacher Quality National Partnership concluded in 2013 and the final reward payments to state and territory governments were made in June 2014.

National Action Plan —Literacy and Numeracy⁵

The \$243.9 million Improving Literacy and Numeracy National Partnership was part of the National Action Plan—Literacy and Numeracy.

The national partnership supported the introduction of evidence-based literacy and numeracy teaching approaches in classrooms during the 2013 school year. State and territory education authorities were responsible for implementing the programme. A total of 1890 government and non-government schools participated—this represented around 20 per cent of all Australian schools. Activities under the national partnership concluded in December 2013.

4 Reported under Programme 2.6 in the Department of Education, Employment and Workplace Relations Portfolio Budget Statements 2013–14.
 5 Reported under Programme 2.10 in the Department of Education, Employment and Workplace Relations Portfolio Budget Statements 2013–14.

Smarter Schools—Low Socio-economic Status School Communities⁶

The Low Socio-economic Status School Communities National Partnership aimed to facilitate education reform within schools and in the broader community to improve student learning and wellbeing and to foster a successful transition to further education, work and active participation in the community.

The Low Socio-economic Status School Communities National Partnership was a \$1.5 billion programme that began in 2008–09. Approximately 1790 schools participated in the programme, which ceased on 31 December 2013. Remaining funds were redirected to the needs-based funding arrangements contained within the *Australian Education Act 2013* from 1 January 2014.

Empowering Local Schools⁷

The Empowering Local Schools National Partnership aimed to strengthen the local decision-making capacity of participating schools. The Government provided \$57.2 million for activities during 2012 and 2013. Activity was undertaken in 926 schools across Australia, except in Western Australia, where the government sector did not participate.

The Australian Council for Educational Research has been commissioned to undertake an evaluation of the national partnership, which ceased on 30 June 2014.

Education authorities implemented a combination of initiatives at a systemic level along with school, region or student-level initiatives. The flexibility of the Low Socio-economic Status School Communities National Partnership enabled schools to adopt whole-school strategies and interventions tailored to the needs of specific student cohorts. There are reports of increased collaboration to achieve reform, improved classroom practice, increased professional development opportunities and strengthened school leadership and student engagement.

Rewards for Great Teachers⁸

The Rewards for Great Teachers programme involved implementing an Australian Teacher Performance and Development Framework and a nationally consistent certification process for Highly Accomplished Teachers and Lead Teachers. The programme commenced in June 2012 through the Rewards for Great Teachers National Partnership Agreement and ceased in December 2013. Remaining funds were redirected to the needs-based funding arrangements contained within the *Australian Education Act 2013* from 1 January 2014.

Table 7 Programme 2.1 Empowering Local Schools deliverable performance information

DELIVERABLE	2013–14 ESTIMATE	2013–14 ACTUAL
Smarter Schools—Low Socio-economic Status School Communities National Partnership		
Number of schools assisted	1,734	1,790

⁶ Reported under Programme 2.11 in the Department of Education Portfolio Additional Estimates Statements 2013–14.

⁷ Reported under Programme 2.12 in the Department of Education, Employment and Workplace Relations Portfolio Budget Statements 2013–14.

⁸ Reported under Programme 2.14 in the Department of Education, Employment and Workplace Relations Portfolio Budget Statements 2013–14.

Programme 2.2 Non-government Schools National Support

The Non-government Schools National Support programme also contributes to boosting participation and productivity in Australia, providing funding to support non-government schools to achieve the same outcomes as Programme 2.1. The Government provides the majority of funds for non-government schools, supplemented by state and territory governments and funding from other sources, including school communities.

Schools Assistance Act 2008

Until 31 December 2013, support for non-government schools was delivered through the *Schools Assistance Act 2008*, under which the Government provided approximately \$37 billion for non-government schooling from 2009 to 2013. Funding appropriated under this legislation was used to support the operating and capital costs of non-government primary and secondary schools.

Recurrent grants

The Government provides grants to assist non-government schools with the recurrent costs of school education, allowing them to offer students educational programmes that are consistent with the identified outcomes for school education.

During 2013, \$7.71 billion in recurrent assistance was paid on a per student basis to non-government schools.

To support the delivery of educational services to Aboriginal and Torres Strait Islander students in 2013, \$86.3 million was provided for the Indigenous Supplementary Assistance programme, \$0.1 million for the Indigenous Funding Guarantee and \$2.04 million for increased Indigenous Supplementary Assistance to non-remote, non-government boarding schools.

A remoteness loading was provided to eligible non-government schools to cover the higher cost of delivering services in regional and remote areas. In 2013 this amounted to \$37.4 million.

Non-government schools also received \$5.6 million for the provision of distance education.

Capital Grants Programme

The Government provides grants for new and upgraded capital infrastructure to non-government schools that would otherwise be unable to access sufficient capital resources. The number of schools assisted fluctuates over time as the programme is subject to projects being varied, withdrawn or merged as school circumstances change. Funds returned as a result of withdrawn or varied projects are reallocated to existing and new eligible projects.

In 2013, non-government schools received \$133.8 million under the Capital Grants Programme.

Short Term Emergency Assistance

Under the *Schools Assistance Act 2008*, the Government provided funding through the Short Term Emergency Assistance programme to assist non-government schools in the event of an unexpected circumstance causing severe and temporary financial difficulty.

In 2013, \$866,500 was provided to one school as short term assistance under this initiative.

From 1 January 2014, funding assistance for non-government schools is provided in accordance with Special Circumstances Funding provisions under the *Australian Education Act 2013*.

English as a Second Language

—New Arrivals

The English as a Second Language—New Arrivals programme provided funding to non-government schools to deliver intensive English instruction to eligible humanitarian and non-humanitarian newly arrived students.

During 2013, grants totalling \$6.15 million were paid to non-government schools under the programme.

From 2014, this funding will be delivered through the funding arrangements contained within the *Australian Education Act 2013*, which provides extra funding for students who need extra support, including those who have low English proficiency.

School Languages Programme

The Government provided funding of around \$15 million under the School Languages Programme in 2013 to non-government education authorities to help improve the learning outcomes of students from Prep to Year 12 who are learning languages other than English. The programme has now ceased and from 2014 this support is being delivered through the funding arrangements contained within the *Australian Education Act 2013*.

Literacy, Numeracy and Special Learning Needs Programme

The Literacy, Numeracy and Special Learning Needs Programme provided funding to non-government schools to improve the learning outcomes of educationally disadvantaged students, including students with disability, by contributing funding for additional teaching and learning assistance.

In 2013, grants totalling \$45.2 million for students with disability and \$180.9 million for educationally disadvantaged students were paid to non-government schools.

The programme has now ceased and from 2014 this support is being delivered through the funding arrangements contained within the *Australian Education Act 2013*.

Country Areas Programme

The Country Areas Programme aimed to improve the access of non-government school students in rural and geographically isolated areas to quality education. Funding was paid directly to non-government education authorities in the states and the Northern Territory. While student outcomes were not recorded, education authorities had the flexibility to allocate funds according to identified priorities based on assessment of local need.

In 2013, \$6.7 million was provided to eligible non-government schools under the programme.

Funding for this programme under the *Schools Assistance Act 2008* ceased on 31 December 2013 and was replaced by the needs-based funding arrangements contained within the *Australian Education Act 2013*.

Australian Education Act 2013

The *Australian Education Act 2013* sets out the arrangements for recurrent, capital and special circumstances funding for non-government schools from 2014 onwards. Under this legislation, funding for all schools, both government and non-government, is determined on a per student base amount plus extra funding to target disadvantage, such as for students from poorer socio-economic backgrounds, students with disability, Aboriginal and Torres Strait Islander students, and students in regional and remote areas.

The first payments under the *Australian Education Act 2013* to approved authorities for non-government schools were made on 6 January 2014, including 50 per cent of their annual entitlement. A total of approximately \$4.3 billion had been paid to non-government schools by the end of June 2014.

Table 8 Programme 2.2 Non-government Schools National Support performance information

DELIVERABLES	2013–14 ESTIMATE	2013–14 ACTUAL
Recurrent grants—non-government		
Number of full-time equivalent students funded (enrolment projections)	1,260,000	1,260,011
Capital grants—non-government		
Number of schools assisted with capital support	253	234
PERFORMANCE INDICATORS		
Enrolment trends—non-government schools		
Full-time student enrolments in Australian schools:		
▶ Primary	659,839	659,835
▶ Secondary	609,054	609,055
Trend in the number of Indigenous students at school	28,573	28,571
Apparent retention rate of full-time students from Year 7/8 to Year 12	81%	81.60%
Enrolment trends—combined		
Full-time enrolments in Australian schools:		
▶ Primary	2,128,000	2,122,036
▶ Secondary	1,496,000	1,502,569
Number of Indigenous students at school	181,000	182,636

Programme 2.3 Schools Support

In its national leadership role in school education, the Government funds a range of initiatives to improve outcomes for all Australian students. A number of these programmes support the *Students First* package of reforms.

Parliament and Civics Education Rebate

The Parliament and Civics Education Rebate programme helps students in Years 4 to 12 access on-site civics and citizenship education in Canberra at Parliament House; the Museum of Australian Democracy and the National Electoral Education Centre at Old Parliament House; the Australian War Memorial; and, where possible, other national civic institutions. The programme supports students in schools more than 150 kilometres from Canberra with rebates paid on a per student basis, from \$20 per student for school groups travelling 150 kilometres up to \$260 per student for school groups travelling more than 4000 kilometres to Canberra.

In 2013–14, \$4.89 million was paid or committed to 1942 schools for 100,225 students.

Helping Children with Autism package

Positive Partnerships, part of the Helping Children with Autism package, supports professional development for teachers, school leaders and other school staff to build their understanding, skills and expertise in working with children with autism spectrum disorder. It also provides workshops and information sessions for parents and carers of school-age students with autism to assist them to work with their child's teachers, school leaders and other staff. The professional development delivered through Positive Partnerships is accredited by the New South Wales Teachers Institute as well as 12 Australian universities. Parent workshops are open to any parents of school-age children with autism.

During 2013, Positive Partnerships professional development training was provided to 1021 teachers, school leaders and other school staff. Parent and carer training was provided to 1891 parents and carers across Australia. In addition, 11 webinars were delivered to 193 participants across Australia living in rural and remote locations.

National School Chaplaincy and Student Welfare Program

On 19 June 2014, the High Court of Australia in its decision in *Williams v the Commonwealth (No. 2)* declared the National School Chaplaincy and Student Welfare Program invalid. As a result of the decision the Government no longer has the capacity to administer the programme.

Online Diagnostic Tools

The Online Diagnostic Tools programme was established in 2010 to provide online tools and resources to assess student learning, and support moving the National Assessment Program (NAP) sample assessments and NAP—Literacy and Numeracy (NAPLAN) online. Funding for the programme concluded on 30 June 2014.

Achievements include the release of the online School Survey tool and the online delivery of the NAP—Civics and Citizenship (NAP—CC) sample assessment during October and November 2013. Research has been undertaken into the benefits of online testing, as well as scoping work on the development of a national platform for delivering online assessment, with a view to using this capability for future national testing of the NAP and, potentially, classroom assessments.

FEATURE STORY

Online Diagnostic Tools: Online delivery of National Assessment Programme—Civics and Citizenship in 2013

In April 2012, education ministers agreed that the NAP sample assessment would be delivered online. The first to be delivered online was NAP–CC in 2013. The Government provided \$3.8 million in funding to the Australian Curriculum, Assessment and Reporting Authority and Education Services Australia to deliver this project as part of the Online Diagnostic Tools programme.

The project involved three stages: a pilot study from September to November 2012, a trial in March 2013 and delivery of the final assessment from October to November 2013.

The final assessment involved 680 schools across all sectors and states. Approximately 13,000 students from Years 6 and 10 participated in the main study.

NAP–CC was delivered online successfully in 2013. There was real-time reporting on participation in the assessment event and response data was quickly available for marking. Anecdotal reports suggested that students were engaged with the interactive presentation and preferred it to the printed format.

Learnings from the project will be used to inform work underway to deliver other national assessments online, including NAPLAN.

Teach Next

The Teach Next programme provides an employment-based pathway into teaching for skilled and experienced professionals who were seeking a career change into the profession.

The programme will cease following the completion of all current participants by December 2014.

Teach for Australia⁹

The Teach for Australia programme was established to introduce employment-based pathways into the teaching profession and attract high-calibre graduates who may not have otherwise considered a teaching career. On completion of their two-year placement, participants are awarded a postgraduate qualification. Reflecting the Government’s commitment to ongoing support for Teach for Australia, a new contract for a further three intakes of participants was signed in June 2014.

Grants and Awards

Grants and Awards are used to support a number of initiatives. In 2013–14, \$737,000 was provided to the Australian Council of State School Organisations and the Australian Parents’ Council to assist their work at the national level in supporting and promoting parental engagement in education.

National Trade Cadetship

The National Trade Cadetship programme aims to provide opportunities for students to undertake vocational learning and develop work readiness skills. The Australian Curriculum, Assessment and Reporting Authority has been tasked with the development of the two curriculum components. The development of the Year 9 and 10 curriculum known as ‘Work Studies’ was finalised in June 2014 for consideration by education ministers later



⁹ Reported under Programme 2.6 in the Department of Education, Employment and Workplace Relations Portfolio Budget Statements 2013–14.

in 2014. Development of the Year 11 and 12 curriculum is currently on hold pending the outcome of the work being undertaken to update the Vocational Education in Schools national framework.

Creative Young Stars

The Creative Young Stars programme made grants available for federal Members of Parliament to provide financial assistance for students and young people to participate in artistic, cultural, academic or community-based activities, events or training. Each electorate was allocated \$23,500 per financial year to provide 23 grants of \$500 for

individuals and four grants of \$3000 for groups, making 4050 grants per financial year.

The programme's first and only round operated in 2013–14, with a total of 1461 applications and 962 successful applicants.

Rewards for School Improvement¹⁰

The Rewards for School Improvement programme aimed to encourage a nationally consistent approach to school self-evaluation and improvement planning through implementation of the National School Improvement Tool. The national tool was for voluntary use by schools and systems for the purpose of improving teaching and learning. The programme concluded on 30 June 2014.

Table 9 Programme 2.3 Schools Support performance information

DELIVERABLES	2013–14 ESTIMATE	2013–14 ACTUAL
Parliament and Civics Education Rebate		
Number of schools visiting Canberra under the Parliament and Civics Education Rebate	1,980	1,942 ^a
Helping Children with Autism package		
Number of teachers and other school staff attending professional development courses	590	1,021
Number of parents and carers attending workshops and information sessions	1,800	1,891
National School Chaplaincy and Student Welfare Programme		
Number of schools receiving support for chaplaincy or student welfare services	3,527	3,511
Teach Next		
Number of Teach Next participants commencing	0	0
Teach for Australia		
Number of Teach for Australia Associates commenced	50	50

^a Number of schools paid or committed to by 30 June 2014. Final figure may vary slightly as schools acquit.

¹⁰ Reported under Programme 2.13 in the Department of Education, Employment and Workplace Relations Portfolio Budget Statements 2013–14.

FEATURE
STORY

Maths and Science Participation in 2013–14

The Maths and Science Participation programme aims to improve student learning outcomes in science and maths by invigorating the teaching and learning of science and maths in schools and encouraging more students to undertake science, technology, engineering, mathematics and related studies. Since 2007, more than 4000 partnerships have been created to link practising scientists, mathematicians and information and communications technology (ICT) professionals with classroom teachers and their students, encouraging more students to undertake science, mathematics and ICT.

During 2013–14, the Mathematics Teachers' Association of the Northern Territory conducted a successful maths enrichment camp in Central Australia attended by 67 students and 15 teachers. The association also conducted four after-school enrichment programmes in Alice Springs in 2013 and one in Darwin with some 120 students and 25 teachers participating.

Primary Connections: Linking Science with Literacy has produced 31 high-quality science curriculum units which are now freely available online to school teachers and students. Primary Connections was the top search term during the months of March and April 2013 on the Scootle website, indicating teachers' strong interest in these resources.

Two high-profile events, the first hosted by the Governor-General at Government House and the second hosted by the Victorian Department of Education and Early Childhood Development at the John Monash Science



Two secondary-aged Indigenous students from Ntaria School (Hermannsburg) participating in a robotics challenge as part of the 5th Annual Maths Enrichment Camp, held at Ti Tree School, Northern Territory, 9-11 August 2013.

School, were convened to discuss science, technology, engineering and mathematics (STEM) education and to identify opportunities for future collaborations and initiatives.

The forums brought together key stakeholders with an interest and expertise in STEM.

Australia's most talented science and mathematics students were also supported to develop their skills and expertise and to participate in the annual international Olympiad competitions in biology, chemistry, physics, mathematics and informatics support. In 2013, 23 of the 24 student participants were awarded a medal.

Programme 2.4 Trade Training

Trade Training Centres and Trades Skills Centres provide students with access to trade training facilities and vocational pathways. They help to keep students engaged in school and create links between schools, communities, and local industry and employers.

The programme aims to:

- ▶ address skills shortages in traditional trades and other eligible occupations by:
 - improving student access to trade training facilities that meet industry standards
 - improving the quality of schooling offered to secondary students undertaking trade-related pathways
 - assisting young people to make a successful transition from school to work or further education and training
- ▶ contribute to achieving two major COAG targets by:
 - lifting the Year 12 or equivalent attainment rate of 20- to 24-year-olds to 90 per cent by 2015
 - halving the gap between Aboriginal and Torres Strait Islander and other students in Year 12 or equivalent attainment rates by 2020.

While the programme will cease after round 5, on 23 January 2014 the Government confirmed funding of over \$209 million for 136 trade training projects servicing 224 schools. These new projects will be called Trades Skills Centres to reflect the Government's commitment to strong industry linkages.

Under the programme a total of 511 centres, benefiting 1296 schools, have been funded. As at 30 June 2014, 78 centres reported commencing their trade training delivery during 2013–14, bringing the number of operational centres under the programme to 331 and the number of schools with access to a trade training centre to 883.

PERFORMANCE INFORMATION

Progress against COAG targets is reported through the National Education Agreement and National Indigenous Reform Agreement.

Table 10 Programme 2.4 Trade Training performance information

DELIVERABLES	2013–14 ESTIMATE	2013–14 ACTUAL
Trade Training Centres in Schools Programme		
Total announced projects (cumulative)	511	511
New projects announced	136	136
New projects announced—number of schools benefiting	225	224

Programme 2.5 Digital Education

The Digital Education Revolution Project Pool supported national projects to integrate information and communications technology into teaching and learning. It was used for diverse projects, including the development of online resources to support the Australian Curriculum, such as the National Language Learning Space. The programme concluded on 30 June 2014.

Programme 2.6 More Support for Students with Disabilities

The More Support for Students with Disabilities programme provides funding to government and non-government education authorities to build the capacity of schools and teachers to better support the needs of students with disability.

In 2013–14, the initiative provided \$81.5 million to education authorities to undertake activities to improve the education of students with disability in their jurisdiction. These activities include:

- ▶ professional development for pre-service and practising teachers including specific disability online training modules
- ▶ Disability Standards for Education 2005 online modules
- ▶ establishment of support centres of expertise
- ▶ more effective use of allied health professionals in schools
- ▶ guidance, documents and resources on differentiating the curriculum to support learning for students with disability.
- ▶ 9988 school principals and school leadership team members had undergone training in leadership and inclusivity practices
- ▶ 1451 paraprofessionals (such as teacher aides) had been assisted to develop their skills in supporting students with disability
- ▶ 2211 students had been provided with support in undergoing transitions between stages of schooling and into post-school environments.

As at 31 December 2013:

- ▶ 4983 assistive technology items had been provided to 1072 schools and 11,997 teachers had been trained in their use
- ▶ 1147 health professionals had provided support to 4180 teachers and 1092 schools
- ▶ 24,364 teachers from 4017 schools had undergone specialist training in disability

PERFORMANCE INFORMATION

Performance indicators for this programme have been developed at the jurisdictional level. Indicators are detailed in jurisdiction implementation plans that are approved by the Government. All targets have been achieved and exceeded for each of the outputs of this initiative.

An independent evaluation of the initiative is underway, with over 40 case studies being developed. These will provide future direction to education authorities, schools and teachers, highlighting good practice and learnings.

Programme 2.7 Youth Support

The Government is committed to supporting young people to reach their full potential and make a successful transition from school to further education, training or work.

Youth attainment and transitions

The National Partnership on Youth Attainment and Transitions concluded on 31 December 2013. This three-year National Partnership aimed to increase the educational engagement and attainment of young people to improve transitions.

In 2013, the proportion of 20- to 24-year-olds with at least a Year 12 or Certificate II qualification increased by 0.8 percentage points (from 85.9 per cent in 2012 to 86.7 per cent in 2013). Growth in attainment rates still needs to accelerate over 2014 and 2015 in order to meet COAG targets. However, there are some positive signs that the proportion of 15- to 19 year olds participating in full-time education and training is increasing— participation increased from 69.5 per cent in 2009 to 75.9 per cent in 2013.

Results reported under the Youth Connections programme reflect the outcomes achieved for early school leavers.

School Business Community Partnership Brokers operate in 107 regions to support partnerships between schools, business and the broader community to meet the needs of young people in their region. As at December 2013, there were over 1700 active and self-sustaining partnerships associated with partnership brokers nationally, excluding Victoria,¹¹ involving more than 5600 partner organisations.

Youth engagement

The Government oversees a number of initiatives that assist young people in making an effective transition to adulthood while they continue to learn, commence work and make decisions that support a healthy lifestyle.

International

The Government contributed to a number of international youth initiatives in 2013–14. As part of Australia’s presidency of the G20 in 2014, a Y20 Summit will be hosted on 12–15 July 2014 in Sydney. The Y20 is the official G20 engagement group for young people, and the department has provided secretariat support to the Y20 Planning Group responsible for organising the summit.

Australian Clearinghouse for Youth Studies

The current contract between the Government and the Australian Clearinghouse for Youth Studies provides information for young people through library and helpdesk services, a comprehensive website and a monthly newsletter.

¹¹ In Victoria, the Partnership Brokers programme was delivered through the Victorian Government’s Local Learning and Employment Network.

FEATURE
STORY

National Youth Awards—Tylah Schmidt



National Youth Awards recipient Tylah Schmidt with Senator the Hon Scott Ryan, Parliamentary Secretary to the Minister for Education, 10 April 2014.

At the age of 14, Tylah Schmidt was the youngest finalist at the 2014 National Youth Awards. Along with 25 other finalists, Tylah attended the presentation dinner in Canberra on 10 April 2014 during National Youth Week.

On the night, Tylah was announced as the winner of the Personal Courage Award in recognition of her resilience when facing difficult obstacles. Tylah suffered school bullying but became a mentor to other young people regarding the effects of bullying, thereby educating and inspiring others. Tylah turned a negative experience into a positive one by producing a presentation, which includes her life story and video, about the effects of bullying and being judged. This presentation has received positive feedback from community groups and will be used to further the anti-bullying campaigns of Tylah's local community.

The 2014 National Youth Awards have allowed Tylah and other recipients and finalists to gain recognition and to celebrate outstanding achievements and hard work.

National Youth Week and National Youth Awards

National Youth Week is an annual joint Australian, state, territory and local government initiative that celebrates and recognises the value of all young Australians to their communities. National Youth Week 2014 was held from 4 to 13 April. Its theme was 'Our Voice. Our Impact'. Events were attended by thousands of young people across the country.

The National Youth Awards celebrate and recognise young Australians aged 12–25 years. The inaugural awards were presented on 6 August 2013 following their announcement during National Youth Week 2013. The second round of awards was presented during National Youth Week on 10 April 2014. Future rounds will continue to be presented during National Youth Week at the national celebration event.



The Hon Christopher Pyne MP, Minister for Education, at East Torrens Primary School, South Australia, on Harmony Day / National Day of Action Against Bullying and Violence, March 2014. (From left to right: the Hon Christopher Pyne MP, school captains Georgia Polcino and Jake Catalano, and Principal Meredith Starkey.)

Young Australian of the Year Award

The Government is the principal sponsor of the Young Australian of the Year Award. In 2014, the department hosted the first official event on the National Australia Day Council's calendar of events—a congratulatory afternoon tea for the finalists of the Young Australian of the Year Award.

Australian Youth Forum

The Australian Youth Forum was established in 2008 as a communication channel between the Government, young people and the youth sector. The Australian Youth Forum Steering Committee was composed of 10 young Australians, including a representative from each state and territory and the Australian Youth Affairs Coalition. The steering committee's term ended on 31 December 2013.

Positive Body Image Awards

The recipients of the Positive Body Image Awards were announced in August 2013. The awards recognised the positive steps taken by fashion, media and entertainment, health and wellbeing, and advertising industry organisations and individuals to promote positive body image messages to young people, in line with the Voluntary Industry Code of Conduct.

Heywire

The Government co-sponsors Heywire, an Australian Broadcasting Corporation (ABC) Radio initiative that provides an opportunity for rural and remote young people to voice their stories. Every year each ABC regional station chooses a winning entry to represent their region. Winners are invited to take part in the annual Heywire Regional Youth Summit in Canberra. Following the summit, Heywire ideas are promoted to rural and regional areas for adoption. In 2014, Heywire and the Foundation for Rural and Regional Renewal have partnered to offer \$100,000 in seed funding grants which will be shared between community groups and used to assist them to adopt and implement ideas.

National Awards for Local Government

The National Awards for Local Government recognise and promote the innovative work of local governments across Australia and are important in supporting the Government's partnership with local government. The Government sponsored the Youth Employment category in 2014, which recognises councils that empower young people to take part in their communities.

PERFORMANCE INFORMATION

The effectiveness of the Government’s youth transition and support services was measured with reference to their impact on participation rates of young people in education, the Year 12 or equivalent attainment rates, and the number of young people achieving real outcomes within the

two programmes. These outcomes were reported in an evaluation of the National Partnership on Youth Attainment and Transitions undertaken by a consultant, dandolopartners.

The report is available on the department’s website at docs.education.gov.au/node/35457.

Table 11 Programme 2.7 Youth Support performance information

DELIVERABLES	2013–14 ESTIMATE	2013–14 ACTUAL
Youth Attainment and Transitions		
Progress towards 2015 COAG target of 90 per cent Year 12 equivalent attainment	No targets	86.70%
Number of young people for whom outcomes are achieved through support provided by the Youth Connections Programme	20,000	19,400 ^a
Number of regions that School Business Community Partnership Brokers support (delivered through 31 Local Learning and Employment Networks in Victoria)	107	107

Note The data is provided by calendar year (e.g. the 2013–14 data relates to the 2013 calendar year).

a This figure includes final outcomes (over a 13 week period) and progressive outcomes, measured against a number of criteria including, but not limited to, improved attendance at school, improved performance at school, minimising barriers that lead to disengagement and an increase in the individual’s personal self-worth. There is no formal data collection in place after participants exit the programme, therefore the number of participants who continued to engage with education, training or employment after they exit the programme is not known.

OUTCOME

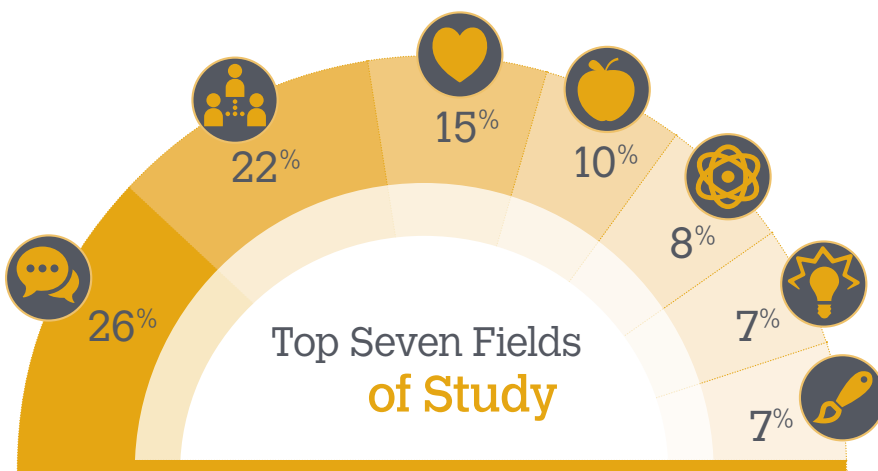
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PART 2

Performance report

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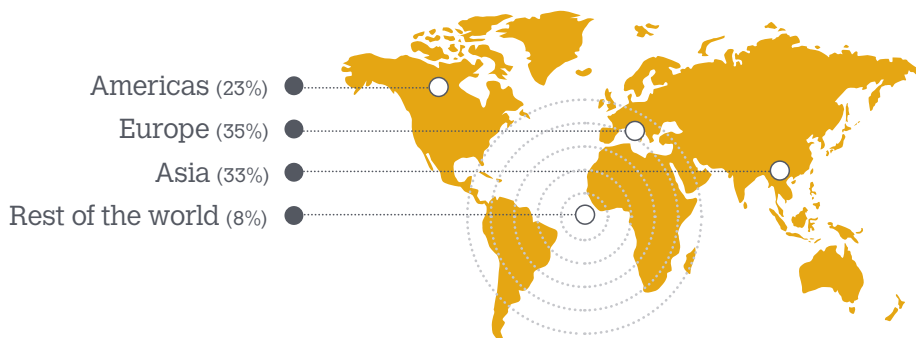


- 
Management & Commerce
- 
Society & Culture
- 
Health
- 
Education
- 
Natural & Physical Sciences
- 
Engineering & Technologies
- 
Creative Arts

QUALIFICATIONS AWARDED IN 2013



Australian Students studying around the World



49% Increase of students with a disability accessing higher education over five years.

32% Increase of Indigenous students accessing higher education over five years.

Universities received **\$5.2 billion** to undertake **research**





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

Higher education and research are integral to the long-term success of Australia's intellectual and economic development. The Department of Education is committed to the development of a world-class higher education system that supports economic and social growth through participation and engagement in quality teaching, learning and research.

Australia maintains a diverse higher education system. In 2013, there were more than 1.3 million students participating in higher education including 328,000 students from overseas.

Over the year the department worked closely with universities and non-university higher education providers, industry and state and territory governments to support advancements in higher education, international education and research. Funding administered through the *Higher Education Support Act 2003* and other legislation to support these activities totalled over \$14 billion in 2013–14.

Initiatives to promote access, quality and deregulation were focus areas across higher education. The release of the Government response to the Review of Higher Education Regulation in October 2013 informed significant developments within the sector to reduce regulatory and administrative burdens.

The establishment of the Tertiary Education Quality and Standards Agency (TEQSA) Advisory Council and proposed changes under the

Tertiary Education Quality and Standards Agency Amendment Bill 2014 will ensure universities and institutions can be more responsive to student needs.

The introduction of the demand-driven system has been a significant reform to Australian higher education. In April 2014, the Government released the Review of the Demand Driven System which found that the system had improved access for all students, driven innovation and lifted quality. The higher education reform package announced in the 2014–15 Federal Budget will deliver on the review's recommendations to extend the system to further expand opportunities for students, increase innovation in courses and modes of delivery, and enhance the quality of teaching and graduates. The expansion of the demand-driven system is expected to support an additional 80,000 students to pursue higher education each year by 2018.

Continued investment in research, research training and research infrastructure ensures that Australian research remains competitive on an international scale. The department works closely with the Australian Research Council on programmes to enhance capability and collaboration, including through the Future Fellows Scheme, which supports mid-career researchers in areas of critical importance. In 2014–15, additional funding will see the creation of 100 new positions per year under the Future Fellows Scheme.

Internationally, Australia is recognised as a world leader in education cooperation and engagement. Australia’s international education and research profile was lifted through mobility and scholarship programmes and engagement in multilateral forums.

The Department of Education plays a significant role in the New Colombo Plan (NCP), a signature initiative of the Government to increase Australian undergraduate students’ knowledge of the Indo-Pacific through study and internships in the region.

Priorities

Support Australia's higher education system to promote economic productivity and social wellbeing through opportunities for students to gain the skills and attributes necessary for participation in a globally-connected and knowledge-based workforce.

Provide a direct contribution towards the costs of study for Commonwealth-supported students through the Commonwealth Grant Scheme (CGS) and ensure that students are not restricted by up-front cost barriers through the provision of income-contingent loans under the Higher Education Loan Programme (HELP).

Support increased opportunities for access and participation in higher education for students from under-represented backgrounds, specifically low socio-economic status and Aboriginal and Torres Strait Islander backgrounds and students with disability.

Implement an appropriate deregulatory agenda for universities and higher education providers, based on the recommendations of the Review of Reporting Requirements for Universities and Review of Higher Education Regulation.

Support the Review of the Demand Driven System to examine the system's impact on quality, access and participation.

Invest in programmes to promote quality assurance in higher education and the enhancement of quality teaching and learning.

Enhance Australia's science and research capacity to build aspiration, intellectual development and innovation, including through provision of major national research infrastructure under the National Collaborative Research Infrastructure Strategy (NCRIS).

Promote a strong culture of collaboration and networking across and between universities, research institutes, government and industry.

Promote the importance of mathematics and science through targeted initiatives to increase participation in science and technology-based careers.

Advance international education and research engagement ensuring that Australia is recognised as a leader in international education cooperation and that our higher education system is globally connected.

Provide assistance to international students through the Tuition Protection Service.

Achievements

There were 1,313,776 students enrolled in higher education in 2013, a 4.5 per cent increase, or around 50,000 additional students compared with 2012 enrolments. Of these, more than 761,000 students were supported by the Government through a Commonwealth-supported place funded under the CGS.

The proportion of students from low socio-economic backgrounds participating in higher education increased from 17.1 per cent in 2012 to 17.3 per cent in 2013.

Over \$1.68 billion was provided in research block grants to support research and research training across all disciplines in eligible Australian higher education providers.

The number of students supported under the Research Training Scheme increased by 2.5 per cent to 25,782. Funding also supported 3500 new Australian Postgraduate Awards and 330 new International Postgraduate Research Scholarships.

The Australian international education market continued to increase, contributing over \$15.6 billion to the economy in 2013 from across higher education, vocational education and training, English language training and the schools sector. International student enrolments increased by 3 per cent from 2012 to 2013.

In 2013, international student mobility grants were offered to more than 5000 Australian students to study overseas, compared with around 1300 in the previous year.

Endeavour Scholarships and Fellowships were offered to 629 recipients for 2014.

The establishment of the NCP, with over 1300 students to undertake short-term and semester study and work placements in Indonesia, Japan, Singapore and Hong Kong over 2014.

Funding of \$50 million was provided for 17 projects under the Higher Education Participation and Partnerships Programme to help disadvantaged students, particularly Aboriginal and Torres Strait Islander students, to attend university by partnering with schools and communities to build aspiration and prepare students for higher education.

Under the National Collaborative Research Infrastructure Strategy, 27 research facility infrastructure projects have been supported to offer services to the research sector. The Collaborative Research Networks programme continued to support growth in the research capacity of 15 smaller and regional universities through partnerships with 18 larger more research intensive universities and 12 other publicly funded research and private organisations.

The Review of the Demand Driven System was released in April 2014. The findings and recommendations of the report were used to inform the development of the higher education reform package announced in the 2014–15 Federal Budget.

In October 2013, the Government response to the Review of Higher Education Regulation was released, and all recommendations were accepted by the Government. First steps towards the implementation of an appropriate deregulatory agenda included changes to the work of the Tertiary Education Quality and Standards Agency (TEQSA), with the establishment of the TEQSA Advisory Council and introduction of the Tertiary Education Quality and Standards Agency Amendment Bill 2014 to Parliament in February 2014.

Seven national priority projects were supported under the Australian Maths and Science Partnerships Programme, totalling \$5.2 million, to improve engagement in mathematics and sciences.

Under the National Disability Coordination Officer Programme, 31 providers were appointed for the second round of funding for 2013–2016.

The Office for Learning and Teaching funded 99 innovative projects, including in areas of learning analytics, graduate employability and technology-enabled learning, along with five major projects commissioned to enhance the training of maths and science teacher education. Citations and awards recognising quality higher education teaching practices were granted to 171 recipients.

Programme 3.1 Commonwealth Grant Scheme

The objective of the Commonwealth Grant Scheme (CGS) is to encourage people to obtain higher education qualifications that provide the skills that are needed in the new economy and will underpin Australia's future economic growth and prosperity.

Through the CGS, the Australian Government subsidises tuition costs for higher education students across a wide range of discipline areas and qualification levels.

Currently the majority of CGS funding is provided to public universities for students enrolling in bachelor degrees. These are funded on a demand-driven basis. CGS funding is also provided for sub-bachelor and some non-research postgraduate student places.

Programme 3.1 components contribute to achieving the programme objectives through:

- ▶ making a direct contribution to the cost of educating all domestic Commonwealth-supported students (CGS)
- ▶ providing additional funding to meet the higher cost of regional provision of higher education (Regional Loading)
- ▶ supporting students to prepare for and successfully complete higher education through funding for enabling courses (Enabling Loading)
- ▶ meeting medical workforce needs through the provision of targeted support for medical programmes (Medical Loading).

PERFORMANCE INFORMATION

There has been strong growth in expenditure under the CGS since the introduction of demand-driven system courses in 2012. Plans to expand the demand-driven system to other types of higher education providers will result in further growth in expenditure which will be managed through

changes to the Commonwealth contribution rates. These changes are intended to achieve a better balance between Government and students in sharing the cost of higher education and ensure the long-term sustainability of the programme.

Table 12 Programme 3.1 Commonwealth Grant Scheme performance information

DELIVERABLES	2013–14 ESTIMATE	2013–14 ACTUAL
Provision of funding to higher education providers to support higher education student places		
Number of Commonwealth supported domestic undergraduate places	540,700	539,800
Number of Commonwealth supported domestic postgraduate coursework places	36,900	36,500
Number of enabling places	9,600	9,600
Number of Commonwealth Grant Scheme (CGS) medical places	13,100	13,100
Number of regional campuses under the CGS for which regional loading is applied	47	47
PERFORMANCE INDICATORS		
Increased student participation in higher education		
Number of domestic enrolments (full-time equivalent)	696,000	693,310
Number of domestic postgraduate enrolments (full-time equivalent)	116,000	116,775
Number of undergraduate completions	197,000	194,480
Number of postgraduate coursework completions	110,000	107,887

Note: The data is provided by calendar year (e.g. the 2013–14 data relates to the 2013 calendar year).

The Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education 2013–14 Portfolio Budget Statements included a key performance indicator under this programme—'Proportion of 25- to 31-year-olds with bachelor degree of higher education (%)'. The indicator is reported in ABS *Education and Work* (6227.0) in November each year from surveys conducted in May each year.

FEATURE
STORY

The New Colombo Plan

More than 1300 undergraduate students from 39 universities across Australia will study and live in a country in the Indo-Pacific region in the 2014 pilot year under the Australian Government’s signature programme, the New Colombo Plan (NCP).

Students travelling under the pilot phase of the NCP mobility programme will take up places at institutions in Indonesia, Hong Kong, Japan and Singapore for study across a wide range of academic fields including law, education, culture, medicine, science, technology and engineering. Study experiences vary across projects and include both short-term study—including practicums, clinical placements, research, field studies and business internships and work placements—as well as longer-term semester-based study.

This year, Bachelor of Medicine and Bachelor of Surgery students from James Cook University travelled to Singapore for four weeks of medical clinical placements. The students were placed with the Singapore College of Family Physicians to observe specialist treatment practices for tropical diseases such as dengue fever. The students also gained experience in the challenges of working in rural and remote areas and building skills as generalist doctors.



The Government has committed \$100 million in new funding over five years to implement the New Colombo Plan. The programme has two key elements: a mobility programme and a scholarships programme. It will be rolled out more broadly across the region from 2015.

The NCP is jointly administered by the Department of Education and the Department of Foreign Affairs and Trade.

Programme 3.2 Higher Education Superannuation Programme

The Higher Education Superannuation Programme (HESP) provides supplementary funding to assist universities listed at Table A of the *Higher Education Support Act 2003* (HESA) to meet certain superannuation expenses for eligible current and former university employees who are members of identified state government emerging cost superannuation schemes. Funding is administered in accordance with the HESA Other Grants Guidelines (Education) 2012.

These schemes have been closed to new members for some time but are still active for existing members.

Cost-share arrangements are in place with relevant state governments and a proportion of HESP funding is recovered from these states under cost-sharing arrangements, which are the result of their historical responsibilities for funding higher education.

PERFORMANCE INFORMATION

The level of supplementary funding is demand driven, with assessment of claims from individual Table A universities occurring annually.

Currently there are 17 Table A universities participating in the programme. It is expected that, as remaining eligible staff retire, there will be an increase in demand for funding, which is expected to peak around 2020.

In 2014, \$128 million was provided to the 17 universities and \$26 million was recovered from the relevant state governments for the 2013–14 financial year.

Programme 3.3 Higher Education Support

The objectives of Programme 3.3 are to improve higher education access and participation and to ensure that the quality of our higher education system is maintained. This includes the provision of high-quality infrastructure for teaching and learning.

Programme 3.3 components contribute to achieving the programme objectives through:

- ▶ promoting and supporting change in higher education institutions for the enhancement of learning and teaching through the Promotion of Excellence in Learning and Teaching in Higher Education programme
- ▶ independently administering quality indicators for learning and teaching that increase focus on quality and provide better information for student choice
- ▶ targeted initiatives to promote the importance of mathematics and science
- ▶ improving access to, and participation and success in, higher education for students from low socio-economic status and Aboriginal and Torres Strait Islander backgrounds
- ▶ removing barriers to participation in higher education for students with disability
- ▶ supporting the ongoing operations of a limited number of national institutes
- ▶ supporting regional higher education institutions to improve the quality of training and education for regional students.

Provision of learning and teaching awards and grants

The Office for Learning and Teaching (OLT) leads sustainable quality improvement in higher education; learning and teaching through a suite of grants; and fellowships and awards under the Promotion of Excellence in Learning and Teaching in Higher Education programme. The OLT encourages broad and deep dissemination of the

work it funds to maximise impact. In addition to institution-led activities, this occurs through online communications, conferences and forums, and the facilitation of national networks, professional development and collaborative opportunities for academics.

The OLT is supported by a Strategic Advisory Committee which is chaired by a Vice-Chancellor and has membership from across the higher education sector. The committee provides guidance and advice to the Minister for Education and the OLT on issues of strategic importance in higher education; makes recommendations on the provision of grants, fellowships and awards to the Minister; and promotes the importance of learning and teaching.

Provision of supplementary support— Indigenous and low socio-economic status

The Higher Education Participation Programme aims to ensure that Australians from low socio-economic status (low SES) backgrounds who have the ability to study at university get the opportunity to do so. It provides funding to assist universities listed in Table A of the *Higher Education Support Act 2003* to undertake activities and implement strategies that improve access to undergraduate courses for people from low socio-economic status backgrounds as well as improve the retention and completion rates of those students.

Approaches taken by universities to support low SES prospective and current students under the programme include:

- ▶ providing access to higher education via alternative entry schemes and scholarships

- ▶ assisting students to succeed, once enrolled, through academic, peer and pastoral support
- ▶ developing outreach activities in partnership with schools, TAFEs, other universities, state and territory governments and community groups to raise the aspirations and build the capacity of people from low SES backgrounds to participate in higher education.

The National Disability Coordination Officer Programme assists people with disability to access and participate in tertiary education and subsequent employment. Under the programme, a national network of 31 officers is funded to work with stakeholders at the local level to reduce systemic barriers, facilitate smooth transitions, build links and coordinate services between the education, training and employment sectors.

The Disability Support Programme assists students with disability to access higher education by funding universities listed in Table A of the *Higher Education Support Act 2003* for a proportion of the cost of equipment and educational support services necessary for these students to undertake and complete their studies.

Support to promote engagement in maths and science

The Australian Maths and Science Partnerships Programme aims to improve student engagement in maths and science courses at university and schools through innovative partnerships between universities, schools, and other relevant organisations.

Support for tertiary education infrastructure

Under the Education Investment Fund \$312.5 million has been provided to 11 regional universities to help them to improve the quality of training and education that regional students receive.

Support to universities for structural adjustment

The Structural Adjustment Fund (SAF) provides \$377.2 million to enable universities to make the changes necessary to secure longer-term financial stability and ensure that students have access to a high-quality teaching and learning experience.

Improved quality in higher education

Assuring the quality of higher education is a priority for the Government. Ensuring that student outcomes and student experiences are of high quality is vital to Australia's economy and safeguards the reputation of Australia's large education export market.

In 2013–14, the department began implementing the recommendations of the independent Review of Higher Education Regulation. Activities included issuing a Ministerial Direction to the Tertiary Education Quality and Standards Agency (TEQSA) in October 2013, introducing the Tertiary Education Quality and Standards Agency Amendment Bill 2014, and establishing the TEQSA Advisory Council. These actions are contributing to reducing and streamlining regulatory requirements to ensure that higher education institutions are able to focus on their core business of teaching students and conducting research.

PERFORMANCE INFORMATION

In 2013, 71.3 per cent of the bachelor degree graduates who were available for full-time work were employed full time four months after graduation, down from 76.1 per cent in 2012. The decline in graduate employment outcomes correlates with conditions in the general

labour market over this period, during which unemployment rose slightly. The decline in graduate starting salaries relative to Male Average Weekly Earnings also reflects these soft labour market conditions, as well as continuing a long-term downward trend.

Table 13 Programme 3.3 Higher Education Support performance information

DELIVERABLES	2013–14 ESTIMATE	2013–14 ACTUAL
Provision of learning and teaching awards and grants		
Number of learning and teaching citations and awards provided to higher education providers by the Promotion of Excellence in Learning and Teaching in Higher Education programme	189	171
Number of learning and teaching projects supported by the Promotion of Excellence in Learning and Teaching in Higher Education programme	60	99
Provision of supplementary support—Indigenous and low socio-economic status		
Number of Indigenous students enrolled at funded institutions	12,700	13,281
Number of Indigenous completions at funded institutions	1,770	1,786
Number of domestic undergraduate low socio-economic status enrolments (Higher Education Participation and Partnerships Programme)	126,000	124,193
Provision of support for tertiary education infrastructure		
Value of funding for tertiary education infrastructure through Education Investment Fund (incl SAF-EIF) (\$'000)	156,665	148,572
Provision of support to universities for structural adjustment		
Value of funding provided through the SAF-(HESA) (\$'000)	1,257	1,257

Table 13 Programme 3.3 Higher Education Support performance information (cont)

PERFORMANCE INDICATORS	2013–14 ESTIMATE	2013–14 ACTUAL
Improved infrastructure for tertiary education		
Number of infrastructure projects supported—EIF and SAF	19	16
Improved quality in higher education		
Higher education graduates in full-time employment within four months of completion of degree as a proportion of those available for work	76.4%	71.3%
Graduate starting salaries as a proportion of Male Average Weekly Earnings	77.8%	74.3%
Increased participation by previously under-represented groups		
Number of domestic undergraduate low socio-economic status enrolments	126,000	124,193
Interim composite measure of the number of domestic undergraduates in low socio-economic status	103,000	113,105 ^a
Number of Indigenous student enrolments by selected higher education course level categories	12,700	13,723
Proportion of higher education undergraduate students from a low socio-economic status background	17.6%	17.3%

Note: Student data and data relating to the 'Improved quality in higher education' key performance indicators is provided by calendar year (e.g. the 2013–14 data relates to the 2013 calendar year).

a Following consultation with universities, the department no longer measures socio-economic status using the interim composite measure. Socio-economic status is now measured using the Socio-Economic Indexes for Areas (SEIFA) Index of Education and Occupation classification of students' home addresses at the Statistical Area Level 1 geographical level.

Programme 3.4 Higher Education Loan Programme

The Australian Government, through Programme 3.4, supports access to and participation in higher education and vocational education and training. This occurs through the provision of income-contingent loans to assist students with the cost of their tuition.

Provision of Higher Education Loan Programme loans to higher education students

The Higher Education Loan Programme (HELP) supports access to higher education for Australian citizens and permanent humanitarian visa holders. HELP consists of a number of programmes:

- ▶ HECS-HELP for eligible Commonwealth-supported students
- ▶ FEE-HELP for eligible fee-paying students enrolled at an eligible provider
- ▶ VET FEE-HELP for eligible students undertaking certain vocational education and training (VET) courses

- ▶ OS-HELP to assist Commonwealth-supported students who wish to study overseas
- ▶ SA-HELP to assist students to pay their student services and amenities fee.

Repayment of Higher Education Loan Programme debts

Debts from each of these programmes are combined by the Australian Taxation Office and treated as one debt. The repayment arrangements under HELP ensure that people only commence repaying their HELP loan once their income exceeds the minimum threshold (\$51,308 in 2013–14). People may also make voluntary repayments towards their HELP debts.

PERFORMANCE INFORMATION

Table 14 Programme 3.4 Higher Education Loan Programme performance information

DELIVERABLES	2013–14 ESTIMATE	2013–14 ACTUAL
Provision of Higher Education Loan Programme (HELP) loans to higher education students		
Number of Commonwealth supported places for which HECS-HELP loans paid	472,700	484,681
Number of places for which FEE-HELP loans paid	90,700	76,106
Number of OS-HELP loans to assist students to undertake some of their course overseas	7,200	6,373
Number of SA-HELP loans to assist students to pay their services and amenities fees	402,900	414,197
Number of places for which VET FEE-HELP loans paid	87,700	65,838

Table 14 Programme 3.4 Higher Education Loan Programme performance information (cont)

PERFORMANCE INDICATORS		
Students who are able to repay their Higher Education Loan Programme (HELP) debts do so		
Average amount of outstanding debt (\$)ᵃ	16,800	16,900
Average number of years to repay debt	8.6	8.5
Proportion of new debt not expected to be repaid	17%	17%

Note Student data is provided by calendar year (e.g. the 2013–14 data relates to the 2013 calendar year).

a This indicator has been amended to specifically refer to outstanding debt.

Programme 3.5 Investment in Higher Education Research

Higher education providers contribute knowledge to fuel the national science and research system, and the skilled people that drive it.

Programme 3.5 aims to help Australia achieve a strong research capacity in the higher education sector by developing and implementing a policy framework and financial support arrangements for university research and training that:

- ▶ expands the capacity of Australian universities
- ▶ renews and expands the skilled research workforce
- ▶ enhances the provision and maintenance of research infrastructure
- ▶ builds the innovation potential of our workplaces and workforce.

Universities support domestic and international research students through several schemes funded by the Australian Government. The Research Training Scheme supports students undertaking higher degrees by research at the masters and PhD level. In addition, Australian Postgraduate Awards provide living allowance stipends to postgraduate research students and International Postgraduate Research Scholarships cover the costs of research tuition fees.

The department also provides funding to universities through the Sustainable Research Excellence and Research Infrastructure Block Grants to support the indirect costs associated with conducting research funded by Australian competitive grants and through the Joint Research Engagement scheme to support elements of research infrastructure.

Two sub-programmes of Programme 3.5 contributed to achieving the objectives in 2013–14 — Postgraduate Student Support and Research.

The components of Programme 3.5 that contributed to achieving the objectives during 2013–14 are:

- ▶ Research Training Scheme
- ▶ Australian Postgraduate Awards
- ▶ International Postgraduate Research Scholarships
- ▶ Joint Research Engagement Scheme
- ▶ Research Infrastructure Block Grants
- ▶ Sustainable Research Excellence.

PERFORMANCE INFORMATION

Table 15 Programme 3.5 Investment in Higher Education Research performance information

DELIVERABLES	2013–14 ESTIMATE	2013–14 ACTUAL
Provision of support and funding to higher education providers for research and research training		
Value of funds provided to higher education providers	1,685,898	1,685,659
Number of Australian Postgraduate Awards ^a	3,500	3,500
Provision of support for new and existing higher degree by research places		
Value of Australian Postgraduate Awards (\$'000)	266,287	266,287
Number of International Postgraduate Research Scholarships ^a	330	330
Value of International Postgraduate Research Scholarship Scheme (\$'000)	22,039	22,039
Value of funds provided under Research Training Scheme (\$'000)	671,783	671,783
Support for research infrastructure		
Value of funds provided under Collaborative Research Infrastructure Scheme (\$'000)	39,600	40,000
PERFORMANCE INDICATORS		
Improved research performance, transparency and accountability of Australian higher education providers		
Ratio of funding for indirect costs of research (i.e. 2013 RIBG and SRE funding / 2013 Australian Competitive Grants income) ^a	0.22:1	0.23:1
Total value of higher education providers' receipt of funds from sources other than competitive grants, including industry, community partners and public sector research agencies (\$'000) ^a	1,846,896	1,875,565
Sustained number of students completing higher degrees by research		
The Equivalent Full-time Student Load (EFTSL) supported by the Research Training Scheme ^a	21,500	25,782
Number of higher degree by research student completions ^a	7,400	9,193
Increased access to research infrastructure to facilitate and support collaborative research activities		
Number of institution-based research infrastructure projects supported through CRIS over time ^a	16	16

^a The data for this indicator is by calendar year (e.g. the 2013–14 data relates to the 2013 calendar year).

Programme 3.6 Research Capacity

Research advances our knowledge and drives our potential for innovation, as it shapes economic competitiveness and social wellbeing. The objectives of Programme 3.6 are to increase the production, use and awareness of research knowledge through promoting a strong culture of collaboration and networking that will generate new knowledge, world-class research and a highly trained workforce through more industry-ready graduates; support higher education and research infrastructure; and raise awareness of the importance of research and promoting scholarship across all fields of study.

Programme 3.6 components contribute to achieving the programme objectives through:

- ▶ promoting a strong culture of collaboration and networking across and between universities, research institutes, government and industry
- ▶ providing major research infrastructure in a framework that is strategic, national and collaborative, through the National Collaborative Research Infrastructure Strategy (NCRIS)
- ▶ facilitating and supporting science and research cooperation and strategic alliances with international partners for the benefit of all Australians through increased participation in, and access to, leading scientific research globally.

Science and research determine our potential for innovation and our capacity to access and benefit from advancing knowledge as it shapes economic competitiveness and social changes.

Government funding supports research infrastructure and helps to raise awareness of the importance of research and promoting scholarships across all fields of study, including the efforts that promote an increase in science, technology, engineering and mathematics. Programme 3.6 items are specifically as follows.

Support for research infrastructure

The NCRIS supports major research infrastructure to encourage collaboration between the research



The Hon Christopher Pyne MP, Minister for Education, inspecting equipment at the Victorian node of the Australian National Fabrication Facility, established under the National Collaborative Research Infrastructure Strategy.

sector, industry and government in Australia to conduct world-class research.

The NCRIS is designed to provide Australia's research sector with ongoing access to high-quality, operational research infrastructure facilities. This will ensure that Australian research continues to be competitive and rank highly on an international scale.

The Australian Government’s investment in research infrastructure enables over 30,000 researchers to access world-leading equipment and facilities. The network consists of 13 capabilities and 27 active projects; and employs over 1500 technical experts, researchers and facility managers in 222 institutions.

The Hon Christopher Pyne MP, Minister for Education, will be establishing an Expert Advisory Committee to look at the current NCRIS arrangements as well as future needs during 2014–15.

Support for research collaboration

The Collaborative Research Network (CRN) programme encourages less research-intensive, smaller and regional higher education institutions to develop their research capacity by teaming up with other institutions in areas of common research interest. These collaborations generate new knowledge (publications), generate new partnerships with other institutions (both private and public), develop career researchers (post-doctorates and fellowships) and train higher degree students. The CRN programme is subject to a mid-term evaluation to assess its performance against its objectives. The evaluation will be completed by the end of 2014.

Support for collaborations between the Australian Public Service and the research community

The Government has enhanced research collaboration through its investment in a strategic relationship with the Australian National University (ANU) through creation of several new public policy institutes. The relationship has brought together these new institutes with ANU’s existing public policy expertise and an enhanced Canberra presence of the Australian and New Zealand School of Government (ANZSOG). The relationship

has strengthened the links between the Australian Public Service (APS), academia and the broader community and ensures that the APS is well equipped to tackle future policy challenges through evidence-based public policy.

The strategic relationship encompasses the following elements:

- ▶ the Australian National Institute of Public Policy (the enhanced Crawford School of Public Policy), which provides public policy courses targeted at the APS
- ▶ the Australian Centre on China in the World, which conducts research in China studies
- ▶ the National Security College, which provides courses for national security agencies
- ▶ the HC Coombs Policy Forum, which provides research-based policy advice to the APS
- ▶ the Sir Roland Wilson PhD Scholarships for APS employees
- ▶ facilities for National Security College, the ANZSOG and the Australian Centre on China in the World.

Support for increased awareness of science and research in the community

The Conversation

The Government contributed funds to building the sustainable operation of The Conversation website theconversation.com/au and the promotion of a national and international dialogue about science, research and innovation policy issues. The Conversation is a not-for-profit company that delivers analysis, commentary and news sourced from the university and research sector, free to the public.

FEATURE
STORY

Innovative approaches to research training

Undertaking a higher degree by research is not for the faint hearted. A doctorate degree involves at least three years of research in a discrete subject area under the guidance of an academic supervisor.

This traditional approach originated as a way for universities to build their workforce through what is effectively a research 'apprenticeship'. Historically it has been focused on training talented graduates to become academics. However, given that less than half of today's research graduates are employed in the higher education sector, there is a clear need for other models that prepare students for research and other careers outside academia.

Some institutions, including universities, cooperative research centres, medical institutes and industry bodies, have already taken steps in this direction. To gain a better understanding of these new and emerging approaches, the department undertook a project involving case studies of 15 initiatives and surveys of the students involved in them.



The results showed that these initiatives, including industry placements and targeted courses, support students to gain a broader range of knowledge, skills and industry experience than typically acquired during a research degree. For example, one student stated, 'I have not spent my entire PhD hunkered in a university lab and have more transferable skills for future research.'

The final report, *Initiatives to Enhance the Professional Development of Research Students*, has been published on the department's website at www.education.gov.au/research-training.

The Higher Education and Research Promotion

The Higher Education and Research Promotion supports Australia's learned academies and the Australian and New Zealand Association for the Advancement of Science to increase awareness of the importance of research and promote research and scholarship in science, social science, and the humanities in Australia.

Australia's four learned academies and the Australian Council of Learned Academies, the peak coordinating body, continued to deliver high-level policy inputs, science and education training and

extension activities. Detailed information about the wide range of activities during the year is available through respective websites at:

- ▶ Australian Academy of the Humanities: www.humanities.org.au
- ▶ Australian Academy of Science: www.science.org.au
- ▶ Australian Academy of Technological Sciences and Engineering: www.atse.org.au
- ▶ Academy of Social Sciences in Australia: www.assa.edu.au
- ▶ Australian Council of Learned Academies: www.acola.org.au

HIGHLIGHT

National registration of institutions providing education to international student visa holders

Until recently, institutions registered to provide education services to international students were required to register separately in each state or territory in which they were operating. Recent changes to the Education Services for Overseas Students legislation and the Provider Registration and International Student Management System (PRISMS) have been streamlined to enable institutions to combine registrations into one.

System changes to the registration process have saved education institutions, as well as the national regulators for tertiary education, a significant amount of manual data entry. This is projected to save PRISMS users more than 50,000 transactions by the end of 2013–14.



PERFORMANCE INFORMATION

Table 16 Programme 3.6 Research Capacity performance information

DELIVERABLES	2013–14 ESTIMATE	2013–14 ACTUAL
Support for research infrastructure		
Value of funding for research infrastructure (\$'000)	191,539	148,200
Support for research collaboration		
Value of funding for Collaborative Research Networks (\$'000)	10,400	10,400
Support for collaborations between the Australian Public Service and the research community		
Value of funding for Commonwealth–ANU Strategic Relationship (\$'000)	4,200	4,200
Support for increased awareness of science and research in the community		
Value of funding to increase awareness of science and research in the community (\$'000)	9,993	6,289 ^a
PERFORMANCE INDICATORS		
Improved research performance of less research-intensive universities		
Number of research institutions supported Collaborative Research Networks	15	15
Number of fields of research at or above the world class standard for these institutions	20	20
Expansion of partnerships between the Australian Public Service and the research community		
Number of participants in courses and activities conducted under the banner of the Australian National Institute for Public Policy	–	2,400
Number of HC Coombs Policy Forum activities	–	44
Increased access to research infrastructure to facilitate and support collaborative research activities		
Number of research infrastructure projects established under the Super Science Initiative to offer services to the research sector over time	24	24
Number of institution-based research infrastructure projects supported through the Budget or Education Investment Fund competitive rounds over time	24	26
Increased number of projects reporting strengthened international collaborative relationships and research outcomes		
Number of research outputs produced by the Australian Centre on China in the World under the ANU Strategic Relationship ^b	–	111
Number of facilities collaborating in European Molecular Biology Laboratory partner facility	5	5

^a The revision reflects the result of the 18 September and 3 October 2013 Administrative Arrangements Orders, where responsibility for Higher Education Research Promotion was transferred to the Department of Education.

^b This indicator has been changed from the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education 2013–14 Portfolio Budget Statements to allow meaningful reporting of the measure.

Programme 3.7 International Education Support

International education builds linkages between Australian and international students, institutions and governments and plays a role in preparing productive global citizens.

Programme 3.7 aims to advance the sustainable development of Australia's international education and research engagement, including through support for student, researcher and professional exchange and institution-to-institution linkages. The Endeavour Scholarships and Fellowships programme supports doctoral and postdoctoral research and executive development. The International Education Group works with counterpart ministries and the sector to ensure successful student mobility.

In order to ensure that Australia's education system is recognised as world class and globally connected, a national strategy for international education will be developed that provides a blueprint for the sustainable growth of Australian international education.

The department also supports the legislative requirements of the *Education Services for Overseas Students Act 2000*, which contains arrangements, such as the Tuition Protection Service, to ensure quality education. The Tuition Protection Service's annual report can be found at Appendix 5.

Provision of international education support

The components of Programme 3.7 that contributed to achieving the objectives during 2013–14 are:

- ▶ Assessment Subsidy for Overseas Trained Professionals
- ▶ International Education and Training
- ▶ Tuition Protection Service
- ▶ Overseas Student Tuition Fund.

International students' satisfaction with studying and living in Australia

The department's performance in delivering Programme 3.7 is indicated by the levels of satisfaction expressed by international students who choose to study in Australia. The performance indicators below were reported in a national survey that collected responses from over 50,000 students studying across Australia's higher education and vocational education and training, English language and schools sectors.

PERFORMANCE INFORMATION

Table 17 Programme 3.7 International Education Support performance information

DELIVERABLES	2013–14 ESTIMATE	2013–14 ACTUAL
Provision of international education support		
Number of projects and/or activities funded by Regional Links	26	24
Number of projects and/or activities funded by the Increased profile of Australian International Education Sector programme	12	18
Number of international scholarships, fellowships and exchange opportunities supported (Endeavour Scholarships and Fellowships and AsiaBound Grants programme)	6,128	6,128
Number of eligible applications funded through the Assessment Subsidy for Overseas Trained Professionals programme	465	366
PERFORMANCE INDICATORS		
International students' satisfaction with studying and living in Australia		
Proportion of international student survey respondents who are satisfied or very satisfied with studying in Australia	>80%	86%
Proportion of international student survey respondents who are satisfied or very satisfied with living in Australia	>80%	88%

3



PART 3

Our accountability

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Corporate governance

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

The Executive Board is the decision-making body for the department. Membership consists of the Secretary, associate and deputy secretaries, Chief Finance Officer and group manager representatives from each cluster. Group manager members will occupy a position on the Board for a period of 12 months. Group manager membership operates on rotation and will be reviewed annually.

The Executive Board facilitates work across the department to achieve corporate objectives and promotes the core principles of good public sector governance—accountability, transparency, integrity, stewardship, efficiency, leadership and risk management.

The Departmental Network Meeting is an information sharing, consultative forum between the Executive Board and the department's senior executive staff. The Departmental Network Meeting provides input to strategic and policy matters across the department.

The Executive Board is supported by six departmental committees:

- ▶ the Audit Committee
- ▶ the Risk and Implementation Committee
- ▶ the Information Technology Committee
- ▶ the Strategy and Impact Committee
- ▶ the People and Culture Committee
- ▶ the Deregulation Committee.

The committees meet on either a monthly or bi-monthly basis and assist with broader departmental reporting processes, develop new ideas and provide forums for consultation. The committees report regularly to the Executive Board and each is chaired by an associate or deputy secretary.

Our Strategic Plan

The Department of Education Strategic Plan 2014–2017 was launched in July 2014. Development of the plan, through consultation with our people, provided an exciting opportunity to consider who we are, what we do and why we do it.

The plan sets out our vision—opportunity through learning—and our department's goals, which reflect the Australian Government's priorities. An important component of the plan is our commitment to improving education outcomes for Aboriginal and Torres Strait Islander peoples. The plan also describes our pathways, values and culture and highlights how we support our people, stakeholders and clients. The plan is available on the department's website at education.gov.au/strategic-plan-2014-2017.

Business planning

Business plans are developed annually and outline a formal statement of goals and how they will be achieved. The plans align with the vision and goals set out in the strategic plan, which in turn are linked to individual performance and development plans. Plans are updated as needed to reflect any changes in priorities and are reviewed biannually.

Risk management

Following the Machinery of Government changes, the department's risk management policy was endorsed by the Risk and Implementation Committee, the Departmental Network Meeting and the Executive Board on 3 March 2014. The risk management policy and framework describe our approach to managing risks at all levels of the organisation. The framework promotes risk management as an integral component of core business delivery and good governance. Supported by the Executive, it encourages all employees to manage risk as part of their everyday responsibilities.

The framework commits the department to identifying, treating and monitoring risks related to potential threats, harm, losses, failures and opportunities in the implementation and management of Government programmes. Information is reported to members of the Executive and governance committees to guide the management of risk at the strategic level. As required under the *Commonwealth Fraud Control Guidelines 2011*, relevant risk plans contain at least one identified fraud risk.

RiskActive is the department's enterprise-wide risk management system and provides a central repository for all risk plans. It supports the framework by ensuring that risk management processes are integrated across all levels of the department. In 2012–13 an online learning module was developed to support the use of RiskActive and in 2014 a learning module on risk essentials was developed to assist people in gaining a general understanding of the concepts of risk management. In conjunction with these tools, workshops were run with business areas to identify specific risks and assist employees to consider all aspects of risk management. During 2013–14 more than 1000 employees attended training, received advice through the hotline or email, participated in workshops and risk discussions or completed the RiskActive or Risk Essentials online training modules.

The results of the Comcover benchmarking survey undertaken in early 2014 saw the department continue to improve on its previous benchmarking results, achieving a rating of 'structured' for its approach to risk management, the second highest rating that can be achieved.

Oversight of departmental risk is the responsibility of the Risk and Implementation Committee, which first met in February 2014. The committee is responsible for monitoring risk practices in the department and facilitates discussions on risk with the Departmental Network Meeting and the Executive Board.

Fraud control

As required by the Commonwealth Fraud Control Guidelines and the *Financial Management and Accountability Act 1997*, the department has a fraud control plan as well as other guidelines and policies that underpin fraud control. Collectively these documents establish the framework for the management of fraud risks and the conduct of investigations.

During 2013–14 the department promoted fraud awareness and managed fraud risks by:

- ▶ providing face-to-face fraud awareness training to employees
- ▶ providing an interactive online fraud awareness training package for employees
- ▶ maintaining a suite of fraud control guidance documents for all employees
- ▶ requiring employees to consider fraud risks as an integral part of risk management
- ▶ developing a new Department of Education Fraud Control Plan
- ▶ providing advice to programme and policy areas on fraud risk analysis and management
- ▶ investigating instances of possible fraud in accordance with the Australian Government Investigation Standards and the Commonwealth Fraud Control Guidelines.

Parliamentary operations

The department provided support for parliamentary functions including overseeing Cabinet business, processing and monitoring general briefings and ministerial correspondence, coordinating specialist briefings for question time and Senate Estimates, and coordinating answers to parliamentary questions and Senate Estimates questions on notice. Additional support on the caretaker conventions was provided during the caretaker period, in the lead-up to the September 2013 federal election. This entailed presentations to employees, helpdesk services via phone and email and a specially developed intranet page containing information and resources.

Financial management

After adjusting for depreciation, the department reported an operating deficit for 2013–14 of \$1.8 million (0.8 per cent of departmental revenue). The department's administered expenses over the same period were \$22.7 billion.

Purchasing and consultancies

Purchasing

The department's procurement policies and practices are consistent with all relevant Commonwealth laws, the Commonwealth financial framework (including the Commonwealth Procurement Rules) and other relevant policies. The provision of specialist legal and probity advice is available to all areas of the department engaged in procurement. The department uses AusTender to publish its procurement activities and plans. As a result, the department's procurement activities are readily communicated and accessible to all business enterprises.

The department implements the requirements of the Indigenous Opportunities Policy in tendering and contracting processes. Internal procurement policies aim to increase opportunities for businesses owned by Aboriginal and Torres Strait Islander peoples through the use of Exemption 17 of the Commonwealth

Procurement Rules. The department works in partnership with Supply Nation in applying the policies to support participation of Aboriginal and Torres Strait Islander businesses in Australian Government procurement activities.

There were no contracts exempt from being reported on AusTender during 2013–14.

Consultants

The department engages consultants to provide professional, independent and expert advice or services, taking into account the skills and resources required for the task, the skills available internally and the cost-effectiveness of those options. The decision to engage a consultant is made in accordance with the *Financial Management and Accountability Act 1997* and related regulations.

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

During 2013–14, 69 new consultancies were entered into, involving total actual expenditure of \$7,378,657. In addition, 34 ongoing consultancy contracts were active during 2013–14, involving total actual expenditure of \$6,570,465.

Information on the value of contracts and consultancies is available on the AusTender website at www.tenders.gov.au.

Grants programmes

Information on grants awarded by the department during 2013–14 is available at www.education.gov.au.

Asset management

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

- ▶ a stocktake to confirm the existence and location of the department's assets
- ▶ an asset impairment review in accordance with Australian Accounting Standard 136 (Impairment of Assets) to ensure that the department only carries assets at a value above the recoverable amount
- ▶ a revaluation of the land and buildings including leasehold fit-outs as at 30 June 2014
- ▶ assessments of asset values other than land and buildings to ensure they are reported at fair value at 30 June 2014.

FEATURE
STORY

Promotion of Aboriginal and Torres Strait Islander suppliers

The Shared Services Centre Procurement and Grants Support team's leadership and advocacy in promoting Aboriginal and Torres Strait Islander suppliers within the partner departments of Education and Employment was recognised at the Supply Nation Supplier Diversity Awards held at Sydney Town Hall in May 2014.

The awards recognise private sector organisations and government agencies for their efforts in using Aboriginal and Torres Strait Islander businesses to supply goods and services.

The team won the prestigious Government Member of the Year category for ensuring that Aboriginal and Torres Strait Islander business was front and centre in the minds of those responsible for procurement in the two departments.

'I think this is a fantastic result which underlines our commitment to helping our partner departments achieve their Reconciliation Action Plan goals and to supporting their approach to Indigenous business more generally,' said Shared Services Centre Deputy CEO Danny Jones.



Dinesh Kumar, Assistant Director, and Amanda Harris, Director, Procurement and Grants Support team.

'On behalf of the Shared Services Centre Executive staff I would like to extend my hearty congratulations to the Procurement and Grants Support team for this outstanding result,' Danny added.

Demonstrating leadership and advocacy, the team took the opportunity to influence the design of the new procurement system by simplifying the exemption provisions.

External scrutiny

The following information provides details of the most significant developments in external scrutiny for the department.

Judicial decisions

During the year the Department of Education was only involved in one matter before courts and administrative tribunals.

Williams v Commonwealth [2014] HCA 23

On 8 August 2013, Mr Ron Williams commenced proceedings in the High Court of Australia against the Commonwealth, the Minister for Education and Scripture Union Queensland (SUQ) seeking to have payments made by the department to SUQ under the National School Chaplaincy and Student Welfare Program declared invalid.

The High Court, in a decision handed down on 19 June 2014, unanimously decided that the payments were not validly made. In reaching that conclusion the High Court held that the payments were not validly authorised by section 32B of the *Financial Management and Accountability Act 1997* as they were not supported by a head of Commonwealth legislative power.

Administrative tribunal decisions and the Office of the Australian Information Commissioner

There were no decisions of administrative tribunals or the Office of the Australian Information Commissioner during 2013–14 that have had a significant impact on the operations of the department.

Reports on the operations of the department by the Commonwealth Ombudsman

There were no reports of relevance to the department by the Commonwealth Ombudsman during 2013–14.

Reports by the Auditor-General

- ▶ Audit Report No. 13 *2013–14 Audits of the Financial Statements of Australian Government Entities*
- ▶ Audit Report No. 33 *2013–14 Indigenous Employment in Australian Government Entities*
- ▶ Audit Report No. 44 *2013–14 Interim Phase of the Audits of the Financial Statements of Major General Government Sector Agencies for the Year Ending 30 June 2014*
- ▶ Audit Report No. 47 *2013–14 Managing Conflicts of Interest in FMA Agencies.*

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

Parliamentary committee inquiries

The department appeared before the Senate Standing Committee on Education and Employment for Supplementary Budget Estimates on 20 November 2013; Additional Budget Estimates on 26 February 2014; and Budget Estimates on 4–5 June 2014.

The department also made appearances before, or submissions to, a number of parliamentary committee inquiries during the year (see Table 18). Details of these inquiries can be found at www.aph.gov.au.

Table 18 Parliamentary committee inquiries 2013–14

COMMITTEE	INQUIRIES, SUBMISSIONS AND APPEARANCES
Senate Education and Employment Legislation Committee	Family Assistance Legislation Amendment (Child Care Measures) Bill 2014 Tertiary Education Quality and Standards Agency Amendment Bill 2014
Senate Education and Employment References Committee	Inquiry into the delivery of quality and affordable early childhood education and care services Inquiry into the immediate future of the childcare sector in Australia Inquiry into technical and further education in Australia Inquiry into the effectiveness of the National Assessment Programme—Literacy and Numeracy
Senate Select Committee on School Funding	Inquiry into the development and implementation of national school funding arrangements and school reform
Joint Committee of Public Accounts and Audit	Review of Auditor-General's Reports Nos 23 and 25 (2012–13) and 32 (2012–13) to 9 (2013–14)
Senate Economics References Committee	Inquiry into affordable housing

Audit processes

Audit Committee

The department's Audit Committee was established in compliance with section 46 of the *Financial Management and Accountability Act 1997*.

The committee is responsible for providing independent assurance and assistance to the Secretary on the department's financial and performance reporting responsibilities, risk oversight and management, and systems of internal control.

In broad terms the Audit Committee reviews, monitors and, where necessary, recommends improvements to the department's:

- ▶ financial reporting
- ▶ performance reporting
- ▶ risk oversight and management systems
- ▶ internal control systems.

Members of the Audit Committee include two deputy secretaries (as chair and deputy chair), one group manager and three independent members.

Internal audit

Internal audit is an important component of the department's control framework. It provides independent assurance to the department's Executive and Audit Committee that resources are being used efficiently, effectively and ethically to:

- ▶ promote strong performance management and accountability in departmental programmes, systems and practices
- ▶ improve controls and governance within a risk management environment.

The Internal Audit area of the department monitors the implementation of both internal and external audit recommendations and reports progress on these to the Audit Committee.

Information Publication Scheme

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

4



PART 4

How we operate

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Our people

At 30 June 2014, the department had 1868 employees. Appendix 6 contains summary tables of workforce statistics on that date.

Workforce numbers reflect the Machinery of Government changes that resulted in the establishment of the Department of Education.

With the creation of the department came an opportunity to look toward the future and shape the strategic direction of people management policies, initiatives and planning. The department's People and Culture Committee is responsible for people and skills, culture, diversity and engagement. The committee meets regularly to consider and oversee the implementation, delivery and evaluation of the strategic people agenda for the department.

Strategic people management and people capability

One of the first priorities of the People and Culture Committee has been the development of a new departmental People Capability Strategy. Once completed, the strategy and related plans, including a departmental workforce plan, will define the department's people priorities and:

- ▶ steer capability-related effort and investment for greatest impact
- ▶ guide workforce decisions that support business goals
- ▶ respond to and influence organisational culture
- ▶ focus on building employee engagement, a driver of individual and organisational performance.

A consideration in the strategy's development has been that it should align with and support delivery of the department's new strategic plan, especially the elements related to workforce culture, capability, leadership and performance.

The department's approach to the development of people capability is largely based on the 70:20:10 model of learning. This approach encompasses the general principle that 70 per cent of learning will be on the job, 20 per cent through relationships and 10 per cent through formal training.

The strategy will be underpinned by a range of people-related evidence, metrics and data including the aggregated results of the department's People Capability Framework self-assessments and results from the Australian Public Service Commission (APSC) State of the Service Survey.

Business area workforce planning continues to be supported by the desktop 'HR Dashboard', an online tool available to managers that provides real-time and trend information about their workforce drawn from the department's human resource information system, Connect.

Recruitment: Entry-level programmes

The department uses a number of entry-level programmes to recruit recent university graduates and Aboriginal and Torres Strait Islander people. The graduate programme, the APSC Indigenous Cadetship Programme, and the Indigenous Australian Government Development Programme (IAGDP) are our entry-level programmes.

Thirty participants from the Department of Education completed entry-level programmes in 2013: 25 graduates, four IAGDP participants and one cadet.

In 2014, 20 participants commenced the graduate programme. Nineteen are based in Canberra and one is working in the Office for Learning and Teaching in Sydney. The graduates will complete a 10-month programme consisting of two work placements, on-the-job training and structured learning and development to build their capacity to contribute to the future capability needs of the department and the Australian Public Service (APS).

Two Indigenous cadets joined the department in 2014. Both are based in Canberra and are working part time while they continue their tertiary studies. A third cadet is working in the Shared Services Centre as part of the whole-of-government ICT Cadetship Programme. Another cadet completed her studies in March and now works full time in our national office.

The department is currently hosting seven participants in the 2013–14 IAGDP. Participants are undertaking a Diploma of Government while working full time and are expected to complete the programme in December. The department looks forward to commencing its next intake in October 2014.

Diversity

The department's Diversity Strategy provides the framework to enable us to build an environment that supports and embraces all elements of diversity, with a focus on people with disability, Aboriginal and Torres Strait Islander peoples and the mature aged. Diversity embraces various dimensions including race, gender identity, sexual orientation, intersex status, language, culture, age, religion, disability, lifestyle, personality, and thinking and behavioural styles.

Workplace diversity underpins the capability of our workforce and is part of our daily decision making and the way we work. To ensure that the diversity of our workforce reflects that of the broader community, we maintain our focus on building an inclusive environment that values the contribution diversity makes to organisational outcomes.

The department's Diversity Champion raises awareness and promotes initiatives that support our people to develop and implement inclusive practices for people from diversity groups and ensure that we build a workforce that reflects the community. The department's diversity team works with managers, employees and service providers to advocate for employees who have a caring role, disability or cultural differences. Our human resources practitioners regularly have conversations with employees with caring responsibilities to help them access respite and counselling services.

Changes to disability reporting in annual reports

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy.

In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au.

From 2010–11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a ten year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. The first of these reports will be available in late 2014, and can be found at www.dss.gov.au.

Remuneration and conditions of employment

Remuneration and conditions for non-SES employees

As a result of the Administrative Arrangements Orders (AAOs) that created the department in September 2013, employees' remuneration and conditions are provided for under a non-Senior Executive Service (SES) determination made under section 24(3) of the *Public Service Act 1999*. This determination made by the Minister Assisting the Prime Minister on the Public Service, Senator the Hon Eric Abetz, preserves the terms and conditions of employment that employees of the department had immediately before the making of the AAOs.

The section 24(3) determination has preserved the conditions of the Department of Education, Employment and Workplace Relations (DEEWR) Enterprise Agreement 2012–2014 for former DEEWR employees and the conditions of the One Innovation Enterprise Agreement 2011 for former employees of the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE). The determination will remain in place until a new enterprise agreement is developed for the department.

The preserved conditions of employment provide for flexible working hours and leave arrangements to assist employees to balance their personal and professional lives. These arrangements include:

- ▶ a range of flexible working arrangements including part-time arrangements, flextime, study assistance, purchasing of additional leave, working from home arrangements and broad personal and parental leave provisions
- ▶ access to a range of allowances for non-SES employees that help to promote good health, recognise employees' health and safety roles in the workplace and provide assistance with the cost of school holiday care for primary school children of employees who are at work.

At 30 June 2014, 1794 employees were covered by the non-SES section 24(3) determination.

The department has a limited number of individual flexibility arrangements (IFAs) which have been preserved by the 24(3) determination. These are used primarily to recognise hard-to-secure specialist skill sets that are critical to business needs. The IFAs provide for a capability allowance or specific performance pay arrangements. At 30 June 2014, 14 employees had an IFA in place and another four employees had

similar arrangements in place under an individual section 24(1) determination. One of these employees had performance pay arrangements.

The department has commenced discussions and consultations with employees to develop a new enterprise agreement for all non-SES employees.

Remuneration and conditions for SES employees

Remuneration and conditions for SES employees are covered by either a section 24(3) determination made under the Public Service Act by the Minister Assisting the Prime Minister on the Public Service (for SES of the former DIICSRTE), or by a section 24(1) determination, made under the Public Service Act by the Secretary of the Department of Education (for SES of the former DEEWR).

The section 24(3) determination preserved the remuneration and conditions that applied to DIICSRTE SES employees immediately before the September 2013 AAOs under common law agreements. The section 24(3) determination remains in place until a new section 24(1) determination is made under the Public Service Act or a new common law agreement is made. At 30 June 2014, 56 SES employees had section 24(1) determinations in place.

Initially the section 24(3) determination preserved the pre-September 2013 remuneration and conditions that applied to DEEWR SES employees immediately before the AAOs. This was subsequently replaced by a section 24(1) determination, made under the Public Service Act by the Secretary of the Department of Education. The purpose of the section 24(1) determination was to remove the pay outcome scheduled for July 2014 for the former DEEWR SES to align with the arrangements for the former DIICSRTE SES.

As at 30 June 2014, 17 SES employees were covered by the SES section 24(3) determination.

The section 24(3) and section 24(1) determinations provide for a total remuneration approach to SES remuneration and conditions and preserve non-salary benefits including a privately plated motor vehicle and car parking which employees may elect to cash out (either the value of the vehicle or that of the car park, or both).

The section 24(3) and section 24(1) provisions do not provide for performance pay. The department will shortly begin a process to develop a new, single set of SES arrangements.

HIGHLIGHT

Rehabilitation Management System

The department developed and implemented a rehabilitation management system (RMS) in accordance with the Guidelines for Rehabilitation Authorities 2012 as set out in the *Safety, Rehabilitation and Compensation Act 1988*. An RMS is a collection of documents, procedures and policies that support and promote the appropriate rehabilitation of employees.

An audit of the RMS was conducted in May 2014 to assess the department's conformance with the guidelines. The audit found a 100 per cent conformance rate. This result highlights the success of our approach to rehabilitation of our injured employees and compliance with obligations under the *Safety, Rehabilitation and Compensation Act*.

Impact of new legislation

The *Public Interest Disclosure Act 2013* came into effect on 14 January 2014. As the department's principal officer, the Secretary appointed authorised officers to receive and make decisions about disclosures made under the Public Interest Disclosure Act and also delegated her investigative and decision-making powers to appropriate individuals within the department. The authorised officers received training and are provided with ongoing support and assistance.

Immediately following the commencement of the Public Interest Disclosure Act, the department received a number of disclosures. These were allocated, investigated where appropriate, and resolved to the department's satisfaction. The department largely found that the disclosures related to complaints already pursued through other mechanisms.

Changes to the *Fair Work Act 2009* meant that employees who reasonably believe they have been bullied at work can apply to the Fair Work Commission for an order to stop the bullying. One such application was lodged with the Commission by an employee and the matter was resolved during conciliation.

Indigenous business is everyone's business

The department supports the Australian Government's prioritisation of accelerated effort and increased action to improve education outcomes for Aboriginal and Torres Strait Islander peoples. Across all areas of the department, we strive to identify ways our education policies and programmes can be strengthened to ensure Aboriginal and Torres Strait Islander peoples are accessing and succeeding in high-quality education and research.

Given the fundamental importance of education to improving economic and social wellbeing, the department has the opportunity to make a significant difference to the lives of Aboriginal and Torres Strait Islander peoples and communities. All Aboriginal and Torres Strait Islander children and students are impacted by national education policies and programmes. Most funding for their education comes through 'mainstream' or non-Indigenous specific rather than Indigenous-specific programmes. For example around 80 per cent of Aboriginal and Torres Strait Islander students are enrolled in schools in metropolitan and provincial locations and almost half attend a school where there are fewer than 10 Aboriginal and/or Torres Strait Islander students.

The department promotes a culture where *Indigenous business is everyone's business* across its work practices, values and business. All employees are supported to build their cultural capability so they can confidently develop and implement policies and programmes that will lead to rewarding and empowering outcomes for Aboriginal and Torres Strait Islander peoples.



FEATURE STORY



Secretary Lisa Paul and Associate Secretary Tony Cook signing the Reconciliation Tree.

Commemorating days of significance

The Department of Education commemorates Aboriginal and Torres Strait Islander days of significance each year to recognise and learn about the significant contribution of Aboriginal and Torres Strait Islander peoples and their cultures to Australia's rich history. During National Aborigines and Islanders Day Observance Committee (NAIDOC) Week 2013 the department hosted several events across the country and encouraged all employees to participate. The events included a flag-raising ceremony, film screenings, a tour to learn about the Yirrkala bark petition and a trivia night to raise funds for an Indigenous charity. National Reconciliation Week 2014 was a time for the department to reflect on developing its first Reconciliation Action Plan (RAP) and to discuss the role each employee plays in

supporting and engaging with the culture of *Indigenous business is everyone's business*.

To mark National Reconciliation Week 2014 the department launched its Reconciliation Tree initiative, with the aim of illustrating the department's and employees' commitment to reconciliation.

Panels of the Reconciliation Tree were sent to state, territory and regional offices to ensure all employees had the opportunity to sign a leaf. There are over 500 signed leaves on the tree—a constant reminder that the department's employees are proud to support reconciliation and Indigenous business. The tree will be displayed in the department's national office building and feature on the front cover of the new RAP.

Reconciliation Action Plan

The department's RAP is being developed following thorough consultation with employees and external stakeholders and is expected to be launched in September 2014. The RAP will comprise actions and targets that create individual and organisational accountability to ensure reconciliation is reflected in our everyday business practices.

The RAP will support the department to build a culture of respect, understanding and strong relationships between Aboriginal and Torres Strait Islander peoples and non-Indigenous Australians. It will challenge the department to create real and lasting opportunities and improve outcomes for Aboriginal and Torres Strait Islander children, young people and adults through all areas of our work.

The development and implementation of the RAP is governed by the RAP Working Group, which was established in March 2014 and is made up of senior executive staff from across each business area of the department.

Aboriginal and Torres Strait Islander recruitment and retention

The department is committed to improving the recruitment, retention and career development of our Aboriginal and Torres Strait Islander employees.

The proportion of our workforce who identify as being of Aboriginal and/or Torres Strait Islander origin is 2.87 per cent. While this is above the Council of Australian Governments' target (2.7 per cent), we are exploring strategies to continue to grow our Aboriginal and Torres Strait Islander workforce.

Following the Machinery of Government changes, the department surveyed all Aboriginal and Torres Strait Islander employees to gauge their thoughts on what has worked in the past and improvements that could be made for the future. The results informed the Secretary's endorsement of a focus on four key priorities:

- ▶ establishment of an Aboriginal and Torres Strait Islander Employee Committee
- ▶ review of the Identified Positions Policy
- ▶ enhancement of the Cultural Capability Development Framework
- ▶ development of an Indigenous Recruitment and Career Development Strategy.

The department held a two-day workshop in June 2014 to bring all Aboriginal and Torres Strait Islander employees together to strengthen and consolidate their network. Trends and opportunities were identified to strengthen workforce planning and discuss emerging priorities. Information gathered from the workshop will be used to inform work on the abovementioned priorities.

**FEATURE
STORY**



Aboriginal and Torres Strait Islander Employee Workshop

The department's inaugural Aboriginal and Torres Strait Islander Employee Workshop was held on 12 and 13 June 2014 in Canberra. The themes of the workshop were:

Inspire

to engage our Aboriginal and Torres Strait Islander employees with inspiring leaders and other inspiring Indigenous Australians

Aspire

to gauge and develop the aspirations of Aboriginal and Torres Strait Islander employees, for themselves personally and for the department

Achieve

to identify the actions that individuals and the department could take to assist Aboriginal and Torres Strait Islander employees to achieve their goals and aspirations

The workshop was preceded, on 11 June, by an opportunity for all Aboriginal and Torres Strait Islander employees to shadow a member of the SES for a day.

Feedback from everyone involved was very positive. Many found the experience valuable and insightful; one participant called it 'one of the most rewarding experiences of my career'.

Aboriginal and Torres Strait Islander Employee Committee

The department's Aboriginal and Torres Strait Islander Employee Committee has two important roles: providing support to members of the network of Aboriginal and Torres Strait Islander employees, and offering strategic advice to the department on workplace and workforce matters affecting Aboriginal and Torres Strait Islander employees including recruitment, retention and career development strategies. The committee provides leadership and advice to the department on how best to target limited resources to areas that will help the department remain an employer of choice and continue a culture of *Indigenous business is everyone's business*.

Communication

The department's Communication Branch provides specialised expertise and support to the portfolio's Ministers and the department across a range of communication functions.

Services include developing and implementing communication strategies, events management, public affairs, speechwriting and corporate communication.

Public information activities and events

The department undertakes public communication activities to inform members of the Australian community about the range of programmes and initiatives we administer. Sometimes these activities require paid placements, which are made in accordance with Australian Government guidelines.

Media and speechwriting

Working in partnership with the portfolio Ministers' offices, journalists and other stakeholders, the department produces communication products including media releases, fact sheets, speeches and question-and-answers. These products help to ensure the availability and accessibility of accurate information about the portfolio's programmes and initiatives.

Engagement through social media

The department uses social media to provide information about programmes and initiatives, promote activities, respond to inquiries from the public, encourage public participation and engage a broad online audience. The department has seven active social media projects spanning a total of 11 points of presence.

The department also organises public forums to discuss policy and receive feedback from the community. Live events have been held in the department's theatre, supported with live online streaming and chat facilities.

Making these forums available live online and viewable on demand after the event means that people can watch the full discussion rather than having to rely on coverage provided in mainstream media.

Shared Services Centre

In December 2013, the Department of Education partnered with the Department of Employment to establish a Shared Services Centre (SSC) to deliver corporate and enabling services to both departments as an innovative and efficient response to the Machinery of Government changes in September 2013.

By setting up the SSC the departments aim to avoid extra costs by maintaining existing economies of scale and enabling a focus on synergies and process efficiencies that will, over time, deliver better services at reduced cost.

The SSC is not a separate legal entity; it is accountable through both departments. The SSC appropriation and financial accountability flows through the departments to the Parliament.

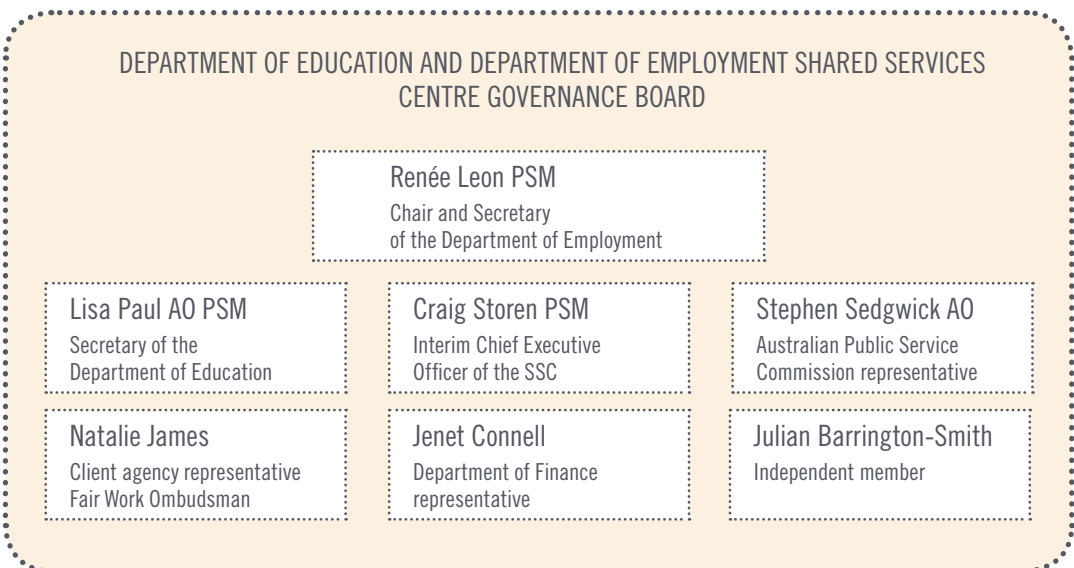
For the 2013–14 year, it is not possible to separate all Education and Employment activities managed by the SSC; this has been noted where relevant. It is expected that activities will be reported through the departments' annual reports for 2014–15.

The SSC provides services to other agencies in line with arrangements in place for the former Department of Education, Employment and Workplace Relations.

Governance

The Department of Education and Department of Employment Shared Services Centre Governance Board has been established to oversee the strategic direction and priorities for the SSC.

While acknowledging the investment of the two partner departments, the board members will support the extension of services by the SSC to benefit the APS more broadly.



Priorities

The SSC is creating a robust business model that represents value to departments and agencies by achieving greater efficiencies in the delivery of its corporate services.

The provision of services through a shared service arrangement is not new to public sector administration; there are significant lessons to be learnt from other jurisdictions in Australia and internationally.

As well as continuing the business of providing services to customers, the SSC is focusing on a range of separate projects to develop and define how it works. The projects include the provision of risk and business model plans, customer, people, finance and recruitment policies; and a service catalogue.

Parliamentary Workflow Solution

During 2013–14, the Department of Education continued to deploy the new whole-of-government Parliamentary Workflow Solution (PWS) to a range of agencies in accordance with the collaborative head agreement with the lead client agency, the Department of Finance. The PWS has now been successfully deployed to the:

- ▶ Department of the Environment
- ▶ Murray–Darling Basin Authority
- ▶ Great Barrier Reef Marine Park Authority
- ▶ National Water Commission
- ▶ Bureau of Meteorology
- ▶ Sydney Harbour Federation Trust
- ▶ Australian Federal Police
- ▶ Australian Customs and Border Protection Service
- ▶ Australian Public Service Commission
- ▶ Treasury
- ▶ Department of Health
- ▶ Australian Bureau of Statistics
- ▶ Department of Industry
- ▶ Department of Infrastructure.

The benefits the PWS delivers to the Government include:

- ▶ enhanced productivity and cross-agency collaboration, including a single portfolio view for Ministers
- ▶ removing duplication of systems used to manage parliamentary workflow across 41 agencies
- ▶ more efficient responses to Machinery of Government changes
- ▶ generation of skills that are transferable between agencies
- ▶ reduced infrastructure and deployment costs due to the use of shared infrastructure
- ▶ records managed consistently in a secure environment with appropriate audit, version and security control.

Environmental performance

The environmental performance¹² of the Department of Education is managed by the Shared Services Centre. Because the accommodation and operations of the department were not fully separated from those of the Department of Employment, an aggregated report for both departments is provided for 2013–14.

Environmental management is focused on reducing impacts from energy consumption, waste, water consumption, vehicle fleet, air travel, paper consumption and procurement policies and practices.

The department's progress is summarised in Table 19.

Table 19 Summary of environmental performance

INDICATORS	2012–13	2013–14	CHANGE (%)
Office/building energy use			
Total office tenant light and power electricity consumption (kWh)	7,164,658	6,863,055	–4.21%
Total office tenant light and power energy consumption (MJ)	25,792,768	24,706,998	–4.21%
Office tenant light and power energy use per full-time equivalent (MJ/FTE)	6,461.11	6,432.44	–0.44%
Office tenant light and power energy use per square metre (MJ/m ²)	239.95	222.68	–7.20%
Greenhouse emissions attributed to office tenant light and power energy use (tonnes/CO ₂ -e)	6,362.23	6,087.30	–4.31%
Green power purchased (kWh)	605,587	418,287	–30.93%
Vehicle fleet			
Total number of fleet vehicles	148	140	–5.41%
Average green vehicle rating of fleet	12.8	13.3	+3.90%
Total fuel purchased (kL)	133.47	86.73	–35.02%
Total distance travelled (km)	1,366,707	900,520	–34.11%
Average fuel consumption of vehicle fleet (litres/100 km)	9.77	9.63	–1.43%
Total direct greenhouse emissions of fleet (tonnes CO ₂ -e)	308.92	201.62	–34.73%

Notes CO₂-e = carbon dioxide equivalent; FTE = full-time equivalent; kL = kilolitre; km = kilometre; kWh = kilowatt hour; MJ = megajoule.

¹² It is not possible to separate all Education and Employment activities managed by the SSC following Machinery of Government changes in September 2013. Therefore the information for this activity is aggregated for both departments for this period. It is expected that activities will be reported through the appropriate departments' annual reports for 2014–15.

Table 19 Summary of environmental performance (cont)

INDICATORS	2012–13	2013–14	CHANGE (%)
Greenhouse emissions			
Total greenhouse emissions (tonnes CO ₂ -e)	6,675.70	6,288.92	–5.79%
Total greenhouse emissions per FTE (tonnes CO ₂ -e/FTE)	1.67	1.64	–1.8%
Air travel			
Total number of flights	15,822	12,746	–19.44%
Total distance of flights (km)	14,338,871	10,026,378	–30.08%
Resource efficiency and waste^a			
Office paper purchased by FTE (A4 reams/FTE)	7.3	7.9	+8.22%
Percentage of paper purchased with recycled content	98.67%	97.90%	–0.78%
Office paper recycled (tonnes)	168.08	122.12	–27.34%
Total waste produced (tonnes)	139.93	155.00	–17.82%
Total waste produced per FTE (kg/FTE)	45.50	29.94	–34.20%
Percentage of waste diverted from landfill	90.25%	88.50%	–1.94%
ICT sustainability			
Desktop devices per end user (including laptops)	1.54	1.84	+19.5%
Desktop computers to printer ratio	14:1	13:1	–7.1%
Desktop computers off (or sleeping) after hours	88%	93%	+5.7%
Desktop energy per end user (kWh per annum, averaged across agency)	264	231	–12.5%

Notes CO₂-e = carbon dioxide equivalent; FTE = full-time equivalent; kL = kilolitre; km = kilometre; kWh = kilowatt hour; MJ = megajoule.

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

Effect of the department's activities on the environment¹³

The Shared Services Centre uses an effective environmental management system for the Department of Education to continuously monitor and report on environmental performance, reduce negative environmental impacts and minimise pollution.

As part of the former Department of Education, Employment and Workplace Relations, the department achieved significant reductions in both total electricity usage and per capita energy intensity through rationalisation of the property portfolio into fewer, more efficient tenancies and the rollout of new desktop computers, including single split-screen monitors. Despite significant electricity price rises throughout this time, actual electricity costs also reduced.

Table 20 Electricity usage

YEAR	TOTAL KWH USED ^a	INTENSITY (MJ/FTE) ^a	TOTAL COST (\$) ^a
2009–10	15,489,622	9,618	2,492,673
2010–11	12,383,849 (–20%)	8,180 (–15%)	2,182,450 (–12%)
2011–12	10,635,473 (–14%)	7,303 (–11%)	1,951,531 (–11%)
2012–13	7,164,658 (–33%)	6,461 (–12%)	1,575,379 (–19%)
2013–14	6,863,055 (–4%)	6,432 (–0.5%)	1,649,544 (+5%)

a % = reduction from previous year.







Because the department's property portfolio and information and communications technology (ICT) infrastructure were relatively unchanged in 2013–14, performance has been maintained but the rate of improvement has slowed. As a result of ongoing price rises in 2013–14, total electricity costs have risen by 5 per cent.

¹³ It is not possible to separate all Education and Employment activities managed by the SSC following Machinery of Government changes in September 2013. Therefore the information for this activity is aggregated for both departments for this period. It is expected that activities will be reported through the appropriate departments' annual reports for 2014–15.

Office and building¹⁴

In 2013–14, the department again surpassed the Energy Efficiency in Government Operations Policy target of 7500 megajoules per person per year, achieving a reduction to 6432 megajoules.

Our largest tenancy, at 50 Marcus Clarke Street, Canberra, has maintained excellent results in the most comprehensive range of formal environmental ratings gained by any building in Australia:

	6 Star Green Star As Built (whole of building)
	5 Star Green Star Office Interiors
	5.5 Star NABERS ¹⁵ Energy for both Base Building and Tenancy
	5 Star NABERS Water
	5 Star NABERS Indoor Environment
	4 Star NABERS Waste.

The other main Canberra tenancy, at 10 and 12 Mort Street Canberra, also received a 5.5 Star NABERS Tenancy Energy rating—an outstanding result for a refurbished tenancy.

Information and communications technology¹⁴

The department has reduced the running costs, resource consumption and environmental impacts of ICT operations through initiatives including the use of energy-efficient monitors, virtual servers and print-on-demand for multi-function devices that default to duplex and black-and-white printing.

The combination of an increased proportion of efficient desktops, an increase in the number of desktops going to sleep overnight, and a reduction in the wait time before a PC goes to sleep (from 30 minutes down to 15) helped desktop energy per end user to fall from 264 kWh per year in 2012–13 to 231 kWh per year in 2013–14.

The recent Machinery of Government changes have, however, contributed to an increase in the stock of desktops held, with the number of desktop devices per end user increasing by 19.5 per cent and a worsening in the desktops-to-printer ratio. (The higher this ratio the better, as the intention behind its creation was to lower the number of printers in use.) This situation will be remedied in the near future with the disposal of older desktops and laptops from the fleet.

¹⁴ It is not possible to separate all Education and Employment activities managed by the SSC following Machinery of Government changes in September 2013. Therefore the information for this activity is aggregated for both departments for this period. It is expected that activities will be reported through the appropriate departments' annual reports for 2014–15.

¹⁵ NABERS is the National Australian Building Environmental Rating System—the standard system for measuring the environmental performance of Australian buildings.

Vehicle fleet and air travel¹⁶

The department has improved the average Green Vehicle Guide rating of our vehicle fleet by 3.9 per cent to a rating of 13.3. This, together with a reduction in fuel consumption, demonstrates our continued commitment to minimising the environmental impact of our fleet.

Total air kilometres travelled decreased by 30.08 per cent from 14,338,871 kilometres in 2012–13 to 10,026,378 kilometres in 2013–14. This outcome reflects our continuing efforts to minimise air travel, particularly through increased use of ICT, such as videoconferencing.

Resource efficiency and waste¹⁶

Paper use has risen a little in 2013–14: from 7.3 to 7.9 reams per person per annum. Despite the increase, usage remains below the Australian Government ICT Sustainability Plan 2010–2015 target of 9 reams per person per annum by July 2015.

The department continues to purchase 100 per cent post-consumer recycled stock for all standard A4 and A3 paper. Total recycled content remains high, with 97.90 per cent of all paper purchased having some recycled content and 88.82 per cent being 100 per cent post-consumer recycled stock.

The waste management system in Canberra diverted an impressive 25 tonnes of organic material from landfill to professional vermiculture—reducing emissions and producing beneficial worm castings and compost.

In 2013–14, the department worked in close partnership with our cleaning contractors to:

- ▶ support our outstanding NABERS Indoor Environment rating by using only cleaning products with the lowest impact in both environmental and health terms
- ▶ maintain the highest workplace health and safety standards in storage and handling of cleaning products
- ▶ train all cleaning staff to ensure they maintain the highest environmental, health and safety standards
- ▶ source and supply the most recycled paper products available
- ▶ ensure that waste streams that have been source-segregated by employees are correctly handled to the point of removal from our buildings for recycling
- ▶ monitor and streamline our base-building waste removal arrangements, achieving a 25 per cent cost saving.

¹⁶ It is not possible to separate all Education and Employment activities managed by the SSC following Machinery of Government changes in September 2013. Therefore the information for this activity is aggregated for both departments for this period. It is expected that activities will be reported through the appropriate departments' annual reports for 2014–15.

Information technology

Delivery of outcomes is supported by a range of information technology services, including application development and support, business analytics and geo-spatial reporting, application hosting, infrastructure provisioning, and other support services. Management of the department's information technology is primarily the responsibility of the SSC. Other agencies, including the Department of Human Services and the Department of Social Services, also provide application development and support services, particularly for early childhood education and care.

Major achievements

There have been a number of significant enhancements to the department's information technology services over 2013–14.

A major focus for the year was providing system support for the implementation of the *Australian Education Act 2013*.

The SSC, on behalf of the department, piloted and implemented SAS Visual Analytics, a powerful tool that allows users to explore data very quickly to identify patterns and opportunities for further analysis. Using the tool, results can be conveyed in a visual manner and users do not require a technical background.

The department continued the rollout of the PWS, a shared solution to manage the workflow of parliamentary documents for 41 agencies. In 2013–14 eight agencies and seven portfolio agencies transitioned to the new system, which processed over 35,000 records. An additional 10 agencies and five portfolio agencies have begun their transition. The PWS project was shortlisted as one of the finalists for the Excellence in eGovernment Award in 2014.

Another major achievement was the successful pilot of a new set of tools to support mobile computing to enhance the productivity of employees who are away from the office. The tools include a laptop solution that acts as a desktop replacement for mobile users, offering a full Windows desktop experience on the laptop away from the desk; and a smartphone and tablet solution that delivers a set of key business applications to users anywhere there is a connection to the internet.

The SSC also successfully piloted the use of cloud computing to source information technology (IT) computer and storage services for application development and testing. This work will position the department to take advantage of the flexibility and efficiency offered by cloud computing where privacy and performance constraints allow.

Another achievement was the implementation of advanced application performance monitoring, which improved the SSC's ability to monitor and manage IT services for clients by allowing it to respond quickly to issues and reduce system down time.

A final achievement was implementing a major upgrade and enhancements to the secure IT environment used by departmental employees to enhance collaboration on the development of 'Protected' classified materials and the security of the system.

Challenges

The Machinery of Government changes in 2013 presented major technological and managerial challenges. The primary technological challenge was making the system changes required to establish the Department of Education, the Department of Employment and the SSC.

Associated with this technological challenge was the managerial challenge of creating the new SSC. This involved establishing new business processes and supporting the cultural changes associated with the establishment of a jointly owned entity delivering services to multiple agencies.

Looking ahead

Looking ahead to 2014–15 the department anticipates undertaking, through the SSC, a number of major initiatives aimed at enhancing IT capability, many of them building on the major achievements of 2013–14.

We will explore the full capability of the SAS Visual Analytics tool to transform the way the department deals with the high volumes of information available to improve policy advice.

Plans are in place to implement a major data centre migration strategy, including modernising infrastructure to take advantage of higher quality data centre facilities available under the whole-of-government panel.

The department will implement technology business management to better support the business of the SSC in delivering a world-class service and achieving greater cost transparency. Technology business management supports a focus on customer value (the right service at the right price), operational excellence (balancing cost and service quality), and running information technology like a business as well as bringing together and promoting best practice.

Work will continue on the rollout of the PWS, with the aim of ensuring that all 41 agencies in scope for the rollout are transitioned by the end of 2015–16.

The SSC plans to follow up the success of the cloud computing and mobile computing pilots with full implementations, and continue to advance systems security to meet emerging cyber threats and challenges.

Plans are also in place to explore the use of social and web collaboration software to transform the way employees interact with each other and with external stakeholders.

Finally there remains the significant challenge of maturing the relationship between the department and the SSC to ensure the continued delivery of innovative, cost-effective and high-quality information technology services matched to the needs of the department.

FEATURE STORY

SAS Visual Analytics

The department, in partnership with the SSC, has been exploring mechanisms to manage, share and analyse the large amounts of data it holds to inform programme design and implementation. This will enable us to best target taxpayers' money and reduce waste, particularly identifying non-compliance. Improved business analytics also allow us to develop new insights and understanding of performance, rather than just reporting on the past.

A key pillar of this work has been the piloting of the SAS Visual Analytics tool. Implementation by the SSC in two business areas has already shown its capability to significantly reduce the time needed to develop complex reports and its potential to allow more sophisticated use of available data, such as using trend data and undertaking risk profiling to target possible cases of fraud.

An example of this work is in the early childhood area, where SAS Visual Analytics will significantly reduce the time needed to produce and improve the usefulness of a key internal report. This will give policy areas quicker access to data previously available only through data experts, and to see that data in a visual manner. As a result, data teams will be able to focus more on complex and critical data-modelling activities.



Deregulation

In 2013, the Australian Government made a commitment to regulatory reform with the aim of reducing the burden of regulation, boosting productivity, increasing competitiveness and lifting regulatory performance. This responsibility, known as the deregulation agenda, focuses on eliminating inefficient or unnecessary regulation that imposes burdens on business, individuals and community organisations.

The department established a Deregulation Unit in late 2013 to lead the implementation of the deregulation agenda, as well as an internal Deregulation Committee with senior representation from across the department to provide strategic oversight.

During the year, the department supported the deregulation agenda by completing the first part of a two-stage audit of regulation within the portfolio (with the second stage due to be completed by the end of December 2014), contributing to the Government's first repeal day to cut unnecessary and costly legislation and regulation, and complying with new regulation impact statement processes.

Measures in 2013–14 that reduced the regulatory burden on our stakeholders include:

- ▶ a ministerial direction to the Tertiary Education Quality and Standards Agency (TEQSA) to simplify its paperwork and deregulate. This requires TEQSA to take a deregulatory approach to its work, simplify its processes, and improve its timeliness to register higher education providers and accredit courses. TEQSA has been directed to consult with the higher education sector on the formulation of its strategies, implementation plans and their execution, rather than unilaterally imposing uncoordinated and duplicative reporting requirements as has occurred in the past
- ▶ reducing red tape for the Home Interaction Program for Parents and Youngsters (HIPPY) programme, including the implementation of an enhanced IT solution to support the provider to improve data collection from HIPPY sites and allow reporting to be streamlined between the department and the provider. Other reporting changes reduced the frequency of progress reports from a monthly to a quarterly basis, and replaced some written reports with verbal updates
- ▶ two initiatives that provide a practical reduction in regulatory burden on schools. First, as a result of the *Australian Education Act 2013* taking effect from 1 January 2014, there was an opportunity to review the processes and school data collected in the annual non-government school census. Resulting changes saw a significant reduction of the burden on schools through simplifying the census requirements, including the removal of data that is no longer needed. Another initiative was to remove the requirement for a signed letter from school principals to accompany a project variation request for the movement of funds between schools under the concluded Building the Education Revolution programme. The removal of this requirement provided a practical reduction in the administrative burden placed on school principals.

5



PART 5

Financial Statements

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INDEPENDENT AUDITOR'S REPORT

**To the Minister for Education
To the Minister for Employment**

Report on the Financial Statements

I have audited the accompanying financial statements of the former Department of Education, Employment and Workplace Relations for the period ended 18 September 2013, which comprise a Statement by the Chief Executive and Chief Finance Officer; the Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Schedule of Administered Commitments; Schedule of Administered Contingencies; and Notes to and forming part of the financial statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Department of Education is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the department's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the department's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of the Department of Education, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

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

Opinion

In my opinion, the financial statements of the former Department of Education, Employment and Workplace Relations:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders, including the former department's financial position as at 18 September 2013 and its financial performance and cash flows for the period then ended.

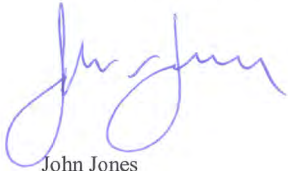
Report on Other Legal and Regulatory Requirements

As disclosed in Note 2 *Events After the Reporting Period*, during the financial year the High Court held in *Williams v Commonwealth [2014] HCA 23* that payments made under the National Schools Chaplaincy and Student Welfare program were invalid on the grounds that they were not supported by a Commonwealth constitutional head of power. The debts arising as a consequence of that decision were waived under section 34(1)(a) of the *Financial Management and Accountability Act 1997*. The total waived by the Minister for Finance was \$156.121 million, and included \$87.945 million paid by the Department of Education, Employment and Workplace Relations.

Note 33 *Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund* discloses information on the Department of Education, Employment and Workplace Relations' review of its exposure to risks of not complying with statutory conditions on payments from special appropriations and special accounts, and annual appropriations which fund statutory payments. Non-compliance with statutory conditions may lead to a contravention of section 83 of the Constitution, which requires that no money shall be drawn from the Treasury of the Commonwealth except under an appropriation made by law.

As disclosed in Note 33, 2013–14 payments potentially in breach of section 83 of the Constitution total \$1,064,031 under the *Student Assistance Act 1973* and \$27,619,159 under the *Social Security Administration Act 1999*.

Australian National Audit Office



John Jones

Executive Director


Delegate of the Auditor-General

Canberra

9 October 2014

**Department of Education, Employment and Workplace Relations
STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 18 September 2013 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Signed.....

Lisa Paul AO PSM
Chief Executive
Department of Education

7 October 2014

Signed.....

Craig Storen
Department of Education (formerly Chief Finance Officer of the
Department of Education, Employment and Workplace
Relations)

7 October 2014

Department of Education, Employment and Workplace Relations
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 18 September 2013

	Notes	2014 \$'000	2013 \$'000
NET COST OF SERVICES			
EXPENSES			
Employee benefits	3A	91,914	423,228
Supplier expenses	3B	32,152	184,510
Grants	3C	1,027	2,913
Depreciation and amortisation	3D	14,184	60,739
Finance costs	3E	14	119
Write-down and impairment of assets	3F	17	1,149
Losses from asset sales	3G	13	288
Total expenses		139,321	672,946
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	7,446	45,130
Total own-source revenue		7,446	45,130
Gains			
Sale of assets	4B	-	46
Reversals of previous asset write-downs and impairment	4C	-	5
Other gains	4D	848	4,550
Total gains		848	4,601
Total own-source income		8,294	49,731
Net cost of (contribution by) services		131,027	623,215
Revenue from Government	4E	347,040	563,881
Surplus (Deficit) attributable to the Australian Government		216,013	(59,334)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes to provision for restoration obligations		46	47
Total other comprehensive income		46	47
Total comprehensive income (loss) attributable to the Australian Government		216,059	(59,287)

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

Department of Education, Employment and Workplace Relations

STATEMENT OF FINANCIAL POSITION

as at 18 September 2013

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	4,613	21,569
Trade and other receivables	6B	352,604	94,346
Other financial assets	6C	6,343	14,326
Total financial assets		363,560	130,241
Non-Financial Assets			
Land and buildings	7A	82,512	85,453
Infrastructure, plant and equipment	7B	29,577	31,290
Intangibles	7D	110,693	112,362
Other non-financial assets	7F	27,039	23,716
Total non-financial assets		249,821	252,821
Total assets		613,381	383,062
LIABILITIES			
Payables			
Suppliers	8A	13,397	37,917
Other payables	8B	44,653	52,296
Total payables		58,050	90,213
Provisions			
Employee provisions	9A	130,302	131,932
Other provisions	9B	3,390	3,422
Total provisions		133,692	135,354
Total liabilities		191,742	225,567
Net assets		421,639	157,495
EQUITY			
Contributed equity		408,447	360,363
Reserves		42,695	43,353
Retained surplus (accumulated deficit)		(29,503)	(246,221)
Total equity		421,639	157,495

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

Department of Education, Employment and Workplace Relations
STATEMENT OF CHANGES IN EQUITY
for the period ended 18 September 2013

	Retained earnings		Asset revaluation reserves		Contributed equity/capital		Total equity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Opening balance								
Balance carried forward from previous period	(246,221)	(186,891)	43,353	44,346	360,363	312,474	157,495	169,929
Adjustment for errors ¹	-	4	1	(1,040)	-	-	1	(1,036)
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjusted opening balance	(246,221)	(186,887)	43,354	43,306	360,363	312,474	157,496	168,893
Comprehensive income								
Other comprehensive income	-	-	-	-	-	-	-	-
Adjustment to provision for restoration obligations	-	-	46	47	-	-	46	47
Surplus (Deficit) for the period	216,013	(59,334)	-	-	-	-	216,013	(59,334)
Total comprehensive income	216,013	(59,334)	46	47	-	-	216,059	(59,287)
Transactions with owners								
Distributions to owners								
Returns of capital:								
Restructuring (Note 10)	-	-	-	-	-	(1,777)	-	(1,777)
Contributions by owners								
Equity injection - Appropriation	-	-	-	-	2,672	5,607	2,672	5,607
Departmental capital budget	-	-	-	-	45,412	45,094	45,412	45,094
Return of Unspent Appropriation	-	-	-	-	-	(1,035)	-	(1,035)
Restructuring	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	48,084	47,889	48,084	47,889
Transfers between equity components ²	705	-	(705)	-	-	-	-	-
Closing balance as at 18 September	(29,503)	(246,221)	42,695	43,353	408,447	360,363	421,639	157,495

¹ The adjustment to the assets revaluation reserves relates to assets that were incorrectly re-valued and are no longer assets of the department as at 1 July 2012.

² The reclassification of equity components relates to an impairment of leasehold improvements in 2011-12 that should have been offset against asset revaluation reserves rather than an impairment expense as per 2012 Note 3F: Write-down and impairments of assets as the asset had been revalued.

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

Department of Education, Employment and Workplace Relations

CASH FLOW STATEMENT

for the period ended 18 September 2013

	Notes	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		139,921	634,229
Sale of goods and rendering of services		6,757	27,294
Net GST received		7,336	21,245
Other		9	6,205
Total cash received		154,023	688,973
Cash used			
Employee benefits		94,220	422,820
Supplier expenses		69,950	202,423
Grants		1,068	2,913
Section 31 receipts transferred to the OPA		3,473	42,117
Total cash used		168,711	670,273
Net cash from (used by) operating activities	11	(14,688)	18,700
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of infrastructure, plant and equipment		6	26
Proceeds from sales of land and buildings		-	302
Total cash received		6	328
Cash used			
Purchase of infrastructure, plant and equipment		1,009	7,196
Purchase / development of intangibles		6,606	36,802
Purchase of land and buildings		256	1,341
Total cash used		7,871	45,339
Net cash from (used by) investing activities		(7,865)	(45,011)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - capital injections		-	5,607
Contributed equity - capital budget		5,597	39,733
Total cash received		5,597	45,340
Net cash from (used by) financing activities		5,597	45,340
Net increase (decrease) in cash held		(16,956)	19,029
Cash and cash equivalents at the beginning of the reporting period		21,569	2,540
Cash and cash equivalents at the end of the reporting period	6A	4,613	21,569

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

Department of Education, Employment and Workplace Relations
SCHEDULE OF COMMITMENTS
as at 18 September 2013

	2014	2013
	\$'000	\$'000
BY TYPE		
Commitments receivable		
Sublease rental income ¹	(27,419)	(29,095)
Net GST recoverable on commitments	(45,889)	(47,700)
Total commitments receivable	<u>(73,308)</u>	<u>(76,795)</u>
Commitments payable		
Operating leases ¹	471,744	485,661
IT commitments ²	44,227	47,995
Research and development	31	40
Other ³	23,647	26,605
Total other commitments payable	<u>539,649</u>	<u>560,301</u>
Net commitments by type	<u><u>466,341</u></u>	<u><u>483,506</u></u>
BY MATURITY		
Commitments receivable		
Within 1 year	(12,609)	(16,096)
Between 1 to 5 years	(37,357)	(37,357)
More than 5 years	(23,342)	(23,342)
Total commitments receivable	<u>(73,308)</u>	<u>(76,795)</u>
Commitments payable		
Operating lease commitments¹		
Within 1 year	64,231	64,231
Between 1 to 5 years	197,496	197,496
More than 5 years	210,017	223,934
Total operating lease commitments	<u>471,744</u>	<u>485,661</u>
IT commitments²		
Within 1 year	17,389	17,389
Between 1 to 5 years	26,838	30,531
More than 5 years	-	75
Total IT commitments	<u>44,227</u>	<u>47,995</u>
Research and development commitments		
Within 1 year	31	40
Between 1 to 5 years	-	-
Total research and development commitments	<u>31</u>	<u>40</u>
Other commitments³		
Within 1 year	13,654	13,654
Between 1 to 5 years	9,993	12,951
Total other commitments	<u>23,647</u>	<u>26,605</u>
Net commitments by maturity	<u><u>466,341</u></u>	<u><u>483,506</u></u>

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

Department of Education, Employment and Workplace Relations
SCHEDULE OF COMMITMENTS
as at 18 September 2013

NB: Commitments are GST inclusive where relevant. The maturity range 'within 1 year' shows the period 19 September 2013 to 30 June 2014.

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 \$24,329,381 (2013: \$25,812,561) 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.

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

Department of Education, Employment and Workplace Relations
SCHEDULE OF CONTINGENCIES
as at 18 September 2013

	2014	2013
	\$'000	\$'000
Contingent liabilities		
Claims for damages or costs	<u>244</u>	<u>294</u>
Total contingent liabilities	<u>244</u>	<u>294</u>
Net contingent assets (liabilities)	<u>(244)</u>	<u>(294)</u>

Details of each class of contingent liabilities and contingent assets listed above are disclosed in Note 12: Contingent Assets and Liabilities, along with information on significant remote contingencies and contingencies that cannot be quantified.

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

Department of Education, Employment and Workplace Relations
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 18 September 2013

	Notes	2014 \$'000	2013 \$'000
NET COST OF SERVICES			
EXPENSES			
Supplier expenses	17A	469,025	2,331,808
Subsidies	17B	29,408	240,227
Personal benefits	17C	4,784,618	20,283,124
Grants	17D	2,272,968	9,205,453
Finance costs	17E	-	47
Write-down and impairment of assets	17F	21,222	3,817
Payment to CAC Act bodies	17G	6,291	6,280
Total expenses administered on behalf of Government		7,583,532	32,070,756
INCOME			
Revenue			
Taxation revenue			
Other taxes	18A	21,039	172,567
Total taxation revenue		21,039	172,567
Non-taxation revenue			
Interest	18B	695	1,527
Commonwealth asset recoveries	18C	2,309	37,230
Other revenue	18D	146,660	29,022
Total non-taxation revenue		149,664	67,779
Total own-source revenue		170,703	240,346
Gains			
Fair value gains from financial instruments	18E	-	29,134
Reversals of previous asset write-downs and impairment	18F	-	19,205
Total gains		-	48,339
Total own-source income administered on behalf of Government		170,703	288,685
Net cost of (contribution by) services		7,412,829	31,782,071
Surplus (Deficit)		(7,412,829)	(31,782,071)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		116,725	(37,572)
Total other comprehensive income (loss)		116,725	(37,572)
Total comprehensive income (loss)		(7,296,104)	(31,819,643)

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

Department of Education, Employment and Workplace Relations
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 18 September 2013

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	20A	139,495	2,118
Receivables	20B	1,215,380	1,345,773
Other investments	20C	123,712	6,987
Total financial assets		1,478,587	1,354,878
Non-financial assets			
Other non-financial assets	21A	68,173	3,493
Total non-financial assets		68,173	3,493
Total assets administered on behalf of Government		1,546,760	1,358,371
LIABILITIES			
Payables			
Suppliers	22A	59,478	145,279
Subsidies	22B	8,024	32,349
Personal benefits	22C	527,046	478,356
Grants	22D	13,799	43,084
Other payables	22E	2,807,241	2,827,840
Total payables		3,415,588	3,526,908
Provisions			
Provision of personal benefits	23A	624,484	742,404
Total provisions		624,484	742,404
Total liabilities administered on behalf of Government		4,040,072	4,269,312
Net assets (liabilities)		(2,493,312)	(2,910,941)

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

Department of Education, Employment and Workplace Relations ADMINISTERED RECONCILIATION SCHEDULE

	2014	2013
	\$'000	\$'000
Opening assets less liabilities as at 1 July	(2,910,941)	(2,549,581)
Adjustment for errors	-	-
Adjustment for changes in accounting policies	-	-
Adjusted opening assets less liabilities	(2,910,941)	(2,549,581)
Net cost of (contribution by) services		
Income	170,703	288,685
Expenses		
Payments to Non-CAC Act bodies	(7,577,241)	(32,064,476)
Payments to CAC Act bodies	(6,291)	(6,280)
Other comprehensive income		
Revaluations transferred to (from) reserves	116,725	(37,572)
Transfers (to) from the Australian Government		
Appropriation transfers from Official Public Account		
Annual appropriations		
Payments to Non-CAC Act bodies	778,810	3,506,182
Payments to CAC Act bodies	6,291	6,300
Special appropriations (limited)		
Payments to Non-CAC Act bodies	164,276	149,654
Payments to CAC Act bodies	-	-
Special appropriations (unlimited)		
Payments to Non-CAC Act bodies	7,076,100	28,995,853
Payments to CAC Act bodies	16,637	67,551
Appropriation transfers to OPA	(305,369)	(1,267,259)
Restructuring	-	-
Withholdings	(23,297)	-
Other movements	285	2
Closing assets less liabilities as at 18 September	(2,493,312)	(2,910,941)

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

Department of Education, Employment and Workplace Relations
ADMINISTERED CASH FLOW STATEMENT
for the period ended 18 September 2013

	Notes	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES			
Cash received			
Interest		692	759
Net GST received		278,476	1,296,531
Levies		42,216	172,567
Other		191,275	214,270
Total cash received		512,659	1,684,127
Cash used			
Suppliers		874,990	3,460,537
Subsidies		53,733	239,906
Personal benefits		4,790,339	20,294,687
Grants		2,302,253	9,055,698
Interest		-	34
Payments to CAC Act bodies		6,291	6,280
Total cash used		8,027,606	33,057,142
Net cash flows from (used by) operating activities	24	(7,514,947)	(31,373,015)
INVESTING ACTIVITIES			
Cash received			
Repayments of advances and loans			
Repayments of advances and loans		17,551	200,419
Total cash received		17,551	200,419
Cash used			
Loans made		59,552	284,099
Total cash used		59,552	284,099
Net cash flows from (used by) investing activities		(42,001)	(83,680)
Net increase (decrease) in cash held		(7,556,948)	(31,456,695)
Cash and cash equivalents at the beginning of the reporting period		58	15
Cash from Official Public Account			
Appropriations		7,847,598	32,725,540
GST appropriations		255,494	306,020
Special accounts		348	654
Total cash from official public account		8,103,440	33,032,214
Cash to Official Public Account			
Appropriations		(130,291)	(1,267,259)
Return of GST appropriations		(278,476)	(307,329)
Special accounts		(137,225)	(888)
Total cash to official public account		(545,992)	(1,575,476)
Cash and cash equivalents at the end of the reporting period	20A	558	58

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

Department of Education, Employment and Workplace Relations
SCHEDULE OF ADMINISTERED COMMITMENTS
as at 18 September 2013

	2014	2013
	\$'000	\$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	(7,343,096)	(7,591,420)
Total commitments receivable	<u>(7,343,096)</u>	<u>(7,591,420)</u>
Commitments payable		
Other commitments		
Employment programmes	7,056,185	7,649,171
Goods and services ¹	269,146	312,169
Grants	455,375	549,966
Legislative obligations ²	109,973,138	112,134,857
Other	67	85
Total other commitments	<u>117,753,911</u>	<u>120,646,248</u>
Net commitments by type	<u><u>110,410,815</u></u>	<u><u>113,054,828</u></u>
BY MATURITY		
Commitments receivable		
Within 1 year	(897,785)	(1,146,109)
Between 1 to 5 years	(4,569,814)	(4,569,814)
More than 5 years	(1,875,497)	(1,875,497)
Total commitments receivable	<u>(7,343,096)</u>	<u>(7,591,420)</u>
Commitments payable		
Other Commitments		
Within 1 year	12,118,041	15,010,378
Between 1 to 5 years	72,844,563	72,844,563
More than 5 years	32,791,307	32,791,306
Total other commitments	<u>117,753,911</u>	<u>120,646,247</u>
Net commitments by maturity	<u><u>110,410,815</u></u>	<u><u>113,054,827</u></u>

NB: All commitments are GST inclusive where relevant. The maturity range 'within 1 year' shows the period 19 September 2013 to 30 June 2014.

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

¹ Goods and services contracts include amounts relating to consultancies.

² Legislative obligations relate to amounts specified in the legislation where a funding determination has not yet been made. The legislation comprises the *Australian Education Act 2013*, the *Schools Assistance Act 2008* and the *Indigenous Education (Targeted Assistance) Act 2000*.

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

Department of Education, Employment and Workplace Relations
SCHEDULE OF ADMINISTERED CONTINGENCIES
as at 18 September 2013

	2014	2013
	\$'000	\$'000
Contingent assets		
Claims for damages or costs	<u>17,561</u>	19,928
Total contingent assets	<u>17,561</u>	<u>19,928</u>
Contingent liabilities		
Claims for damages or costs	<u>90,127</u>	74,174
Total contingent liabilities	<u>90,127</u>	<u>74,174</u>
Net contingent assets (liabilities)	<u>(72,566)</u>	<u>(54,246)</u>

Details of each class of contingent assets and liabilities in the above table are disclosed in Note 25: Administered Contingent Assets and Liabilities, along with information on significant remote contingencies and contingencies that cannot be quantified.

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

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

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the department

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

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

The department was structured to meet the following outcomes:

Outcome 1: Early Childhood Education and Child Care

Outcome 2: School Education

Outcome 3: Employment

Outcome 4: Workplace Relations

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

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

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

1.2 Basis of Preparation of the Financial Statements

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

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011;
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

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

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

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

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

1.3 Significant Accounting Judgements and Estimates

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

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

Child Care Fee Assistance

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

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

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

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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

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

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

1.5 Revenue

Revenue from the sale of goods is recognised when:

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

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

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

Department of Education, Employment and Workplace Relations

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

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

Revenue from Government

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

Appropriations receivable are recognised at their nominal amounts.

1.6 Gains

Resources received free of charge

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

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

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

Sale of assets

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

1.7 Transactions with the Government as Owner

Equity injections

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

Restructuring of administrative arrangements

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

Other distributions to Owners

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

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within 12 months of the end of reporting period are measured at their nominal amounts.

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

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

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

Leave

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

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

The liability for long service leave has been determined by reference to work conducted by an actuary as at 30 June 2012. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

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

Superannuation

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

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

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

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

The liability for superannuation recognised as at 18 September 2013 represents outstanding contributions for the final fortnight of the statement period.

1.9 Leases

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

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

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

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

Lease incentives

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

1.10 Fair Value Measurement

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

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

1.11 Cash

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

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

1.12 Financial Assets

The department classifies its financial assets in the following categories:

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

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

Effective interest method

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

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

Financial assets at fair value through profit or loss

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

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

Assets in this category are classified as current assets.

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

Available-for-sale financial assets

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

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

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

Loans and receivables

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

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

Impairment of financial assets

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

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

1.13 Financial Liabilities

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

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

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

1.14 Contingent Liabilities and Contingent Assets

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

Indemnities

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

1.15 Financial Guarantee Contracts

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

1.16 Acquisition of Assets

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

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

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

1.17 Infrastructure, Plant and Equipment including Land and Buildings

Asset recognition threshold

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

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

Revaluations

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

<i>Asset Class</i>	<i>Fair value measurement</i>
Land	Market selling price
Buildings excluding leasehold improvements	Market selling price
Buildings – Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price

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

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

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

Depreciation

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

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

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

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

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

Impairment

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

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

Derecognition

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

Assets not previously recognised

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

1.18 Intangibles

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

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

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

1.19 Taxation

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

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

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

Department of Education, Employment and Workplace Relations

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.20 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related notes.

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

Administered cash transfers to and from the Official Public Account

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

Revenue

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

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

Gains and losses

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

Loans and receivables

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

Administered receivables, including those relating to personal benefit overpayments, represent debts owed to the department by past and present customers. All debts known to be irrecoverable are excluded from the value of administered receivables. Irrecoverable debts comprise amounts written off pursuant to section 1236 of the *Social Security Act 1991* and amounts waived pursuant to section 1237 of the *Social Security Act 1991*. In accordance with departmental guidelines for the operation of waivers under section 1237 of the *Social Security Act 1991*, where a debt is not likely to exceed a threshold amount and it is not cost effective for the Australian Government to recover the debt, the debt is waived.

Independent valuations are conducted with sufficient frequency to ensure that the carrying amounts of impairment allowances for doubtful debts does not differ materially from the fair value as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in the programmes.

Administered investments

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

Administered investments other than those held for sale are classified as available-for-sale and are measured at their fair value as at 30 June 2013. Fair value has been taken to be the Government's proportional interest in the net assets of the entities as at the end of the reporting period.

Grants and subsidies

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

Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not

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

been performed or criteria satisfied.

Under the Federal Financial Framework agreed with Council of Australian Governments, which came into effect on 1 January 2009, the Department of the Treasury is accountable for the payment of grants under the National Partnership Agreements to the states and territories. As a result the department reported payments made since the agreement came into effect as nation building transfers (Note 17D) for all payments made through state and territory governments.

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

Personal Benefits

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

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

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

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

Payments to CAC Act bodies

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

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

Note 2: Events After the Reporting Period

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

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

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

Note 3: Expenses

	2014	2013
	\$'000	\$'000

Note 3A: Employee benefits

Wages and salaries	64,417	287,826
Superannuation:		
Defined contribution plans	5,032	22,857
Defined benefit plans	10,269	44,374
Leave and other entitlements	11,489	64,826
Separations and redundancies	182	639
Other employee expenses	525	2,706
Total employee benefits	91,914	423,228

Note 3B: Supplier expenses

Goods and services supplied or rendered

Consultants	3,559	23,148
Contractors	1,955	17,657
Travel	1,036	8,695
IT services	7,414	42,580
Property	1,821	11,402
Resources received free of charge	504	1,610
Other	2,890	20,911
Total goods and services supplied or rendered	19,179	126,003

Goods and services are made up of:

Provision of goods – related entities	3	52
Provision of goods – external parties	339	2,568
Rendering of services – related entities	1,436	7,948
Rendering of services – external parties	17,401	115,435
Total goods and services supplied or rendered	19,179	126,003

Other supplier expenses

Operating lease rentals – external parties:		
Minimum lease repayments	11,954	51,884
Contingent rentals	64	297
Workers compensation expenses	955	6,326
Total other supplier expenses	12,973	58,507
Total supplier expenses	32,152	184,510

Note 3C: Grants

Public sector		
Australian Government entities (related entities)	83	93
Private sector		
Non-profit organisations	859	1,100
Other	85	1,720
Total grants	1,027	2,913

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

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

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

Note 4: Own- Source Income

	2014	2013
Own-Source Income	\$'000	\$'000

Note 4A: Sale of goods and rendering of services

Provision of goods - external parties	2	7
Rendering of services - related entities	6,656	40,469
Rendering of services - external parties	788	4,654
Total sale of goods and rendering of services	7,446	45,130

Gains

Note 4B: Sale of Assets

Land and buildings

Proceeds from sale	-	302
Carrying value of assets sold	-	(256)
Net gain from sale of land and buildings	-	46
Net gain from sale of assets	-	46

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

Reversal of impairment losses	-	5
Total reversals of previous asset write-downs and impairments	-	5

Note 4D: Other gains

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

REVENUE FROM GOVERNMENT

Note 4E: Revenue from Government

Appropriations:		
Departmental appropriations	347,040	563,881
Total revenue from Government	347,040	563,881

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

Note 5: Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the department can access at measurement date.

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

Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair Value Measurement

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

	Fair value measurements at the end of the reporting period using			
	Fair value \$'000	Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
Non-financial assets				
Land and buildings	3,834	-	3,834	-
Leasehold improvements	78,678	-	445	78,233
Other property, plant and equipment	29,577	-	9,027	20,550
Total non-financial assets	112,089	-	13,306	98,783
Total fair value measurements of assets in statement of financial position¹	112,089	-	13,306	98,783
Assets not measured at fair value in the statement of financial position				
Total non-financial assets not measured at fair value in the statement of financial position	-	-	-	-

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

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

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

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

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

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

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

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

¹ There have been no changes to valuation techniques.

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

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

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

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

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

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

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

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

Leasehold Improvements – Depreciated Replacement Cost Valuation

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

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

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

Other Property, Plant and Equipment – Depreciated Replacement Cost Valuation

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

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

Recurring Level 3 fair value measurements – sensitivity of inputs

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

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

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

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

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

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

Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets			
	Land and buildings	Property, plant and equipment	Leasehold improvements	Total
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Opening balance¹	-	21,502	81,327	102,829
Total gains/(losses) in net cost of services ²	-	(1,576)	(3,180)	(4,756)
Purchases	-	623	86	709
Sales	-	-	-	-
Write-offs	-	-	-	-
Settlements	-	-	-	-
Transfers into Level 3 ³	-	-	-	-
Transfers out of Level 3 ⁴	-	-	-	-
Closing balance	-	20,549	78,233	98,782
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period⁵	-	-	-	-

¹ Opening balance as determined in accordance with AASB 13.

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

³ There have been no transfers between levels of the hierarchy during the year.

⁴ There have been no transfers between levels of the hierarchy during the year.

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

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

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

Note 6: Financial Assets

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

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

Reconciliation of the Impairment Allowance

Movements in relation to 2014

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

Movements in relation to 2013

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

2014	2013
\$'000	\$'000

Note 6C: Other financial assets

Accrued revenue	<u>6,343</u>	<u>14,326</u>
Total other financial assets	<u>6,343</u>	<u>14,326</u>

Other financial assets expected to be recovered

No more than 12 months	<u>6,343</u>	<u>14,326</u>
More than 12 months	<u>-</u>	<u>-</u>
Total other financial assets	<u>6,343</u>	<u>14,326</u>

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

Note 7: Non-Financial Assets

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

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

There are two leased properties that the department manages which are due to be vacated within the next 12 months that have leasehold improvement assets. The total net book value of the leasehold improvements including restoration for these properties was \$242,103 as at 18 September 2013.

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

Note 7B: Infrastructure, plant and equipment

Fair value	46,156	45,273
Accumulated depreciation	(16,579)	(13,983)
Total infrastructure, plant and equipment	29,577	31,290

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

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

Revaluations of non-financial assets

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

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

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

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

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

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

Note 7C: Reconciliation of the opening and closing balances of property, plant and equipment (2012-13)

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

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

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

No indicators of impairment were found for intangible assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 8: Payables

	2014	2013
	\$'000	\$'000

Note 8A: Suppliers

Trade creditors and accruals	3,467	28,140
Operating lease rentals	9,930	9,777
Total suppliers	13,397	37,917

Suppliers expected to be settled

No more than 12 months	3,610	28,367
More than 12 months	9,787	9,550
Total suppliers	13,397	37,917

Suppliers in connection with

Related parties	704	2,195
External parties	12,693	35,722
Total suppliers	13,397	37,917

Settlement is usually made within 30 days.

Note 8B: Other payables

Wages and salaries	8,678	10,380
Superannuation	3,307	1,779
Separations and redundancies	-	280
Other employee benefits	91	313
Lease incentives	25,420	26,325
Unearned income	574	717
Payable to the Official Public Account	1	1
Accrued expenses	4,132	9,738
Surplus lease space	2,450	2,763
Total other payables	44,653	52,296

Other payables expected to be settled

No more than 12 months	21,185	30,150
More than 12 months	23,468	22,146
Total other payables	44,653	52,296

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

Note 9: Provisions

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

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

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

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

Note 10: Restructuring

Note 10A: Departmental restructuring

Function	2014			2013	
	Education including: Early Childhood Education and Care and Schools and Youth	Employment and Workplace Relations	Education and Employment functions as they relate to Indigenous affairs	Tertiary Education: including Higher Education, Vocational Education and International Education	ASQA: a national VET regulator, responsible for registering training organisations and accrediting courses.
Entity	Department of Education ¹	Department of Employment ²	Department of the Prime Minister and Cabinet ³	Department of Industry, Innovation, Science, Research and Tertiary Education ⁵	Australian Skills Quality Authority ⁶
	\$'000	\$'000	\$'000	\$'000	\$'000
FUNCTION RELINQUISHED					
Assets relinquished					
Cash and cash equivalents	(2,618)	(1,995)	-	-	-
Trade and other receivables	(19,789)	(21,860)	(3,942)	-	-
Other financial assets	(2,395)	(3,948)	-	-	-
Land and buildings	(57,229)	(25,283)	-	-	-
Property, plant and equipment	(11,310)	(18,267)	-	(3)	(1,774)
Intangibles	(43,407)	(67,286)	-	-	-
Other non-financial assets	(8,145)	(18,894)	-	-	-
Total assets relinquished	(144,893)	(157,533)	(3,942)	(3)	(1,774)
Liabilities relinquished					
Suppliers	8,203	5,194	-	-	-
Other payables	27,309	17,344	-	-	-
Employee provisions	59,426	71,176	-	-	-
Other provisions	1,864	1,526	-	-	-
Total liabilities relinquished	96,502	95,240	-	-	-
Net assets relinquished⁷	(48,391)	(62,293)	(3,942)	(3)	(1,774)

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

Notes:

- ¹ The Early Childhood Education and Care and Schools and Youth Education functions were relinquished to the Department of Education following the Administrative Arrangement Order changes on 18 September 2013.
- ² The Employment and Workplace Relations functions in relation to the former DEEWR were relinquished to the Department of Employment following the Administrative Arrangement Order changes on 18 September 2013.
- ³ Indigenous functions relating to education and employment were relinquished to the Department of the Prime Minister and Cabinet during 2013–14 following the Administrative Arrangement Orders of 18 September 2013.
- ⁴ Working age payments and disability employment service functions were relinquished to the Department of Social Security during 2013–14 following the Administrative Arrangement Orders of 18 September 2013.
- ⁵ The tertiary education functions, including higher education, vocational education and international education were relinquished to the former Department of Industry, Innovation, Science, Research and Tertiary Education during 2011–12 due to Administrative Arrangements Order changes on 13 December 2011 and 9 February 2012.
- ⁶ Responsibility for registering training organisations and accrediting courses was relinquished to the national VET regulator, the Australian Skills Quality Authority on 1 July 2011. As at 30 June 2012 some assets had not been transferred to the Australian Skills Quality Authority. An additional transfer of land and buildings (\$1.774 million) was completed in July 2012.
- ⁷ The net assets relinquished to all entities were \$116.974 million (2013 \$1.777 million)

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

Note 10B: Administered restructuring

Function	2014		2014		2014	
	Education including: Early Childhood Education and Care and Schools and Youth	Department of Education ¹	Department of Employment ²	Education and Employment functions as they relate to Indigenous affairs	Department of the Prime Minister and Cabinet ³	Employment including: working age payments and Disability Employment Services
Entity	\$'000		\$'000		\$'000	
FUNCTIONS RELINQUISHED						
Assets relinquished						
Cash and cash equivalents	(139,331)		(78)		-	-
Trade and other receivables	(9,478)		(17,357)		(946)	-
Personal benefit receivables	(295,752)		-		-	(781,622)
Advances and loans	(11,885)		-		-	(98,255)
Investments	(6,987)		(116,725)		-	-
Other non-financial assets	(3,864)		(2,329)		-	(61,980)
Total assets relinquished	(467,297)		(136,489)		(946)	(941,857)
Liabilities recognised						
Suppliers	33,327		26,014		138	-
Subsidies	-		8,025		-	-
Personal benefits	118,561		2,277		-	406,208
Grants	13,663		-		-	-
Other payables	2,794		2,804,447		-	-
Provision of personal benefits	624,484		-		-	-
Total liabilities relinquished	792,829		2,840,763		138	406,208
Net assets relinquished⁵	325,532		2,704,274		(808)	(535,649)

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

Notes

- ¹ The Early Childhood Education and Care and Schools and Youth Education functions were relinquished to the Department of Education following the Administrative Arrangement Order changes on 18 September 2013.
- ² The Employment and Workplace Relations functions in relation to the former DEEWR were relinquished to the Department of Employment following the Administrative Arrangement Order changes on 18 September 2013.
- ³ Indigenous functions relating to education and employment were relinquished to the Department of the Prime Minister and Cabinet during 2013–14 following the Administrative Arrangement Orders of 18 September 2013.
- ⁴ [Working age payments and disability employment service functions were relinquished to the Department of Social Security during 2013–14 following the Administrative Arrangement Orders of 18 September 2013.
- ⁵ The net assets/liabilities relinquished to all entities were \$2,493 billion (2013: nil).

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

Note 11: Cash Flow Reconciliation

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

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

Note 12: Contingent Assets and Liabilities

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

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

Quantifiable Contingencies

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

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

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

Unquantifiable Contingencies

As at 18 September 2013, the department had contingent liabilities likely to be paid in respect of damages and claims that are not quantifiable. There were five open matters in the hands of the department's legal representatives (2013: 1). These open matters relate to a wide range of legal issues (departmental and administered) with varying probabilities of success. It is not possible to estimate the amounts of any eventual receipts or payments that may be received or made in relation to these claims.

Significant Remote Contingencies

The department has one (2013: 3) contingent asset where the likelihood of receipt is remote. The value of contingent liabilities where the likelihood of payment is remote is nil (2013: nil). These are not included in the Schedule of Contingencies.

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

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

Note 13: Senior Executive Remuneration

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

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

Notes

¹ Note 13A is prepared from 1 July 2013 to 18 September 2013.

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

³ Other includes motor vehicle allowances, other allowances and reportable fringe benefits.

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

		2013-14				
	Substantive Senior Executives	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
Average annual reportable remuneration ¹	No.	\$	\$	\$	\$	\$
Total reportable remuneration (including part-time arrangements)	133	48,691	8,516	10	-	57,217
Less than \$195,000	133					
Total number of substantive senior executives	133					
		2012-13				
	Substantive Senior Executives	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
Average annual reportable remuneration ¹	No.	\$	\$	\$	\$	\$
Total reportable remuneration (including part-time arrangements)	30	91,699	14,815	-	-	106,514
Less than \$195,000	37	179,836	31,239	-	-	211,075
\$195,000 to \$224,999	41	201,107	35,799	-	-	236,906
\$225,000 to \$254,999	11	229,353	40,011	-	-	269,364
\$255,000 to \$284,999	13	255,928	41,466	-	-	297,394
\$285,000 to \$314,999	7	273,458	50,986	-	-	324,444
\$315,000 to \$344,999	3	305,840	52,861	-	-	358,701
\$345,000 to \$374,999	3	324,389	58,406	-	-	382,795
\$375,000 to \$404,999	1	378,324	32,955	-	-	411,279
\$405,000 to \$434,999	1	574,526	94,093	1,800	-	670,419
\$435,000 to \$464,999	1					
\$465,000 to \$494,999	1					
\$495,000 to \$524,999	1					
\$525,000 to \$554,999	1					
\$555,000 to \$584,999	1					
\$585,000 to \$614,999	1					
\$615,000 to \$644,999	1					
\$645,000 to \$674,999	1					
Total number of substantive senior executives	147					

Notes:

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

² 'Reportable salary' includes the following:

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

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

- b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes)
 - c) reportable employer superannuation contributions
 - d) exempt foreign employment income.
- ³ The 'contributed superannuation' amount is the average cost to the department for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
- ⁴ 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- ⁵ 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. Existing remuneration arrangements for senior executives do not provide for the payment of performance bonuses.

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

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

	2013-14					2012-13						
	Other highly paid staff	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration	No.	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
	No.	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$
Average annual reportable remuneration ¹	-	-	-	-	-	-	-	-	-	-	-	-
Total reportable remuneration (including part time arrangements):												
\$195,000 to \$224,999												
Total number of other highly paid staff	-						-					
Average annual reportable remuneration ¹	1	183,834	25,443	-	-	209,277	1	183,834	25,443	-	-	209,277
Total reportable remuneration (including part time arrangements):												
\$195,000 to \$224,999												
Total number of other highly paid staff	1						1					

Notes:

¹ This table reports staff:

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

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

² 'Reportable salary' includes the following:

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

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

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

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

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

Note 14: Remuneration of Auditors

	2014	2013
	\$'000	\$'000

Financial statement audit services were provided free of charge to the department by the Australian National Audit Office.

The fair value of the services provided for financial statement audit services was	504	1,610
Total fair value of services received	504	1,610

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

Note 15: Financial Instruments

Note 15A: Categories of financial instruments

Financial Assets

Loans and receivables

Cash and cash equivalents	4,613	21,569
Goods and services	14,818	6,211
Accrued revenue	6,343	14,326
Total financial assets	25,774	42,106

Financial Liabilities

At amortised cost

Trade creditors	3,467	28,140
Accrued expenses	4,132	9,738
Total financial liabilities	7,599	37,878

Note 15B: Net gains or losses on financial assets

Loans and receivables

Write off impairment - goods and services	-	(18)
Reversal of impairment - goods and services	-	5
Net gains (losses) on loans and receivables	-	(13)
Net gains (losses) on financial assets	-	(13)

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

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

Note 15C: Fair value of financial instruments

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

Note 15D: Credit risk

The department is exposed to minimal credit risk as loans and receivables are cash, cash on deposit and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables in 2014: \$14,818,000 (2013: \$6,211,000). The department has assessed the risk of the default on payment and has allocated nil in 2014 (2013: nil) to an impairment allowance for doubtful debts.

The department has no liabilities in 2014 (2013: Nil) carried at amounts not best representing maximum exposure to credit risk.

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

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

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

In relation to the department's gross credit risk and the financial effect in respect of the amount that best represents the maximum exposure to credit risk, there is no collateral held. However in 2014: 51 (2013: 50) limited indemnities were given in respect of venue hire between the Commonwealth and third parties.

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

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

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

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 receivable	4,087	1,996	225	422	6,730
Total	4,087	1,996	225	422	6,730

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

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Goods and services receivable	152	81	53	568	854
Total	152	81	53	568	854

The following asset has been individually assessed as impaired

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

Note 15E: Liquidity risk

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

Maturities for non-derivative financial liabilities 2014

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

Maturities for non-derivative financial liabilities 2013

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

Note 15F: Market risk

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

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

Note 16: Financial Assets Reconciliation

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

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

Note 17: Administered Expenses

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

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

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

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

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

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

Note 18: Administered Income

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

Department of Education, Employment and Workplace Relations 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 18 September 2013 by hierarchy for assets and liabilities

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

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

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

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

The methods and valuation techniques used for the purpose of measuring fair value of assets and liabilities in 2014 are unchanged from the previous reporting period.

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

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

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

There have been no transfer between levels during the period

Recurring Level 3 fair value measurements - reconciliation for assets

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

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

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

Department of Education, Employment and Workplace Relations
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	2014 \$'000	2013 \$'000
Receivables (gross) aged as follows		
Not overdue	427,498	543,309
Overdue by		
0 to 30 days	1,634	2,660
31 to 60 days	13,405	2,065
61 to 90 days	338	2,123
More than 90 days	1,107,298	1,110,510
Total receivables (gross)	<u>1,550,173</u>	<u>1,660,667</u>
The impairment allowance aged as follows		
Not overdue	(173)	(544)
Overdue by		
0 to 30 days	(139)	(518)
31 to 60 days	(93)	(413)
61 to 90 days	(13,117)	(374)
More than 90 days	(321,272)	(313,045)
Total impairment allowance	<u>(334,794)</u>	<u>(314,894)</u>
Goods and services receivables are with entities external to the Australian Government. Credit terms are within 30 days (2013: 30 days).		
Reconciliation of the Impairment Allowance Account:		
Movements in relation to 2014		
	Receivables \$'000	Total \$'000
Opening balance	(314,894)	(314,894)
Amounts written off	(19,020)	(19,020)
Amounts recovered and reversed	19,020	19,020
Increase (decrease) recognised in net cost of services	(19,900)	(19,900)
Closing balance	<u>(334,794)</u>	<u>(334,794)</u>
Movements in relation to 2013		
	Receivables \$'000	Total \$'000
Opening balance	(333,261)	(333,261)
Amounts written off	(2,979)	(2,979)
Amounts recovered and reversed	2,979	2,979
Increase (decrease) recognised in net cost of services	18,367	18,367
Closing balance	<u>(314,894)</u>	<u>(314,894)</u>

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

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

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

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

³ *Australian Curriculum, Assessment and Reporting Authority* – executes the policy directions that are determined by the Ministerial Council for Education, Early Childhood Development and Youth Affairs regarding curriculum, assessment, data collection and reporting at a national level.

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

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

Note 21: Administered Non-Financial Assets

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

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

Note 22: Administered Payables

Note 22A: Suppliers

Trade creditors and accruals	59,478	145,279
Total suppliers	59,478	145,279
Suppliers expected to be settled		
Related parties	2,337	1,083
External parties	57,141	144,196
Total suppliers	59,478	145,279

Settlement was usually made within 30 days.

Note 22B: Subsidies

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

Note 22C: Personal benefits

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

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

	2014 \$'000	2013 \$'000
Note 22D: Grants		
Public sector		
Local Governments	16	-
Private sector		
Non-profit organisations	1,107	9,075
Other	12,676	34,009
Total grants	13,799	43,084
Grants expected to be settled		
No more than 12 months	13,799	43,084
More than 12 months	-	-
Total grants	13,799	43,084
Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.		
Note 22E: Other payables		
Comcare payable ¹	2,788,163	2,788,163
GST payable	19,078	39,677
Total other payables	2,807,241	2,827,840
Other payables expected to be settled		
No more than 12 months	171,654	192,253
More than 12 months	2,635,587	2,635,587
Total other payables	2,807,241	2,827,840
¹ 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 - 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 23: Administered Provisions		
Note 23A: Other Provisions		
Provisions for personal benefits	624,484	742,404
Total other provisions	624,484	742,404
Other provisions expected to be settled		
No more than 12 months	624,484	742,404
More than 12 months	-	-
Total other provisions	624,484	742,404

Department of Education, Employment and Workplace Relations
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Reconciliation of movements in other provisions		
	Provisions for personal benefits \$'000	Total \$'000
As at 1 July 2013	742,404	742,404
Additional provisions made	624,484	624,484
Amounts used	(742,404)	(742,404)
Amounts reversed	-	-
Unwinding of discount or change in discount rate	-	-
Total as at 18 September 2013	624,484	624,484

Department of Education, Employment and Workplace Relations
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Note 24: Administered Cash Flow Reconciliation

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

**Department of Education, Employment and Workplace Relations
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Note 25: Administered Contingent Assets and Liabilities

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

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

Quantifiable Contingencies

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

Unquantifiable Contingencies

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

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

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

Significant Remote Contingencies

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

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

Note 26: Administered Financial Instruments

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

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

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

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

Note 26C: Fair value of financial instruments

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

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

Note 26D: Credit risk

The administered loans and receivables of the department are not exposed to a high level of credit risk as the majority of financial assets are cash or cash equivalents, trade receivables or advances and loans to state, territory and local governments. The department manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition the department has policies and procedures that guide employees' debt recovery techniques that are to be applied.

The recoverability and credit quality of the fair value through profit and loss (designated) amounts are factored into the actuarial assessment each year. No separate account is maintained of the write offs in the department's accounts rather just the movement in the assessment as a gain or loss in the Schedule of Administered Items. This accounting treatment is consistent with the basis for accounting for these instruments.

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

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

The department has assessed the risk of the default on payment and has allocated the following to an impairment allowance for doubtful debts:

Goods and services receivables \$20.304 million in 2014 (2013: \$2.605 million).

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

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

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

	Not past due nor impaired 2014 \$'000	Not past due nor impaired 2013 \$'000	Past due or impaired 2014 \$'000	Past due or impaired 2013 \$'000
Available-for-sale				
Investments	123,712	6,987	-	-
Loans and receivables				
Cash at bank and on hand	558	58	-	-
Taxation receivables	7,250	28,427	-	-
Goods and services receivables	1,643	20,913	25,967	16,480
Fair value through profit or loss (designated)				
Student Financial Supplement Scheme (ABSTUDY)	50,853	54,200	-	-
Other loans	11,885	13,939	-	-
Total	195,901	124,524	25,967	16,480

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 and other receivables	3,643	234	-	1,786	5,663
Total	3,643	234	-	1,786	5,663

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

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Goods and services and other receivables	357	320	507	12,691	13,875
Total	357	320	507	12,691	13,875

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

Note 26E: Liquidity risk

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

Maturities for non-derivative financial liabilities 2014

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

Maturities for non-derivative financial liabilities 2013

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

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

Note 26F: Market risk

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

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

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

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

Note 28: Appropriations

Note 28A: Annual Appropriations (Recoverable GST exclusive)

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

Notes:

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 financial year end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In 2013–14 there was no reduction in non-operating departmental appropriations.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of the Appropriations Acts (Nos 1, 3 & 5) 2013–14 and section 12 of Appropriation Acts (No. 2, 4 & 6) 2013–14, the appropriation is taken to be reduced to the required amount specified in Note 28F of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination which is disallowable by Parliament.

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

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

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

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

Notes:

¹ Appropriations reduced under Appropriation Acts (Nos. 1,3,5) 2012–13: sections 10,11,12 and 15 and under Appropriation Acts (Nos. 2,4,6) 2012–13: sections 12,13,14 and 17. Departmental appropriations do not lapse at the financial year end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. On 5 August 2013, the Finance Minister issued a determination to reduce department appropriation following a request from the Minister for Education. The amount of the reduction under Appropriation Act (No. 1) 2012–13 was \$1,263,000.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of the Appropriations Acts (Nos 1,3, & 5) 2012–13 and section 12 of Appropriation Acts (No. 2,4 & 6) 2012–13, the appropriation is taken to be reduced to the required amount specified in Note 28F of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination which is disallowable by Parliament.

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

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

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

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

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

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

Notes:

- ¹ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (Nos. 1, 3 & 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriation, please see Note 28A: Annual appropriations.
- ² Appropriations reduced under Appropriation Acts (Nos. 1, 3 & 5) 2013–14: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
- ³ Payments made on non-financial assets include purchase of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

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

	2013 Capital Budget Appropriations			Capital Budget Appropriations applied in 2013		
	Appropriation Act		FMA Act	Payments for non-financial assets ³		Total payments
	Annual Capital Budget \$'000	Appropriations reduced ² \$'000	Section 32 \$'000	Payments for other purposes \$'000	Total payments \$'000	
DEPARTMENTAL						
Ordinary annual services	-	-	-	-	-	-
Other services	45,094	-	-	39,732	-	39,732
Departmental Capital Budget ¹						5,362

Notes:

- ¹ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3 & 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriation, please see Note 28A: Annual appropriations.
- ² Appropriations reduced under Appropriation Acts (No. 1, 3 & 5) 2012–13: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
- ³ Payments made on non-financial assets include purchase of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

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

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

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

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

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

Note 28D: Special Appropriations (Recoverable GST exclusive)

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

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

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

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

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

Note 28E: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

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

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

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

Note 28F: Reduction in Administered Items (Recoverable GST exclusive)

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

Notes:

- ¹ Numbers in this section are disclosed to the cent.
- ² Administered items for 2014 were reduced to these amounts when these financial statements were tabled in Parliament in the department's 2014 annual report. This reduction is effective in 2015, but the amounts are reflected in Note 28A in the 2014 financial statements in the column 'Appropriations reduced' as they are adjustments to 2014 appropriations.
- ³ Amount required as per Appropriation Act (Act 1 s. 11; Act 2 s. 12).
- ⁴ Total amount appropriated in 2014.
- ⁵ Total reduction effective in 2015.

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

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

Notes:

¹ Numbers in this section are disclosed to the cent.

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

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

⁴ Total amount appropriated in 2013.

⁵ Total reduction effective in 2014.

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

Note 29: Special Accounts

Note 29A: Special Accounts (Recoverable GST exclusive)

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

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

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

¹ Aboriginal Tutorial Assistance Superannuation Special Account

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

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

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

² National Youth Affairs Research Scheme Special Account

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

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

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

³ Early Years Quality Fund Special Account

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

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

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

⁴ Services for Other Entities and Trust Moneys Special Account

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

Establishing Instrument: *Financial Management and Accountability Determination 2008/14* on 3 June 2008.

Purpose: To disburse amounts:

- held on trust or otherwise for the benefit of a person other than the Commonwealth
- in connection with services performed on behalf of other governments and bodies that are not FMA agencies
- to repay amounts where an Act or other law requires or permits the repayment of an amount received
- to reduce the balance of the Services for Other Entities and Trust Moneys Special Account.

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

Note 30: Compensation and Debt Relief

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 32: Net Cash Appropriation Arrangements

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

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

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

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

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

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

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

- ten special appropriations
- four special accounts.

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

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

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

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

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

Table A - Summary

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

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

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

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

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

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

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

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

² The department will continue to monitor its level of compliance with section 83 of the Constitution across all legislation for which it is administratively responsible. Where possible legislative amendments and system changes will continue to be progressed.

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

Table B – Summary of potential breaches

2013–14						
Act	Value of potential breaches \$	Number of potential breaches	Recovery of 2012–13 potential breaches \$	Potential breaches waived or written off \$		
<i>Student Assistance Act 1973</i>	1,064,031	1,602	65,737	24,586		
<i>Social Security Administration Act 1999</i>	27,619,159	87,773	1,034,338	1,073,538		
Total	28,683,190	89,375	1,100,075	1,098,124		
2012–13						
Act	Value of potential breaches \$	Number of potential breaches	Recovery of 2012–13 potential breaches \$	Potential breaches waived or written off \$		
<i>Schools Assistance Act 2008</i>	452,873	80	-	-		
<i>Student Assistance Act 1973</i>	4,636,215	9,192	318,085	130,820		
<i>Social Security Administration Act 1999</i>	101,297,849	389,792	4,376,219	7,521,873		
Total	106,386,937	399,064	4,694,304	7,652,693		



INDEPENDENT AUDITOR'S REPORT

To the Minister for Education

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Education for the period ended 30 June 2014, which comprise: a Statement by the Chief Executive and Chief Finance Officer; the Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Schedule of Administered Commitments; Schedule of Administered Contingencies; and Notes to and forming part of the financial statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Department of Education is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department of Education's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of Education's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of

accounting estimates made by the Chief Executive of the Department of Education, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

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

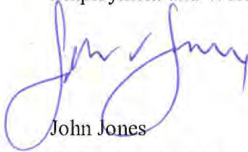
Opinion

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders, including the Department of Education's financial position as at 30 June 2014 and its financial performance and cash flows for the period then ended.

Report on Other Legal and Regulatory Requirements

As disclosed in Note 31 *Compensation and Debt Relief*, during the financial year the High Court held in *Williams v Commonwealth [2014] HCA 23* that payments made under the National Schools Chaplaincy and Student Welfare program were invalid on the grounds that they were not supported by a Commonwealth constitutional head of power. The debts arising as a consequence of that decision were waived under section 34(1)(a) of the *Financial Management and Accountability Act 1997*. The total waived by the Minister for Finance was \$156.121 million, and included \$87.945 million paid by the Department of Education, Employment and Workplace Relations.



John Jones

Executive Director


Delegate of the Auditor-General

Canberra

10 October 2014

Department of Education
STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the period ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Signed.....

Lisa Paul AO PSM
Chief Executive

10 October 2014

Signed.....

Susan Monkley
Chief Finance Officer

10 October 2014

Department of Education
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2014

	Notes	2014 \$'000
NET COST OF SERVICES		
EXPENSES		
Employee benefits	3A	154,622
Supplier expenses	3B	68,908
Depreciation and amortisation	3C	20,308
Write-down and impairment of assets	3D	902
Losses from asset sales	3E	314
Total expenses		<u>245,054</u>
OWN-SOURCE INCOME		
Own-source revenue		
Sale of goods and rendering of services	4A	18,067
Total own-source revenue		<u>18,067</u>
Gains		
Reversals of previous asset write-downs and impairment	4B	74
Other gains	4C	8,273
Total gains		<u>8,347</u>
Total own-source income		<u>26,414</u>
Net cost of (contribution by) services		<u>218,640</u>
Revenue from Government	4D	196,102
Surplus (Deficit) attributable to the Australian Government		<u>(22,538)</u>
OTHER COMPREHENSIVE INCOME		
Items not subject to subsequent reclassification to net cost of services		
Changes in asset revaluation surplus:		
Adjustment to leasehold improvements		433
Total other comprehensive income		<u>433</u>
Total comprehensive income (loss) attributable to the Australian Government		<u>(22,105)</u>

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

Department of Education
STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

	Notes	2014 \$'000
ASSETS		
Financial Assets		
Cash and cash equivalents	6A	8,429
Trade and other receivables	6B	34,769
Other financial assets	6C	<u>10,113</u>
Total financial assets		<u>53,311</u>
Non-Financial Assets		
Land and buildings	7A	50,867
Infrastructure, plant and equipment	7B	11,454
Intangibles	7D	63,550
Other non-financial assets	7F	<u>8,599</u>
Total non-financial assets		<u>134,470</u>
Total assets		<u><u>187,781</u></u>
LIABILITIES		
Payables		
Suppliers	8A	14,600
Other payables	8B	<u>37,752</u>
Total payables		<u>52,352</u>
Provisions		
Employee provisions	9A	61,052
Other provisions	9B	<u>1,345</u>
Total provisions		<u>62,397</u>
Total liabilities		<u><u>114,749</u></u>
Net assets		<u><u>73,032</u></u>
EQUITY		
Contributed equity		35,274
Reserves		433
Retained surplus (accumulated deficit)		<u>37,325</u>
Total equity		<u><u>73,032</u></u>

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

Department of Education
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2014

	Retained earnings 2014 \$'000	Asset revaluation reserves 2014 \$'000	Contributed equity/capital 2014 \$'000	Total equity 2014 \$'000
Opening balance				
Balance carried forward from previous period	-	-	-	-
Adjustment for errors	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	-	-	-	-
Comprehensive income				
Other comprehensive income - changes in asset revaluation reserve	-	433	-	433
Adjustment to provision for restoration obligations	-	-	-	-
Surplus (Deficit) for the period	(22,538)	-	-	(22,538)
Total comprehensive income	(22,538)	433	-	(22,105)
Transactions with owners				
Contributions by owners				
Equity injection - Appropriation	-	-	15,111	15,111
Departmental capital budget	-	-	20,163	20,163
Return of Unspent Appropriation	-	-	-	-
Restructuring (Note 10)	59,863	-	-	59,863
Total transactions with owners	59,863	-	35,274	95,137
Transfers between equity components	-	-	-	-
Closing balance as at 18 September	37,325	433	35,274	73,032

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

Department of Education
CASH FLOW STATEMENT

for the period ended 30 June 2014

	Notes	2014 \$'000
OPERATING ACTIVITIES		
Cash received		
Appropriations		198,046
Sale of goods and rendering of services		12,145
Net GST received		4,149
Other		1,110
Total cash received		215,450
Cash used		
Employee benefits		150,090
Supplier expenses		64,679
Total cash used		214,769
Net cash from (used by) operating activities	11	681
INVESTING ACTIVITIES		
Cash received		
Proceeds from sales of infrastructure, plant and equipment		4
Total cash received		4
Cash used		
Purchase of infrastructure, plant and equipment		2,402
Purchase / development of intangibles		17,293
Purchase of land and buildings		266
Total cash used		19,961
Net cash from (used by) investing activities		(19,957)
FINANCING ACTIVITIES		
Cash received		
Contributed equity - capital injections		8,861
Contributed equity - capital budget		16,226
Cash from restructuring		2,618
Total cash received		27,705
Net cash from (used by) financing activities		27,705
Net increase (decrease) in cash held		8,429
Cash and cash equivalents at the beginning of the reporting period		-
Cash and cash equivalents at the end of the reporting period	6A	8,429

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

Department of Education
SCHEDULE OF COMMITMENTS
as at 30 June 2014

	2014
	\$'000
BY TYPE	
Commitments receivable	
Sublease rental income ¹	(10,285)
Net GST recoverable on commitments	(32,136)
Total commitments receivable	<u>(42,421)</u>
Commitments payable	
Other commitments	
Operating leases ¹	350,287
IT commitments ²	11,300
Research and development	853
Other ³	6,939
Total other commitments	<u>369,379</u>
Net commitments by type	<u><u>326,958</u></u>
BY MATURITY	
Commitments receivable	
Within 1 year	(8,479)
Between 1 to 5 years	(16,422)
More than 5 years	(17,520)
Total commitments receivable	<u>(42,421)</u>
Commitments payable	
Operating lease commitments¹	
Within 1 year	39,541
Between 1 to 5 years	129,278
More than 5 years	181,468
Total operating lease commitments	<u>350,287</u>
IT commitments²	
Within 1 year	7,401
Between 1 to 5 years	3,899
More than 5 years	-
Total IT commitments	<u>11,300</u>
Research and development commitments	
Within 1 year	853
Between 1 to 5 years	-
Total research and development commitments	<u>853</u>
Other commitments³	
Within 1 year	4,951
Between 1 to 5 years	1,988
Total other commitments	<u>6,939</u>
Net commitments by maturity	<u><u>326,958</u></u>

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

Department of Education
SCHEDULE OF COMMITMENTS
as at 30 June 2014

NB: Commitments are GST inclusive where relevant.

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

Nature of lease	General description of leasing arrangement
Leases for office accommodation	Lease payments are subject to periodic market value or indexed increases.
Sub lease revenue for office accommodation	Vacant office space is sub leased where possible. The total of future minimum lease payments expected to be received over the next five years is \$10,285 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.

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

Department of Education
SCHEDULE OF CONTINGENCIES
as at 30 June 2014

The department does not have quantifiable contingent liabilities and contingent assets. Information on significant remote contingencies and contingencies that cannot be quantified are disclosed in Note 12: Contingent Assets and Liabilities.

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

Department of Education
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2014

	Notes	2014 \$'000
NET COST OF SERVICES		
EXPENSES		
Supplier expenses	17A	168,607
Personal benefits	17B	4,466,808
Grants	17C	16,564,229
Finance costs	17D	592,890
Write-down and impairment of assets	17E	60,940
Payment to CAC Bodies	17F	5,360
Fair value losses	17G	860,240
Total expenses		22,719,074
INCOME		
Revenue		
Non-taxation revenue		
Interest	18A	506,840
Other revenue	18B	289,610
Total non-taxation revenue		796,450
Total revenue		796,450
Gains		
Fair value gains	18C	96,221
Reversals of previous asset write-downs and impairment	18D	9,331
Total gains		105,552
Total income		902,002
Net cost of (contribution by) services		21,817,072
Surplus (Deficit)		(21,817,072)
OTHER COMPREHENSIVE INCOME		
Items not subject to subsequent reclassification to net cost of services		
Changes in asset revaluation surplus		142,920
Total other comprehensive income (loss)		142,920
Total comprehensive income (loss)		(21,674,152)

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

Department of Education
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2014

	Notes	2014 \$'000
ASSETS		
Financial assets		
Cash and cash equivalents	20A	91,293
Trade and other receivables	20B	25,960,127
Other investments	20C	2,149,026
Total financial assets		28,200,446
Non-financial assets		
Other non-financial assets	21A	523
Total non-financial assets		523
Total assets administered on behalf of Government		28,200,969
LIABILITIES		
Payables		
Suppliers	22A	36,884
Personal benefits	22B	120,937
Grants	22C	24,434
Other payables	22D	8,692
Total payables		190,947
Provisions		
Provision of personal benefits	23A	801,010
Provision for grants	23B	6,867,769
Total provisions		7,668,779
Total liabilities administered on behalf of Government		7,859,726
Net assets (liabilities)		20,341,243

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

Department of Education ADMINISTERED RECONCILIATION SCHEDULE

	2014 \$'000
Opening assets less liabilities as at 19 September	-
Adjustment for errors	-
Opening balance adjustment - retained earnings	(34,117)
Adjusted opening assets less liabilities	(34,117)
Net cost of (contribution by) services	
Income	902,002
Expenses	
Payments to Non-CAC Act bodies	(22,713,714)
Payments to CAC Act bodies	(5,360)
Other comprehensive income	
Revaluations transferred to (from) reserves	142,920
Transfers (to) from the Australian Government:	
Appropriation transfers from Official Public Account	
Annual appropriations	
Payments to Non-CAC Act bodies	772,733
Payments to CAC Act bodies	5,360
Special appropriations (unlimited)	
Payments to Non-CAC Act bodies	25,191,293
Appropriation transfers to Official Public Account	
Transfers to OPA	(1,219,627)
Transfers to OPA (withholdings)	(8,300)
Restructuring	17,308,053
Closing assets less liabilities as at 30 June	20,341,243

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

Department of Education
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2014

	Notes	2014 \$'000
OPERATING ACTIVITIES		
Cash received		
Interest		1
Net GST received		22,923
Other		277,221
Total cash received		300,145
Cash used		
Suppliers		740,079
Personal benefits		4,327,568
Grants		16,358,593
Payments to CAC Act Bodies		5,360
Total cash used		21,431,600
Net cash flows from (used by) operating activities	24	(21,131,455)
INVESTING ACTIVITIES		
Cash received		
Repayments of advances and loans		1,213,350
Total cash received		1,213,350
Cash used		
Loans made		4,880,788
Total cash used		4,880,788
Net cash flows from (used by) investing activities		(3,667,438)
Net increase (decrease) in cash held		(24,798,893)
Cash and cash equivalents at the beginning of the reporting period		-
Cash from the Official Public Account		
Appropriations		25,966,863
GST appropriations		145,380
Special accounts		301,424
Total cash from the official public account		26,413,667
Cash to the Official Public Account		
Appropriations		(1,225,405)
Return of GST appropriations		(141,487)
Special accounts		(247,882)
Total cash to the official public account		(1,614,774)
Cash and cash equivalents at the end of the reporting period	20A	-

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

Department of Education SCHEDULE OF ADMINISTERED COMMITMENTS

as at 30 June 2014

	2014
	\$'000
BY TYPE	
Commitments receivable	
Net GST recoverable on commitments	(4,256,244)
Total commitments receivable	(4,256,244)
Commitments payable	
Other commitments	
Goods and services ¹	213,499
Grants	8,993,108
Legislative obligations ²	76,569,998
Other	2
Total other commitments	85,776,607
Net commitments by type	81,520,363
BY MATURITY	
Commitments receivable	
Within 1 year	(996,372)
Between 1 to 5 years	(3,259,799)
More than 5 years	(73)
Total commitments receivable	(4,256,244)
Commitments payable	
Other Commitments	
Within 1 year	25,232,811
Between 1 to 5 years	60,541,641
More than 5 years	2,155
Total other commitments	85,776,607
Net commitments by maturity	81,520,363

NB: All commitments are GST inclusive where relevant.

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

¹ Goods and services contracts include amounts relating to consultancies.

² Legislative obligations relate to amounts specified in the legislation where a funding determination has not yet been made. The legislation comprises the *Australian Education Act 2013* and the *Higher Education Support Act 2003*.

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

Department of Education
SCHEDULE OF ADMINISTERED CONTINGENCIES
as at 30 June 2014

The department does not have any quantifiable contingent assets and liabilities. Information on significant remote contingencies and contingencies that cannot be quantified are disclosed in Note 25: Administered Contingent Assets and Liabilities.

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

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department of Education

The Department of Education (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 for education. The department works in partnership with the states and territories, non-government authorities, providers and industry.

The department is structured to meet the following outcomes:

Outcome 1: Early Childhood Education and Care

Outcome 2: Schools and youth

Outcome 3: Higher Education, Research and International

The department was created following the abolition of the Department of Education, Employment and Workplace Relations on 18 September 2013. No comparatives are provided to these statements.

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

The department's activities contributing toward these outcomes are classified as either departmental or administered.

Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the department in its own right. Administered activities involve the management or oversight by the department, on behalf of the Government, of items controlled or incurred by the Government.

1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*.

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2013
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

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

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

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

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.3 Significant Accounting Judgements and Estimates

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

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

Child Care Fee Assistance

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

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

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

Higher Education Loan Programme

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

Unfunded University Superannuation

The fair value of the Provision for Unfunded University Superannuation (2013–14 \$6.868 billion) is calculated annually by actuarial assessment. The provision is valued in accordance with the requirements of *AASB 119, Employee Benefits*. The discount rate used is based on the yields available on government bonds. The prevailing rate as at 30 June 2014 is 4.1%.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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

There have been no new standards, amended standards or interpretations that were issued by the Australian Accounting Standards Board prior to the sign off date that are applicable to the current reporting period and have a material impact on the department.

Future Australian Accounting Standard Requirements

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

The following new standards, revised standards, interpretations and amending standards were issued by the Australian Accounting Standards Board prior to the sign-off date and apply to the future reporting period. They are not expected to have a financial impact on the department:

AASB 1055	Budgetary Reporting – Applies from 2014–15 to all not-for-profit entities in the General Government Sector. This will require the department to explain significant variances between Portfolio Budget Statements and actual expenditure
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AASB 1031	Materiality – guidance on quantitative assessment of materiality is no longer available. This is not expected to have an impact on the department's statements
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Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

AASB 9	Financial Instruments – Applies from 1 January 2017 to all entities. Potential impact on measurement of post initial recognition and recognition of gains and losses from financial instruments is yet to be assessed
AASB 2012–3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Liabilities (AASB 132) – this is expected to have a minimal impact on the department financial statements
AASB 2010–7	Amendments to Australian Accounting Standards arising from AASB 9, Operative from 1 January 2015
AASB 2012–3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (AASB 132) – this is not expected to have an impact on the department’s statements
AASB 2013–3	Amendments to AASB 136 – Recoverable amount disclosures for Non-Financial Assets – is not expected to have an impact on the department’s 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.

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 end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Revenue from Government

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

Appropriations receivable are recognised at their nominal amounts.

1.6 Gains

Resources received free of charge

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

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

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

Sale of assets

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

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 Australian Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other distributions to owners

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

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in *AASB 119 Employee Benefits*) and termination benefits due within 12 months of the end of reporting period are measured at their nominal amounts.

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

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

Leave

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

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

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

Separation and redundancy

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

Superannuation

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

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

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

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

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

1.9 Leases

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

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

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

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

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Lease incentives

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

1.10 Fair Value Measurement

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

1.11 Cash

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

- cash on hand
- demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value
- cash held by outsiders
- cash in special accounts.

1.12 Financial Assets

The department classifies its financial assets in the following categories:

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

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

Effective interest method

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

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

Financial assets at fair value through profit or loss

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

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

Assets in this category are classified as current assets.

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

Available-for-sale financial assets

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

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

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

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Loans and receivables

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

Impairment of financial assets

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

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

1.13 Financial Liabilities

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

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

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

1.14 Contingent Liabilities and Contingent Assets

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

Indemnities

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

1.15 Financial Guarantee Contracts

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

1.16 Acquisition of Assets

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

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.

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.17 Infrastructure, Plant and Equipment including Land and Buildings

Asset recognition threshold

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

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

Revaluations

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

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

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

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

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

Depreciation

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

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

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

Asset Class	2014
Buildings on freehold land	37–51 years
Buildings – leasehold improvements	Lease term
Infrastructure, plant and equipment	3–25 years

Impairment

All assets were assessed for impairment at 30 June 2014. 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 to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Derecognition

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

Assets not previously recognised

Equipment was brought to account as part of infrastructure, plant and equipment for the first time as at 30 June 2014.

1.18 Intangibles

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

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

All software assets were assessed for indications of impairment as at 30 June 2014.

1.19 Taxation

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

Revenues, expenses and 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.

1.20 Shared Services arrangements

Following the abolition of the Department of Education, Employment and Workplace Relations on 18 September 2013 the Departments' of Education and Employment are establishing a Shared Services Centre (SSC) to support corporate services across the two partner agencies and other customers. The SSC commences formal operations on 1 July 2014. The SSC provides operational, transactional, advisory and support functions for Information Technology and a range of Corporate Services for both departments. The SSC is a joint operation and is supported by a governance committee which includes the secretaries of the partner departments, and representatives from the Australian Public Service Commission and the Department of Finance. The financial statements for both departments recognise their interest in the SSC using proportionate consolidation on the face of the financial statements.

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.21 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related notes.

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

Administered cash transfers to and from the Official Public Account

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

Revenue

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

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

Gains and losses

Administered gains or losses under the Higher Education Loan Programme (HELP) and Unfunded University Superannuation are recognised at 30 June each year based on an actuarial assessment of the fair value.

Loans and receivables

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

The HELP scheme is administered under the *Higher Education Support Act 2003*. HELP consists of HECS-HELP, FEE-HELP, OS-HELP and VET FEE-HELP, and any resulting debts are called a HELP debt.

The HELP debts are reflected as a receivable in the Schedule of Administered Items. The Australian Taxation Office (ATO) collects repayments of debts through the PAYG income tax system and voluntary repayments.

The department has recorded the total accumulated HECS and/or HELP debt in its financial statements at fair value in accordance with *AASB 139 Financial Instruments: Recognition and Measurement*. This varies from the debt level shown in the ATO certificate.

Administered receivables, including those relating to personal benefit overpayments, represent debts owed to the department by past and present customers. All debts known to be irrecoverable are excluded from the value of administered receivables.

Independent valuations are conducted with sufficient frequency to ensure that the carrying amounts of impairment allowances for doubtful debts does not differ materially from the fair value as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in the programmes.

Administered investments

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

Administered investments other than those held for sale are classified as available-for-sale and are measured at their fair value as at 30 June 2014. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at the end of the reporting period.

Grants

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

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

Under the Federal Financial Framework agreed with Council of Australian Governments (COAG), which came into effect on 1 January 2009, the Department of the Treasury is accountable for the payment of grants under the National Partnership Agreements to the states and territories. As a result DEEWR reported payments made since the agreement came into effect as nation building transfers (Note 16D) for all payments made through state and territory governments.

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

the development of Commonwealth programmes. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

Personal Benefits

The department administers a number of personal benefit programmes on behalf of the government that provide family assistance and other entitlements to individuals. Payments are determined in accordance with provisions under social security law and other legislation. Payments made in accordance with family assistance law (comprising the *A New Tax System (Family Assistance) Act 1999* and *A New Tax System (Family Assistance) (Administration) Act 1999* as well as associated legislation and other legislative Disallowable Instruments) are assessed and determined by officers of the Department of Human Services (DHS) under delegation from the department.

Family assistance law imposes obligations on payment recipients to disclose to DHS information about financial and personal circumstances that affect entitlement to payment. Unreported changes in circumstances can lead to incorrect payment, even if no deliberate fraud is intended. However, risks associated with relying on voluntary disclosure are mitigated by a risk management strategy which focuses on prevention, detection and deterrence. Compliance reviews of payment recipient's circumstances contribute to the detection of overpayment and benefit fraud.

Family assistance law is also the basis for child care fee assistance and provides for the approval of child care services to receive child care fee assistance on behalf of families using the service. Reporting correctly on the care arrangements for each family using the service is one of the key obligations of approved child care services. These reports determine how much child care fee assistance is paid by the Australian Government for eligible families. The operator of the service is ultimately responsible for the accuracy of the data submitted.

The department has a broad ranging programme to encourage, enforce and strengthen compliance with family assistance law to mitigate the risks associated with relying on child care services to submit accurate information. The child care payments compliance programme focuses on prevention, including education, detection/recovery and deterrence.

The department progressively implemented a more sophisticated results-oriented approach to compliance in 2013–14. Compliance operations have been strengthened, including data interrogation and analysis capacity, to assist in targeting, leveraging resources available in our state network to create a virtual task force and prioritising the department's compliance effort to high value compliance work based on risk categories. This had led to increasing imposition of penalties and sanctions, where justified. In addition, processes for approval of child care services are being tightened to reduce the risk of future non-compliance by approved services.

Random Sample Parent Checks have been introduced in 2013–14 to validate the information provided by child care services. Statistical extrapolation of these results is providing improved assurance about the accuracy of child care payments and enables the department to prioritise its compliance activities. Of importance in 2014–15 will be a heightened emphasis on controls over family day care. The outcome of this activity will enhance measurement of compliance effectiveness over child care services.

The department continues to work closely with DHS, the Australian Taxation Office and state and territory regulatory authorities to ensure child care services are correctly applying the rules under all relevant laws.

Payments to CAC Act bodies

Payments to the Australian Institute of Aboriginal and Torres Strait Islander Studies from amounts appropriated for that purpose are classified as administered expenses of the relevant portfolio department. The appropriation to the department is disclosed in Table A and Table D of the appropriation note.

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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.

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3: Expenses

2014
\$'000

Note 3A: Employee benefits

Wages and salaries	100,302
Superannuation:	
Defined contribution plans	6,935
Defined benefit plans	16,772
Leave and other entitlements	19,169
Separations and redundancies	9,502
Other employee expenses	1,942
Total employee benefits	154,622

Note 3B: Supplier expenses

Goods and services supplied or rendered

Consultants	5,375
Contractors	3,955
Travel	2,351
IT services	17,115
Property	5,393
Resources received free of charge	10,412
Other	6,959
Total goods and services supplied or rendered	51,560

Goods and services are made up of:

Provision of goods – related parties	-
Provision of goods – external parties	3,280
Rendering of services – related parties	11,502
Rendering of services – external parties	36,778
Total goods and services supplied or rendered	51,560

Other supplier expenses

Operating lease rentals – external parties:	
Minimum lease repayments	15,685
Contingent rentals	226
Workers compensation expenses	1,437
Total other supplier expenses	17,348
Total supplier expenses	68,908

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

	2014 \$'000
<u>Note 3C: Depreciation and amortisation</u>	
Depreciation	
Infrastructure, plant and equipment	3,006
Buildings	62
Leasehold improvements	5,448
Total depreciation	8,516
Amortisation	
Intangibles:	
Computer software	11,792
Total amortisation	11,792
Total depreciation and amortisation	20,308

Note 3D: Write-down and impairment of assets

Write-off of receivables - goods and services	97
Impairment of receivables - goods and services	9
Impairment of intangibles	33
Impairment of leasehold improvements	479
Write-off of non-financial assets – infrastructure, plant and equipment	57
Write-off of non-financial assets – land and buildings	227
Total write-down and impairment of assets	902

Note 3E: Losses from asset sales

Infrastructure, plant and equipment	
Proceeds from sale	(4)
Carrying value of assets sold	318
Net loss from infrastructure, plant and equipment	314
Total losses from asset sales	314

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

Note 4: Income

	2014
OWN-SOURCE REVENUE	\$'000

Note 4A: Sale of goods and rendering of services

Provision of goods - external parties	193
Rendering of services - related entities	16,014
Rendering of services - external parties	1,860
<i>Total sale of goods and rendering of services</i>	<u>18,067</u>

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

Reversal of impairment losses	74
<i>Total reversals of previous asset write-downs and impairments</i>	<u>74</u>

Note 4C: Other gains

Resources received free of charge	5,665
First time recognition of assets – property, plant and equipment	1,498
Other	1,110
<i>Total other gains</i>	<u>8,273</u>

REVENUE FROM GOVERNMENT

Note 4D: Revenue from Government

Appropriations	
Departmental appropriations	196,102
<i>Total revenue from Government</i>	<u>196,102</u>

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

Note 5: Fair Value Measurement

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the department can access at measurement date.

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

Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair value measurements

Fair value measurements at 30 June 2014 by hierarchy for assets and liabilities

	Fair value measurements at the end of the reporting period using			
	Fair value \$'000	Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
Non-financial assets				
Land and buildings	1,090	-	450	640
Leasehold improvements	49,777	-	304	49,473
Other property, plant and equipment	11,454	-	3,999	7,455
Total non-financial assets	62,321	-	4,753	57,568
Total fair value measurements (assets) in statement of financial position¹	62,321	-	4,753	57,568

¹ The Department has a number of assets and liabilities not measured at fair value in the statement of comprehensive income. The carrying amounts of these assets and liabilities are considered to be a reasonable approximation of their fair value.

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

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

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

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

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

	Category (Level 2 or 3)	Fair Value \$'000	Valuation technique ¹	Inputs used	Range (weighted average) ²
Non-financial assets					
Land	2	200	Market Approach	Adjusted market transactions	
Buildings	2	250	Market Approach	Adjusted market transactions	
Buildings	3	640	Market Approach	Adjusted market transactions	(30.0%) - 0.0%
Leasehold Improvements	2	304	Depreciated Replacement Cost (DRC)	Replacement Cost New (price per sqm)	
Leasehold Improvements	3	49,473	Depreciated Replacement Cost (DRC)	Replacement Cost New (price per sqm)	
				Useful life (consumed economic benefit/Obsolescence of asset)	4.3% - 41.4% (6.8%) per annum
Other property, plant and equipment	2	3,999	Market Approach	Adjusted market transactions	
Other property, plant and equipment	3	6,963	Depreciated Replacement Cost (DRC)	Replacement Cost New (size, capacity, use, configuration, style, type) Useful life	
Other property, plant and equipment				Useful Life(consumed economic benefit/Obsolescence of asset)	6.7% - 33.3% (15.6%) per annum
Other property, plant and equipment (Library Collection)	3	492	Depreciated Replacement Cost (DRC)	Adjusted market transactions (Average Price Per Title) Useful life (consumed economic benefit/Obsolescence of asset)	\$15.00 - \$650.00 (\$320.00) 6.7% - 10.0% (6.7%) per annum

¹ There have been no changes to valuation techniques.

² Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category

The Department have a number of assets and liabilities not measured at fair value in the statement of comprehensive income. The carrying amounts of these assets and liabilities are considered to be a reasonable approximation of their fair value.

The methods and valuation techniques used for the purpose of measuring fair value of assets and liabilities in 2014 are unchanged from the previous reporting period.

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

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

The department has a policy of testing the currency of the valuation of various asset classes at least once every 12 months and to obtain a comprehensive valuation at least once every three years. The entity has engaged Australian Valuation Solutions (AVS) to provide written assurance that the methodology developed by the department has complied with the requirements of the new AASB 13 *Fair Value Measurement* effective from 19 September 2013.

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

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

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

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

Leasehold Improvements – Depreciated Replacement Cost Valuation

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

Other Property, Plant and Equipment – Depreciated Replacement Cost Valuation

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured using the cost (Depreciated Replacement Cost or 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 asset obsolescence (accumulated Depreciation). The economic useful lives and asset obsolescence has been determined based on professional judgment regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

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

Recurring Level 3 fair value measurements – sensitivity of inputs

Leasehold Improvements, Other Property, Plant & Equipment – Depreciated Replacement Cost Valuation

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

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

There have been no transfers between levels

Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets			Total 2014 \$'000	
	Land and buildings 2014 \$'000	Property, plant and equipment			
		2014 \$'000	Leasehold Improvements		
			2014 \$'000		2014 \$'000
Restructuring opening balance	640	7,573	55,913	64,126	
Total gains/(losses) recognised in net cost of services ¹	-	(1,765)	(5,312)	(7,078)	
Transfers to other entities	-	-	(1,352)	(1,352)	
Purchases	-	1,705	224	1,929	
Write-offs	-	(57)	-	(57)	
Closing balance	640	7,455	49,473	57,568	

¹ These gains/(losses) are presented in the Statement of Comprehensive Income under 'Depreciation and amortisation' and 'Write-down and Impairment of assets'.

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6: Financial Assets

2014
\$'000

Note 6A: Cash and cash equivalents

Cash on hand or on deposit	8,429
Total cash and cash equivalents	8,429

Note 6B: Trade and other receivables

Good and Services receivables in connection with

Related parties	13,729
External parties	1,409
Total goods and services receivables	15,138

Appropriations receivable

Existing programmes	18,106
Total appropriations receivable	18,106

Other receivables

GST receivable from the Australian Taxation Office	1,589
Total other receivables	1,589
Total trade and other receivables (gross)	34,833

Less impairment allowance

Goods and services	(64)
Total impairment allowance	(64)
Total trade and other receivables (net)	34,769

Trade and other receivables (net) expected to be recovered

No more than 12 months	34,603
More than 12 months	166
Total trade and other receivables (net)	34,769

Trade and other receivables (gross) aged as follows

Not overdue	27,086
Overdue by	
0 to 30 days	5,888
31 to 60 days	282
61 to 90 days	809
More than 90 days	768
Total trade and other receivables (gross)	34,833

The impairment allowance aged as follows

Not overdue	-
Overdue by	
0 to 30 days	-
31 to 60 days	-
61 to 90 days	-
More than 90 days	(64)
Total impairment allowance	(64)

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of the Impairment Allowance

Movements in relation to 2014

	Goods and services \$'000	Total \$'000
Opening balance	-	-
Amounts written off	(97)	(97)
Amounts recovered and reversed	97	97
Increase/(decrease) recognised in net surplus	(64)	(64)
Closing balance	(64)	(64)

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

	2014 \$'000
<u>Note 6C: Other financial assets</u>	
Accrued revenue	<u>10,113</u>
<i>Total other financial assets</i>	<u>10,113</u>
Other financial assets expected to be recovered	
No more than 12 months	10,113
More than 12 months	<u>-</u>
<i>Total other financial assets</i>	<u>10,113</u>

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

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

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Total land and buildings \$'000	Other property, plant & equipment \$'000	Total \$'000
As at 19 September 2013						
Gross book value	-	-	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-	-	-
Total as at 19 September 2013						
Additions						
By purchase	-	-	421	421	3,102	3,523
By restructuring	1,910	1,924	53,503	57,337	11,579	68,916
By revaluations and impairments	-	-	433	433	-	433
First time recognition	-	-	1,353	1,353	145	1,498
Leasehold Restoration	-	-	-	-	-	-
Reclassification	-	-	-	-	28	28
Revaluations and impairments recognised in other comprehensive income	(40)	(187)	-	(227)	-	(227)
Impairments recognised in net cost of services	-	-	(405)	(405)	-	(405)
Depreciation	-	(62)	(5,448)	(5,510)	(3,006)	(8,516)
Other movements	-	-	-	-	-	-
Disposals						
From disposal of entities or operations (including restructuring)	(1,670)	(785)	(80)	(2,535)	(19)	(2,554)
Other	-	-	-	-	(318)	(318)
Write-offs	-	-	-	-	(57)	(57)
Total as at 30 June 2014	200	890	49,777	50,867	11,454	62,321
Total as at 30 June 2014 represented by						
Gross book value	200	890	49,796	50,886	14,460	65,346
Accumulated depreciation and impairment	-	-	(19)	(19)	(3,006)	(3,025)
Total as at 30 June 2014	200	890	49,777	50,867	11,454	62,321

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

	2014 \$'000
<u>Note 7D: Intangibles</u>	
Computer software	
Internally developed – in progress	3,024
Internally developed – in use	71,743
Purchased	575
Total computer software (gross)	75,342
	<hr/>
Accumulated amortisation - internally developed	(11,728)
Accumulated amortisation - purchased	(64)
Total computer software (net)	63,550
	<hr/>
Total intangibles	63,550
	<hr/> <hr/>

No indicators of impairment were found for intangible assets.

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

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

Note 7E: Reconciliation of the opening and closing balances of intangibles (2013–14)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 19 September 2013			
Gross book value	-	-	-
Accumulated amortisation and impairment	-	-	-
Total as at 19 September 2013	-	-	-
Additions			
By purchase	-	513	513
Internally developed	17,169	-	17,169
By restructure	57,794	123	57,917
Reclassification	-	(28)	(28)
Revaluations and impairments recognised in other comprehensive income	-	-	-
Impairments recognised in the net cost of services	-	-	-
Amortisation	(11,728)	(64)	(11,792)
Disposals	-	-	-
From disposal of entities or operations (including restructuring)	(196)	-	(196)
Other	-	-	-
Write-offs	-	(33)	(33)
Total as at 30 June 2014	63,039	511	63,550
Total as at 30 June 2014 represented by			
Gross book value	74,767	575	75,342
Accumulated amortisation and impairment	(11,728)	(64)	(11,792)
Total as at 30 June 2014	63,039	511	63,550

In the 2013–14 financial year write-offs of \$33,000 were carried out for internally developed software. There were no write-offs of purchased software.

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

	2014 \$'000
<u>Note 7F: Other non-financial assets</u>	
Prepayments	8,599
<i>Total other non-financial assets</i>	8,599
Total other non-financial assets expected to be recovered	
No more than 12 months	6,901
More than 12 months	1,698
<i>Total other non-financial assets</i>	8,599

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

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8: Payables

2014
\$'000

Note 8A: Suppliers

Trade creditors and accruals	7,451
Operating lease rentals	7,149
Total suppliers	14,600

Suppliers expected to be settled

No more than 12 months	8,171
More than 12 months	6,429
Total suppliers	14,600

Suppliers in connection with

Related parties	1,284
External parties	13,316
Total suppliers	14,600

Settlement is usually made within 30 days.

Note 8B: Other payables

Wages and salaries	5,908
Superannuation	1,024
Separations and redundancies	8,477
Other employee benefits	946
Lease incentives	16,249
Unearned income	1,821
Payable to the Official Public Account	1
Surplus lease space	3,326
Total other payables	37,752

Other payables expected to be settled

No more than 12 months	23,368
More than 12 months	14,384
Total other payables	37,752

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

Note 9: Provisions

2014
 \$'000

Note 9A: Employee provisions

Leave	61,052
Total employee provisions	61,052

Employee provisions expected to be settled

No more than 12 months	21,286
More than 12 months	39,766
Total employee provisions	61,052

Note 9B: Other provisions

Provision for legal obligations	700
Provision for restoration obligations	645
Total other provisions	1,345

Other provisions expected to be settled

No more than 12 months	1,015
More than 12 months	330
Total other provisions	1,345

	Provision for legal obligations \$'000	Provision for restoration obligations \$'000	Total \$'000
As at 19 September 2013	-	-	-
Opening balance from restructuring	1,363	499	1,862
Additional provisions made	400	146	546
Amounts reversed	(1,063)	-	(1,063)
Amounts used	-	-	-
Unwinding of discount or change in discount rate	-	-	-
Adjustments to asset revaluation reserve	-	-	-
Total as at 30 June 2014	700	645	1,345

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

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

Note 10: Restructuring

Note 10A: Departmental restructuring

		2014				
Function	Education including: Early Childhood Education and Care and Schools and Youth	Education including: State Network and Corporate Functions	Education including: Higher Education, Research and International	Education including: Indigenous education	Corporate functions supporting Working Age Payments and Disability Employment Services	\$'000
Entity	Department of Education, Employment and Workplace Relations ¹	Department of Employment ²	Department of Industry ³	Department of the Prime Minister and Cabinet ⁴	Department of Social Services ⁵	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FUNCTION ASSUMED						
Assets recognised						
Cash and cash equivalents	2,618	-	-	-	-	-
Trade and other receivables	19,789	-	2,066	-	-	-
Other financial assets	2,395	-	-	-	-	-
Land and buildings	57,229	-	487	-	-	-
Property, plant and equipment	11,310	-	218	-	-	-
Intangibles	43,407	-	14,510	-	-	-
Other non-financial assets	8,145	-	554	-	-	-
Total assets recognised	144,893	-	17,835	-	-	-
Liabilities recognised						
Suppliers	8,203	-	-	-	-	-
Other payables	27,309	-	660	-	-	-
Employee provisions	59,126	6,504	14,023	-	-	-
Other provisions	1,864	-	-	-	-	-
Total liabilities recognised	96,502	6,504	14,683	-	-	-
Net assets recognised	48,391	(6,504)	3,152	-	-	-

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

Function	Education including: Early Childhood Education and Care and Schools and Youth	Education including: State Network and Corporate Functions	Education including: Higher Education, Research and International	Education including Indigenous education	Corporate functions supporting Working Age Payments and Disability Employment Services
Entity	Department of Education, Employment and Workplace Relations ¹	Department of Employment ²	Department of Industry ³	Department of the Prime Minister and Cabinet ⁴	Department of Social Services ⁵
	\$'000	\$'000	\$'000	\$'000	\$'000
FUNCTIONS RELINQUISHED					
Assets relinquished					
Land and buildings	-	-	-	(2,535)	-
Property, plant and equipment	-	-	-	(18)	-
Intangibles	-	-	-	(197)	-
Total assets relinquished	-	-	-	(2,750)	-
Liabilities relinquished					
Employee provisions	-	(14,277)	-	(2,941)	(417)
Total liabilities relinquished	-	(14,277)	-	(2,941)	(417)
Net assets relinquished	-	14,277	-	191	417
Income assumed					
Recognised by the receiving entity	13,941	-	12,473	-	-
Recognised by the losing entity	6,141	-	667	-	-
Total income assumed	20,082	-	13,140	-	-
Expenses assumed					
Recognised by the receiving entity	164,361	-	80,694	-	-
Recognised by the losing entity	55,998	-	30,497	-	-
Total expenses assumed	220,359	-	111,191	-	-

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

Notes:

- ¹ The Early Childhood Education and Care and Schools and Youth Education functions were acquired from the former Department of Education, Employment and Workplace Relations following the Administrative Arrangement Orders changes on 18 September 2013.
- ² Responsibility for Corporate and State Network functions in relation to the former DEEWR were acquired/relinquished from/to the Department of Employment on 28 February 2014. The transfer of staff followed the transfer of function resulting from the Administrative Arrangement Orders changes on 18 September 2013.
- ³ The Tertiary Education functions including higher education, research and international education were acquired from the Department of Industry during 2013–14 due to the Administrative Arrangement Order changes on 18 September 2013 and 12 December 2014.
- ⁴ Indigenous education functions were relinquished to the Department of the Prime Minister and Cabinet during 2013–14 following the Administrative Arrangement Orders of 18 September 2013.
- ⁵ Responsibility for certain Corporate functions relating to Working Age Payments and Disability Employment Services were relinquished to the Department of Social Services on 13 February 2014. In respect of the functions assumed and relinquished the net book value of assets were transferred to the entity for no consideration. The net assets/liabilities assumed from all entities were \$45.039 million. The net assets/liabilities relinquished to all entities were \$14.885 million.

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

<u>Note 10B: Administered restructuring</u>			
2014			
Function	Education: Early Childhood Education and Care, Schools and Youth	Tertiary Education: including Higher Education, Research and International Education	Tertiary Education: including Research
Entity	Department of Education, Employment and Workplace Relations ¹	Department of Industry, Innovation, Science, Research and Tertiary Education ²	Department of the Prime Minister and Cabinet ³
	\$'000	\$'000	\$'000
FUNCTIONS ASSUMED			
Assets assumed			
Cash and cash equivalents	139,331	-	-
Trade and other receivables	9,478	431,524	-
Personal benefits receivable	295,752	-	-
Advances and loans	11,885	22,432,432	-
Other non-financial assets	3,864	-	-
Investments	6,987	1,960,654	38,465
Total assets assumed	467,297	24,824,610	38,465
Liabilities assumed			
Suppliers	33,327	551,779	-
Personal benefits payable	118,561	-	-
Grants payable	13,663	-	-
Other payable	2,794	-	-
Provision for personal benefits	624,484	-	-
Provision for grants	-	6,676,618	-
Total liabilities assumed	792,829	7,228,397	-
Net assets assumed	(325,532)	17,596,213	38,465

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

Function	Education: including Early Childhood Education and Care, Schools and Youth	Tertiary Education: including Higher Education, Vocational Education and International Education	Tertiary Education: including Research
Entity	Department of Education, Employment and Workplace Relations ¹	Department of Industry, Innovation, Science, Research and Tertiary Education ²	Department of the Prime Minister and Cabinet ³
	\$'000	\$'000	\$'000
Income assumed			
Recognised by the receiving entity	20,856	881,148	-
Recognised by the losing entity	144,614	8,405	-
Total income assumed	165,470	889,553	-
Expenses assumed			
Recognised by the receiving entity	14,251,244	8,462,473	5,360
Recognised by losing entity	3,531,369	2,230,376	2,279
Total expenses assumed	17,782,613	10,692,849	7,639
Function	Education: including Early Childhood Education and Care, Schools and Youth	Tertiary Education: including Higher Education, Vocational Education and International Education	Education: including Indigenous Education
Entity	Department of Education, Employment and Workplace Relations ¹	Department of Industry, Innovation, Science, Research and Tertiary Education ²	Department of the Prime Minister and Cabinet ⁴
	\$'000	\$'000	\$'000
FUNCTIONS RELINQUISHED			
Assets relinquished			
Trade and other receivables	-	-	(1,847)
Total assets relinquished	-	-	(1,847)
Liabilities relinquished			
Suppliers payable	-	-	966
Total liabilities relinquished	-	-	966
Net assets relinquished	-	-	(881)

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

Notes:

- ¹ The Early Childhood Education and Care and Schools and Youth Education functions were assumed from the former Department of Education, Employment and Workplace Relations following the Administrative Arrangement Orders changes on 18 September 2013.
 - ² The Tertiary Education functions including higher education, research and international education were assumed from the Department of Industry during 2013–14 due to the Administrative Arrangement Order changes on 18 September 2013 and 12 December 2014.
 - ³ The Tertiary Education functions including research were assumed from the Department of the Prime Minister and Cabinet during 2013–14 due to the Administrative Arrangement Orders of 18 September 2013.
 - ⁴ Indigenous education functions were relinquished to the Department of the Prime Minister and Cabinet during 2013–14 following the Administrative Arrangement Orders of 18 September 2013. The net assets/liabilities assumed from all entities were \$17.309 billion.
- The net assets/liabilities relinquished to all entities were \$0.881 million.

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11: Cash Flow Reconciliation

2014
\$'000

Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement

Cash and cash equivalents as per

Cash flow statement	8,429
Statement of financial position	8,429

Discrepancy	<u>-</u>
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Reconciliation of net cost of services to net cash from (used by) operating activities

Net (cost of) contribution by services	(218,640)
Revenue from Government	196,102

Adjustments for non-cash items

First time recognition of non-financial assets	(1,498)
Reversal of previous asset impairment	(74)
Write-down and impairment of goods and services	106
Depreciation / amortisation	20,308
Net write-down and impairment of assets	796
Net losses from sale of assets	314

Movements in assets and liabilities

Assets

Decrease / (increase) in net receivables	(11,477)
Decrease / (increase) in accrued income	472
Decrease / (increase) in prepayments	100

Liabilities

Increase / (decrease) in employee provisions	(693)
Increase / (decrease) in supplier payables	10,391
Increase / (decrease) in other provisions	(518)
Increase / (decrease) in other payables	4,992

Net cash from (used by) operating activities	<u><u>681</u></u>
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Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 12: Contingent Assets and Liabilities

Quantifiable Contingencies

The department does not hold contingent assets or liabilities as at 30 June 2014.

Unquantifiable Contingencies

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

Significant Remote Contingencies

The department has one contingent asset where the likelihood of receipt is remote. The value of contingent liabilities where the likelihood of payment is remote is nil. These are not included in the Schedule of Contingencies.

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

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

Note 13: Senior Executive Remuneration

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

	2014 \$'000
Short-term employee benefits	
Salary	5,035
Annual leave accrued	-
Other	831
<i>Total short-term employee benefits</i>	<u>5,866</u>
Post-employment benefits	
Superannuation	948
<i>Total post-employment benefits</i>	<u>948</u>
Other long-term employee benefits	
Annual leave accrued	149
Long-service leave	7
<i>Total other long-term benefits</i>	<u>156</u>
Termination benefits	815
<i>Total senior executive remuneration expenses</i>	<u><u>7,785</u></u>

Notes

¹ Note 13A was prepared on an accrual basis. It excludes acting arrangements and part-year service where total remuneration expensed as a senior executive was less than \$195,000.

² Other includes motor vehicle allowances, other allowances and reportable fringe benefits.

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

Note 13B: Average annual reportable remuneration paid to substantive senior executives during the reporting period

	2013–14						
	Substantive Senior Executives	No.	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
Average annual reportable remuneration ¹			\$	\$	\$	\$	\$
Total reportable remuneration (including part-time arrangements)							
Less than \$195,000		74	102,946	19,559	-	-	122,505
\$195,000 to \$224,999		10	179,368	24,664	1,724	-	205,756
\$225,000 to \$254,999		4	199,484	36,727	-	-	236,211
\$255,000 to \$284,999		3	229,056	39,749	-	-	268,805
\$285,000 to \$314,999		1	259,997	36,204	-	-	296,201
\$555,000 to \$585,999		1	476,933	78,457	1,011	-	556,401
Total number of substantive senior executives		93					

Notes:

- 1 This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
- 2 'Reportable salary' includes the following:
 - a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
 - b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax purposes)
 - c) reportable employer superannuation contributions
 - d) exempt foreign employment income.
- 3 The 'contributed superannuation' amount is the average cost to the department for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
- 4 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- 5 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. Existing remuneration arrangements for senior executives do not provide for the payment of performance bonus.

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

The department has no highly paid staff during 2013–14.

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 14: Remuneration of Auditors

2014
\$'000

Financial statement audit services were provided free of charge to the department by the Australian National Audit Office.

The fair value of the services received for financial statement audit services	1,460
Total fair value of services received	1,460

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

Note 15: Financial Instruments

Note 15A: Categories of financial instruments

Financial Assets

Loans and receivables

Cash and cash equivalents	8,429
Goods and services	15,138
Accrued revenue	10,113
Total financial assets	33,680

Financial Liabilities

Measured at amortised cost

Trade creditors and accruals	7,451
Total financial liabilities	7,451

Note 15B: Net gains or losses on financial assets

Loans and receivables

Write off impairment - goods and services	97
Impairment of receivables - goods and services	9
Net gains (losses) on loans and receivables	106
Net gains (losses) on financial assets	106

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

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15C: Fair value of financial instruments

	Carrying amount 2014 \$'000	Fair value 2014 \$'000
Financial Assets		
Cash and cash equivalents	8,429	8,429
Goods and services receivable	15,138	15,074
Accrued revenue	10,113	10,113
Total financial assets	33,680	33,616
Financial Liabilities		
At amortised cost		
Trade creditors and accruals	7,451	7,451
Total financial liabilities	7,451	7,451

Note 15D: Credit risk

The department is exposed to minimal credit risk as loans and receivables are cash, cash on deposit and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables in 2014: \$15,074. The department has assessed the risk of the default on payment and has allocated nil in 2014 to an impairment allowance for doubtful debts.

The department has no liabilities carried at amounts not best representing maximum exposure to credit risk.

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

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

	2014 \$'000
Financial assets carried at amount not best representing maximum exposure to credit risk	
Cash and cash equivalents	8,429
Goods and services receivable	15,138
Accrued revenue	10,113
Total financial assets carried at amount not best representing maximum exposure to credit risk	33,680

In relation to the department's gross credit risk and the financial effect in respect of the amount that best represents the maximum exposure to credit risk there is no collateral held however in 2014: 2 limited indemnities were given in respect of venue hire between the Commonwealth and third parties.

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

	Not past due nor impaired 2014 \$'000	Past due or impaired 2014 \$'000
Cash and cash equivalents	8,429	-
Goods and services receivable	7,391	7,747
Accrued revenue	10,113	-
Total	25,933	7,747

Department of Education**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****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 receivable	5,888	282	809	768	7,747
Total	5,888	282	809	768	7,747

The following asset has been individually assessed as impaired

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

Note 15E: Liquidity risk

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

Maturities for non-derivative financial liabilities 2014

	On demand \$'000	Within 1 year \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Trade creditors and accruals	-	7,451	-	-	-	7,451
Total	-	7,451	-	-	-	7,451

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

Note 15F: Market risk

The department holds basic financial instruments that do not expose the department to market or interest rate risk.

Note 16: Financial Assets Reconciliation

	2014
	\$'000
	Notes
<i>Total financial assets as per statement of financial position</i>	53,311
Less: non-financial instrument components	
Appropriation receivable	18,106
GST receivable from the ATO	1,589
Impairment allowance account	<u>(64)</u>
Total non-financial instrument components	<u>19,631</u>
<i>Total financial assets as per financial instruments note</i>	15A <u><u>33,680</u></u>

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 17: Administered Expenses

Note 17A: Suppliers	2014
	\$'000
Goods and services supplied or rendered	
Assistance to Families with Children	40,957
School education - specific funding	123,348
Other	4,302
Total goods and services supplied or rendered	168,607
Goods and services are made up of	
Rendering of services – related parties	-
Rendering of services - external parties	168,607
Total goods and services	168,607
Total supplier expenses	168,607

Note 17B: Personal benefits

Direct	
Student assistance	51,651
Assistance to families with children	1,276,116
School education - specific funding	1,040
Indirect	
Assistance to families with children	3,138,001
Total personal benefits	4,466,808

Note 17C: Grants

Public sector	
Australian Government entities (related parties)	35,657
State and Territory Governments	9,179,813
Private sector	
Non-profit organisations	246,514
Multi-jurisdictional sector	6,688,342
Other	413,903
Total grants	16,564,229

Note 17D: Finance costs

Concessional loan discount	592,890
Total finance costs	592,890

Note 17E: Write-down and impairment of assets

Impairment of Unfunded University Superannuation	57,750
Write-down of other receivables	462
Impairment of goods and services and other receivables	2,728
Total write-down and impairment of assets	60,940

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

	2014
	\$'000
<u>Note 17F: Payments to CAC bodies</u>	
Australian Institute of Aboriginal and Torres Strait Islander Studies	<u>5,360</u>
<i>Total payments to CAC bodies</i>	<u>5,360</u>
<u>Note 17G: Fair value losses</u>	
Losses from remeasuring financial instruments held at fair value through profit or loss	<u>860,240</u>
<i>Total fair value losses</i>	<u>860,240</u>

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

Note 18: Administered Income

Non-taxation revenue

Note 18A: Interest

Other sources	1
Loans	506,839
Total interest	506,840

Note 18B: Other revenue

Education investment fund special account	234,207
Other	55,403
Total other revenue	289,610

Gains

Note 18C: Fair value gains

Unfunded University Superannuation	96,221
Total fair value gains	96,221

Note 18D: Reversals of previous asset write-downs and impairment

Reversal of impairment losses for personal benefits receivables	9,331
Total reversals of previous asset write-downs and impairments	9,331

Department of Education

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 department can access at measurement date.

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

Level 3: Unobservable inputs for the asset or liability.

Note 19A: Fair value measurements

Fair value measurements at 30 June 2014 by hierarchy for assets and liabilities

	Fair value measurements at the end of the reporting period using			
	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Concessional loans	25,147,866	-	-	25,147,866
Administered investments	2,149,026	-	-	2,149,026
Total financial assets	27,296,892	-	-	27,296,892
Total fair value measurements	27,296,892	-	-	27,296,892

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

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

	Category (Level 2 or Level 3)	Fair value \$'000	Valuation technique(s)	Range (weighted average)
Financial assets				
Concessional loans	3	25,147,866	Loan conditions	Principal due
Administered investments	3	2,149,026	Net assets of the entity	N/A

The methods and valuation techniques used for the purpose of measuring fair value of assets and liabilities in 2014 are unchanged from the previous reporting period.

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

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

There has been no transfer between levels during the period

Recurring Level 3 fair value measurements - reconciliation for assets

	Financial assets		
	Concessional loans 2014 \$'000	Administered investments 2014 \$'000	Total 2014 \$'000
Opening balance from restructuring	22,444,317	2,006,106	24,450,423
Total gains/(losses) recognised in net cost of services ¹	(963,888)	-	(963,888)
Total gains/(losses) recognised in Administered Equity	-	142,920	142,920
Issues	4,880,788	-	4,880,788
Settlements	(1,213,351)	-	(1,213,351)
Closing balance	25,147,866	2,149,026	27,296,892

¹ The gains or losses are presented in the Administered Schedule of Comprehensive Income under Notes 17B Personal benefits, 17D Finance costs, 17G Fair value losses, 18A Interest.

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

Note 20: Administered Financial Assets

	2014
	\$'000
Note 20A: Cash and cash equivalents	
Cash on hand or on deposit	-
Special Accounts	91,293
Total cash and cash equivalents	91,293
Note 20B: Receivables	
Good and services	
Goods and services - related parties	-
Goods and services - external parties	33,921
Total receivables for goods and services	33,921
Advances and loans	
HECS\HELP	25,147,139
Other Loans	727
Total advances and loans	25,147,866
Other receivables	
GST receivable from Australian Taxation Office	13,364
Unfunded University Superannuation	1,622,250
Personal benefits receivable	368,692
Total other receivables	2,004,306
Total trade and other receivables (gross)	27,186,093
Less impairment allowance	
Goods and services	(9,757)
Unfunded University Superannuation	(1,200,250)
Personal benefits	(15,959)
Total impairment allowance	(1,225,966)
Total trade and other receivables (net)	25,960,127
Receivables (net) expected to be recovered	
No more than 12 months	39,887
More than 12 months	25,920,240
Total trade and other receivables (net)	25,960,127

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

	2014	
	\$'000	
Receivables (gross) aged as follows		
Not overdue		27,145,091
Overdue by		
0 to 30 days		1,421
31 to 60 days		447
61 to 90 days		306
More than 90 days		38,828
Total receivables (gross)		<u><u>27,186,093</u></u>
The impairment allowance aged as follows		
Not overdue		(1,200,388)
Overdue by		
0 to 30 days		(43)
31 to 60 days		(26)
61 to 90 days		(34)
More than 90 days		(25,475)
Total impairment allowance		<u><u>(1,225,966)</u></u>
<p>Goods and services receivables are with entities external to the Australian Government. Credit terms are within 30 days (2012: 30 days).</p>		
<p>Reconciliation of the Impairment Allowance Account:</p>		
<p>Movements in relation to 2014</p>		
	Receivables	Total
	\$'000	\$'000
Opening balance from restructuring	(1,188,060)	(1,188,060)
Amounts written off	(462)	(462)
Amounts recovered and reversed	12,873	12,873
Reversal of previous impairment	9,331	9,331
Increase (decrease) recognised in net cost of services	(59,648)	(59,648)
Closing balance	<u><u>(1,225,966)</u></u>	<u><u>(1,225,966)</u></u>

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

	2014 \$'000
<u>Note 20C: Other investments</u>	
Other Investments:	
Australian Institute for Teaching and School Leadership ¹	5,676
Australian Curriculum, Assessment and Reporting Authority ²	2,448
Australian National University ³	2,102,437
Australian Institute of Aboriginal and Torres Strait Islander Studies ⁴	38,465
Total other investments	2,149,026
Other investments expected to be recovered	
No more than 12 months	-
More than 12 months	2,149,026
Total other investments	2,149,026

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

¹ *Australian Institute for Teaching and School Leadership Ltd* – supports and enhances the teaching profession for the benefit of all Australians.

² *Australian Curriculum, Assessment and Reporting Authority* – executes the policy directions that are determined by the Ministerial Council for Education, Early Childhood Development and Youth Affairs regarding curriculum, assessment, data collection and reporting at a national level.

³ *Australian National University* – provision of research and teaching services.

⁴ *Australian Institute of Aboriginal and Torres Strait Islander Studies* – building pathways for the knowledge of Aboriginal and Torres Strait Islander peoples to grow and share.

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

Note 21: Administered Non-Financial Assets

2014
 \$'000

Note 21A: Other non-financial assets

Prepayments	523
<i>Total other non-financial assets</i>	<u>523</u>
Other non-financial assets expected to be recovered	
No more than 12 months	523
More than 12 months	-
<i>Total other non-financial assets</i>	<u>523</u>

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

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

Note 22: Administered Payables

Note 22A: Suppliers

Trade creditors and accruals	36,884
Total suppliers	36,884

Suppliers expected to be settled

Related parties	-
External parties	36,884
Total suppliers	36,884

Settlement was usually made within 30 days.

Note 22B: Personal benefits

Direct	10,952
Indirect	109,985
Total personal benefits	120,937

Personal benefits expected to be settled

No more than 12 months	120,937
More than 12 months	-
Total personal benefits	120,937

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

	2014
	\$'000
<u>Note 22C: Grants</u>	
Public sector	
Local Governments	-
Private sector	
Non-profit organisations	2,748
Other	21,686
<i>Total grants</i>	24,434
Grants expected to be settled	
No more than 12 months	24,434
More than 12 months	-
<i>Total grants</i>	24,434
Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.	
<u>Note 22D: Other payables</u>	
GST payable	8,692
<i>Total other payables</i>	8,692
Other payables expected to be settled	
No more than 12 months	8,692
More than 12 months	-
<i>Total other payables</i>	8,692

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

Note 24: Administered Cash Flow Reconciliation

	2014 \$'000
Reconciliation of cash and cash equivalents as per administered schedule of assets and liabilities to administered cash flow statement	
Cash and cash equivalents as per	
Schedule of administered cash flows	-
Schedule of administered assets and liabilities	-
Discrepancy	<u>-</u>
Reconciliation of net cost of services to net cash from (used by) operating activities	
Net (cost of) contribution by services	(21,817,072)
Adjustments for non-cash items	
Net write down of non-financial assets	60,940
Concessional loan discount	592,890
Fair value losses	860,240
Interest on loans	(408,815)
Other revenues not providing cash	(43,448)
Fair value gains	(96,221)
Unwinding of the discount	(98,024)
Movements in assets and liabilities	
Assets	
(Increase) / decrease in net receivables	(254,092)
(Increase) / decrease in other non-financial assets	3,341
Liabilities	
Increase / (decrease) in supplier payables	(334,601)
Increase / (decrease) in grants payable	10,771
Increase / (decrease) in personal benefits payable	23,837
Increase / (decrease) in other payables	(3,864)
Increase / (decrease) in provisions	372,663
Net cash from (used by) operating activities	<u><u>(21,131,455)</u></u>

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25: Administered Contingent Assets and Liabilities

Quantifiable Contingencies

The department does not hold quantifiable contingent assets and liabilities.

Unquantifiable Contingencies

At 30 June 2014, the department had no legal claims against it.

Significant Remote Contingencies

The department had no significant remote contingencies.

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

Note 26: Administered Financial Instruments

2014
 \$'000

Note 26A: Categories of financial instruments

Financial Assets

Available for sale financial assets

Investments 2,149,026

Total available-for sale financial assets 2,149,026

Loans and receivables

Cash and cash equivalents -

Goods and services receivable 24,164

Total loans and receivables 24,164

Financial assets at fair value through profit or loss (designated)

HECS\HELP Loans 25,147,139

Other loans 727

Total assets at fair value through profit or loss (designated) 25,147,866

Total financial assets categorised as financial instruments 27,321,056

Financial Liabilities

Financial liabilities measured at amortised cost

Trade creditors and accruals 36,884

Grants payable 24,434

Total financial liabilities measured at amortised cost 61,318

Total financial liabilities 61,318

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26B: Net gains or losses on financial assets	
	2014
	\$'000
Available for sale financial assets	
Gain (loss) recognised in equity	142,920
Net gains (losses) from available-for-sale financial assets	142,920
Loans and receivables	
Interest revenue	381
Write-down and impairment	(3,190)
Net gains (losses) from loans and receivables	(2,809)
Financial assets at fair value through profit or loss (designated)	
Interest revenue	506,459
Unwinding of discount	(592,890)
Fair value gain/(losses)	(860,240)
Net gains (losses) at fair value through profit or loss (designated)	(946,671)
Net gains (losses) on financial assets	(806,560)

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

Note 26C: Fair value of financial instruments

	Carrying amount 2014 \$'000	Fair value 2014 \$'000
Financial Assets		
Available for sale		
Investments	2,149,026	2,149,026
Loans and receivables		
Cash at bank and on hand	-	-
Receivables for goods and services	24,164	24,164
Fair value through profit or loss (designated)		
HECS\HELP loans	25,147,139	25,147,139
Other loans	727	727
Total financial assets	27,321,056	27,321,056
Financial Liabilities		
Measured at amortised cost		
Trade creditors and accruals	36,884	36,884
Grants payable	24,434	24,434
Total financial liabilities	61,318	61,318

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

Note 26D: Credit risk

The administered loans and receivables of the department are not exposed to a high level of credit risk as the majority of financial assets are cash or cash equivalents, trade receivables or advances and loans to state, territory and local governments. The department manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition the department has policies and procedures that guide employees' debt recovery techniques that are to be applied.

The recoverability and credit quality of the fair value through profit and loss (designated) amounts are factored into the actuarial assessment each year. No separate account is maintained of the write offs in the department's accounts rather just the movement in the assessment as a gain or loss in the Schedule of Administered Items. This accounting treatment is consistent with the basis for accounting for these instruments.

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

	2014
	\$'000
Financial assets carried at amount not best representing maximum exposure to credit risk	
Available for sale	
Investments	2,149,026
Loan and receivables financial assets	
Cash at bank and on hand	-
Goods and services receivables	33,921
Fair value through profit or loss (designated)	
HECS\HELP loans	25,147,139
Other loans	727
Total financial assets carried at amount not best representing maximum exposure to credit risk	27,330,813

The department has assessed the risk of the default on payment and has allocated the following to an impairment allowance for doubtful debts:

Goods and services receivables \$9.757 million in 2014.

In relation to the entity's gross credit risk and the financial effect in respect of the amount that best represents the maximum exposure to credit risk there is no collateral held however in 2014: two limited and five unlimited indemnities have been given in respect of venue hire between the Commonwealth and third parties.

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Credit quality of financial assets not past due or individually determined as impaired					
	Not past due nor impaired				Past due or impaired
	2014				2014
	\$'000				\$'000
Available for sale					
Investments				2,149,026	-
Loans and receivables					
Cash at bank and on hand				-	-
Goods and services receivables				20,038	13,883
Fair value through profit or loss (designated)					
HECS\HELP loans				25,147,139	-
Other loans				727	-
Total				27,316,930	13,883
Ageing of financial assets that were past due but not impaired for 2014					
	0 to 30	31 to 60	61 to 90	90+	Total
	days	days	days	days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Goods and services and other receivables	1,250	345	169	2,362	4,126
Total	1,250	345	169	2,362	4,126

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

Note 26G: Concessional loans

	2014
	\$'000
HECS\HELP loans	
Nominal value	33,813,381
Less: Unexpired discount	(451,311)
Impairment	(8,214,931)
Carrying amount	<u>25,147,139</u>
Child Care loans	
Nominal value	884
Less: Unexpired discount	-
Impairment	-
Principal repayment	(157)
Carrying amount	<u>727</u>
Total Concessional loans	<u><u>25,147,866</u></u>

Note 27: Administered Financial Assets Reconciliation

	2014
	\$'000
	Notes
Total financial assets as per administered schedule of assets and liabilities	28,200,446
Less: non-financial instrument components	
GST receivable from Australian Taxation Office	13,364
Personal benefits receivable (net)	352,733
Unfunded University Superannuation (net)	422,000
Special accounts	91,293
Total non-financial instrument components	<u>879,390</u>
Total financial assets as per administered financial instruments note	26A <u><u>27,321,056</u></u>

Department of Education**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 28: Unfunded Superannuation Provision for Australian Universities**

Funding responsibility for universities has varied from time to time between the Commonwealth and the states. A number of universities have employees or former employees who are members of state superannuation schemes which are unfunded or partly funded. Accordingly, there are cost sharing arrangements for these schemes in place between the Commonwealth and the states. The Commonwealth recognises the amount payable to universities for these entitlements in full. The Commonwealth is then reimbursed by the states for their share of the costs.

The Department recognises two items in its Financial Statements that relate to the Unfunded Superannuation for Australian Universities – a liability and a receivable.

The liability comprises a provision for the total amount of funding expected to be paid by the Commonwealth to the universities in order for them to meet their outstanding employer contribution obligations to the various state superannuation schemes to which some of their employees belong. The provision is recognised in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*, which requires the recognition of a provision where it is probable that a future sacrifice of economic benefit will be required and where the provision can be measured reliably, as a best estimate of the expenditure required to settle the present obligation at reporting date.

The receivable comprises the contributions due and payable by the states to the Commonwealth under the cost sharing arrangement – representing the state's share of the outstanding superannuation entitlement as at reporting date.

The Australian Government Actuary (AGA) provides an estimate of both the liability and receivable, based on data and calculations provided by each university's respective actuary. Both the AGA and the department apply the provisions of *AASB 119 Employee Benefits* in measuring the liability at reporting date. In accordance with the generally accepted accounting principles, the Financial Statements have recognised a liability for the total unfunded university superannuation of \$6.868 billion. A gross receivable, representing the estimated reimbursement from the states of \$1.622 billion and an impairment allowance of \$1.200 billion has also been recognised.

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

Note 29: Appropriations

Note 29A: Annual Appropriations ('Recoverable GST exclusive')

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

Notes:

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 financial year end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

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 Finance Minister's determination which is disallowable by Parliament. In 2013–14 there was no reduction in administered appropriations. All administered appropriations may be adjusted by a

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

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

Note 29B: Departmental and Administered Capital Budgets (‘Recoverable GST exclusive’)

	2014 Capital Budget Appropriations			Capital Budget Appropriations applied in 2014		
	<i>Appropriation Act</i>	<i>FMA Act</i>	Total Capital Budget Appropriations \$'001	Payments for non-financial assets ³ \$'000	Payments for other purposes \$'000	Total payments \$'000
	Annual Capital Budget \$'000	Appropriations reduced ² \$'000				
DEPARTMENTAL Ordinary annual services Capital Budget ¹	-	-	20,164	16,226	-	16,226
						3,938

Notes:

- ¹ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1, 3 & 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriation, please see Table A: Annual appropriations.
- ² Appropriations reduced under Appropriation Acts (No. 1, 3 & 5) 2013–14: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
- ³ Payments made on non-financial assets include purchase of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

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

Note 29C: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2014
	\$'000
Departmental	
Appropriation Act (No. 1) 2013-14	27,935
Total departmental	27,935
Administered	
Appropriation Act (No. 1) 2013-14	28,216
Appropriation Act (No. 3) 2013-14	125,302
Appropriation Act (No. 2) 2013-14	2,538
Appropriation Act (No. 4) 2013-14	2,897
Total administered	158,953

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

Note 29D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2014	\$'000
A New Tax System (Family Assistance) (Administration) Act 1999 (Administered)	Unlimited Amount	An Act to enable the payment of family assistance to support families		4,248,003
Australian Education Act 2013 - (Administered)	Unlimited Amount	An Act to grant financial assistance to the states for primary and secondary education and for related purposes		6,724,976
Schools Assistance Act 2008 - Section 167 (Administered)	Unlimited Amount	An Act to grant financial assistance to the states for 2005 to 2008 for primary and secondary education, and for related purposes		2,401,002
Higher Education Support Act 2003 - Section 164-25 (Administered)	Unlimited Amount	An Act to grant financial assistance to support the higher education system for individuals and universities		11,817,312
Total special appropriations applied				25,191,293

Department of Education**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 29E: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')**

	Department of Prime Minister and Cabinet	Department of Foreign Affairs and Trade	Department of Social Services
	\$'000	\$'000	\$'000
2014			
Total receipts	92,471	3,688	300
Total payments	92,471	3,688	300

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

Note 29F: Reduction in Administered Items ('Recoverable GST exclusive')

2014	Amount required - by Appropriation Act ³	Total amount required ³	Total amount appropriated ⁴	Total reduction ⁵
Ordinary Annual Services	Act (No.1)	Act (No.3)		
Outcome 1	337,772,000.00	62,976,637.83	400,748,637.83	40,539,362.17
Outcome 2	266,772,000.00	39,096,058.80	305,868,058.80	35,953,941.20
Outcome 3	58,104,000.00	1,617,000.00	59,721,000.00	-
Outcome 4	34,497,000.00	-	34,497,000.00	-
Other services	Act (No.2)	Act (No.4)		
Specific payments to States, ACT, NT and Local government				
Outcome 2	41,091,901.40	-	41,091,901.40	98.60
Administered assets and liabilities				
Outcome 2	-	-	2,897,000.00	2,897,000.00

Notes:

¹ Numbers in this section are disclosed to the cent.

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

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

⁴ Total amount appropriated in 2014.

⁵ Total reduction effective in 2015.

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

Note 30: Special Accounts

Note 30A: Special Accounts (Recoverable GST exclusive)

	Education Investment Fund - Research Portfolio Special Account ¹	Education Investment Fund - Education Portfolio Special Account ²	National Youth Affairs Research Scheme ³
	2014 \$'000	2014 \$'000	2014 \$'000
Balance brought forward from previous period	-	-	-
Increases			
Appropriation credited to special account	92,985	141,222	-
Transfer through restructuring	-	-	251
Total increases	92,985	141,222	251
Available for payments	92,985	141,222	251
Decreases			
Departmental			
Transfer to the Official Public Account (OPA)	-	-	-
Other Payments	-	-	-
Total Departmental	-	-	-
Administered			
Payments made	(92,985)	(141,222)	-
Transfer through restructuring	-	-	-
Total Administered	(92,985)	(141,222)	-
Total decreases	(92,985)	(141,222)	-
Total balance carried to the next period	-	-	251

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

Note 30A: Special Accounts (Recoverable GST exclusive¹)

	Early Years Quality Fund ⁴	Overseas Student Tuition Fund ⁵	Services for Other Entities and Trust Money ⁶
	2014	2014	2014
	\$'000	\$'000	\$'000
Balance brought forward from previous period	-	-	-
Increases			
Appropriations credited to special account	-	-	-
Costs recovered	-	6,518	6,852
Transfer through restructuring	135,000	5,847	4,042
Total increases	135,000	12,365	10,894
Available for payments	135,000	12,365	10,894
Decreases			
Departmental			
Transfer to the Official Public Account (OPA)	-	-	-
Other Payments	-	-	-
Total Departmental	-	-	-
Administered			
Payments made	(62,703)	(208)	(4,001)
Transfer through restructuring	-	-	(305)
Total Administered	(62,703)	(208)	(4,306)
Total decreases	(62,703)	(208)	(4,306)
Total balance carried to the next period	72,297	12,157	6,588

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

¹ Education Investment Fund – Research Portfolio Special Account

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

Establishing Instrument: *Nation-building Funds Act 2008 No. 154 of 2008*

Purpose: To make grants of financial assistance in relation to the creation and development of research infrastructure.

² Education Investment Fund – Education Portfolio Special Account

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

Establishing Instrument: *Nation-building Funds Act 2008 No. 154 of 2008*

Purpose: To make grants of financial assistance to eligible higher education institutions in relation to capital expenditure and research facilities.

³ National Youth Affairs Research Scheme Special Account

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

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

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

⁴ Early Years Quality Fund Special Account

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

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

Purpose: For the administration of the Early Years Quality Fund (EYQF). The EYQF will provide \$300 million over two years to assist long day care services to offset the costs of employing higher qualified staff who are required as part of the National Quality Framework for Early Childhood Education and Care from 1 January 2014.

⁵ Overseas Student Tuition Fund Special Account

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

Establishing Instrument: *Education Services for Overseas Students Act 2000 Act No. 164 of 2000*, taking into account amendments up *Education Services for Overseas Students Legislation Amendment (Tuition Protection Services and Other Measures) Act 2012*, section 52A

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

⁶ Services for Other Entities and Trust Moneys Special Account

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

Establishing Instrument: *Financial Management and Accountability Determination 2008/14* on 3 June 2008.

Purpose: To disburse amounts held on trust or otherwise for the benefit of a person other than the Commonwealth; in connection with services performed on behalf of other governments and bodies that are not FMA agencies; and to repay amounts where an Act or other law requires or permits the repayment of an amount received.

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

Note 31: Compensation and Debt Relief

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

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Administered	2014 \$'000
1 'Act of Grace' payments were expensed during the reporting period.	15
4,780 waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	156,294
103,326 waivers of amounts owing to the Australian Government were made pursuant to the <i>A New Tax System (Family Assistance) (Administration) Act 1999</i> .	2,185
No ex-gratia payments were provided for during the reporting period.	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period.	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> during the reporting period.	-
<p>The High Court in <i>Williams v Commonwealth [2014] HCA 23</i> held that payments made under the National Schools Chaplaincy and Student Welfare programme were invalid on the grounds that they were not supported by a Commonwealth constitutional head of power. Consequently, the payments so made became debts owed to the Commonwealth. However, the Minister for Finance, the Hon Mathias Cormann, after considering all relevant matters waived those debts under s34(1)(a) of the <i>Financial Management and Accountability Act 1997</i> on 19 June 2014. The amount waived was \$156.121 million, this included \$87.945 million spent by the former Department of Education, Employment and Workplace Relations.</p>	

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

Note 32: Reporting of Outcomes

The department has three outcomes and details of each outcome are provided in the front of the 2013–14 Annual Report. The department uses a cost allocation model to determine the attribution of its shared items.

Note 32A: Net cost of outcome delivery

	Outcome 1		Outcome 2		Outcome 3		Payment to CAC Act Agency		Not attributed ¹	
	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental										
Expenses	62,212	102,149			80,693					
Own-source income	5,316	8,626			12,472					
Administered										
Expenses	4,790,056	9,461,185			8,462,473			5,360		
Own-source income	11,325	9,531			881,146					
Net cost/(contribution) of outcome delivery	4,835,627	9,545,177			7,649,548			5,360		

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

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

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

Note 32B: Major classes of departmental expenses, income, assets and liabilities by outcome

	Outcome 1		Outcome 2		Outcome 3		Not attributed ¹		Total	
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Expenses										
Employee benefits	38,228	62,777	53,617	-	-	-	-	-	-	154,622
Suppliers	18,662	30,634	19,612	-	-	-	-	-	-	68,908
Depreciation	5,021	8,245	7,042	-	-	-	-	-	-	20,308
Other	301	493	422	-	-	-	-	-	-	1,216
Total expenses	62,212	102,149	80,693	-	-	-	-	-	-	245,054
Own-Source Income										
User charges	4,276	7,188	6,603	-	-	-	-	-	-	18,067
Income from government	49,744	84,103	62,255	-	-	-	-	-	-	196,102
Other	1,040	1,438	5,869	-	-	-	-	-	-	8,347
Total own-source income	55,060	92,729	74,727	-	-	-	-	-	-	222,516
Assets										
Cash and cash equivalents	-	-	-	-	-	-	-	8,429	-	8,429
Trade and other receivables	8,596	14,116	12,057	-	-	-	-	-	-	34,769
Other financial assets	2,500	4,106	3,507	-	-	-	-	-	-	10,113
Land and buildings	13,141	22,185	15,541	-	-	-	-	-	-	50,867
Infrastructure, plant and equipment	2,966	5,007	3,481	-	-	-	-	-	-	11,454
Intangibles	16,466	27,797	19,287	-	-	-	-	-	-	63,550
Other non-financial assets	2,126	3,491	2,982	-	-	-	-	-	-	8,599
Total assets	45,795	76,702	56,855	-	-	-	-	8,429	-	187,781
Liabilities										
Suppliers	3,740	6,272	4,588	-	-	-	-	-	-	14,600
Other payables	9,806	16,575	11,371	-	-	-	-	-	-	37,752
Employee provisions	15,819	26,704	18,529	-	-	-	-	-	-	61,052
Other provisions	349	588	408	-	-	-	-	-	-	1,345
Total liabilities	29,714	50,139	34,896	-	-	-	-	-	-	114,749

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

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

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

Note 32C: Major classes of administered expenses, income, assets, and liabilities by outcomes

	Outcome 1		Outcome 2		Outcome 3		Payment to CAC Act Agency		Not attributed ¹		Total	
	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses												
Personal benefits	4,414,117		1,040		51,651							4,466,808
Grants	332,604		9,335,885		6,895,740							16,564,229
Suppliers	40,957		123,352		4,298							168,607
Other	2,378		908		1,510,784		5,360					1,519,430
Total expenses	4,790,056		9,461,185		8,462,473		5,360					22,719,074
Income												
Interest	380				506,460							506,840
Non taxation revenue - Other	2,239		8,905		278,466							289,610
Gains	8,706		626		96,220							105,552
Total income	11,325		9,531		881,146							902,002
Assets												
Cash and cash equivalents	63,205		4,766		23,322							91,293
Receivables	356,288		7,960		25,595,879							25,960,127
Investments			8,124		2,140,902							2,149,026
Other non-financial assets												523
Total assets	419,493		21,373		27,760,103							28,200,969
Liabilities												
Suppliers	2,689		15,252		18,943							36,884
Personal benefits	120,937											120,937
Grants	9,480		12,795		2,159							24,434
Other payables	2,592		4,499		1,601							8,692
Provision for personal benefits	801,010											801,010
Provision for grants												6,867,769
Total liabilities	936,708		32,546		6,890,472							7,859,726

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

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

Department of Education

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 33: Cost Recovery Summary

	2014 \$'000
Amounts applied	
Departmental	
Annual appropriations	<u>1,191</u>
Total amounts applied	<u>1,191</u>
Expenses	
Departmental	<u>1,191</u>
Total expenses	<u>1,191</u>
Revenue	
Administered	<u>6,224</u>
Total revenue	<u>6,224</u>
Receivables	
Not overdue	15
Overdue by	
0 to 30 days	8
31 to 60 days	-
61 to 90 days	-
More than 90 days	<u>58</u>
Total receivables	<u>80</u>

Cost recovered activities:

The Commonwealth recovers the costs of administering its functions under the *Education Services for Overseas Students Act 2000* (the ESOS Act) and the National Code of Practice for Providers of Education and Training to Overseas Students (National Code) through compulsory registration fees charged to all providers wishing to be registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS), which allows them to offer courses to overseas students.

The following entities are involved in the delivery of these activities: Department of Education, Australian Skills Quality Authority and the Tertiary Education Quality and Standards Agency. The Commonwealth also recovers the cost of administering the functions of the Overseas Students Ombudsman under the Ombudsman Act 1976. This function transferred from the Department of Industry as part of the Administrative Arrangement Orders of the 18 September 2013.

Documentation (Cost Recovery Impact Statement) for the above activity is available at www.education.gov.au.

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

Note 34: Net Cash Appropriation Arrangements

	2014 \$'000
<i>Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations¹</i>	(1,797)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(20,308)</u>
<i>Total comprehensive income (loss) - as per the Statement of Comprehensive Income</i>	<u><u>(22,105)</u></u>

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

Note 35: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

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

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

The department identified 10 appropriations involving statutory conditions for payment, comprising:

- four special appropriations and
- six special accounts

The work conducted during the 2013–14 financial year identified one payment of \$125,200 that was considered a potential breach of the *Schools Assistance Act 2008*. Included in the amount is an overpayment of \$3,407 that is subject to legal advice about recovery options. The programme area will continue to monitor its compliance with section 83 of the Constitution to reduce the risk of over payment. Internal control processes will be reviewed.

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

6



PART 6

Appendices

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Appendix 1—Advertising and market research

Details of payments made to advertising, market research, polling, media advertising and direct mail organisations by the department in 2013–14 are listed in the following tables. Where the total paid is less than \$12,400 (inclusive of GST) details have not been included. This is consistent with section 311A of the *Commonwealth Electoral Act 1918*.

During 2013–14, the Department of Education conducted one advertising campaign: National Plan for School Improvement and Child Care Assistance. Further information is available at www.education.gov.au and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available at www.finance.gov.au/advertising/index.html.

Table 21 Market research and polling organisations

ORGANISATION	SERVICE PROVIDED	2013–14 TOTAL \$ PAID
ORIMA Research Pty Ltd	Qualitative branding research to inform the re-branding of the Australian Early Development Index	77,788.80
Taylor Nelson Sofres Australia Pty Limited	National Plan for School Improvement campaign—benchmarking, tracking and evaluation research	105,600.00
Taylor Nelson Sofres Australia Pty Limited	Quantitative research for the 2013 Child Care Rebate campaign	65,340.00

Table 22 Media advertising organisations

ORGANISATION	SERVICE PROVIDED	2013–14 TOTAL \$ PAID
Adcorp Australia Limited	Advertising for the Home Interaction Programme for Parents and Youngsters community nominations	115,634.88
Universal McCann	Advertising for National Youth Awards	39,359.60
Universal McCann	Advertising for the National Plan for School Improvement campaign	3,287,138.39

Appendix 2—Agency resource statement and resources for outcomes

Table 23 Agency Resource Statement

Agency Resource Statement 2013–14	Actual Available Appropriations for 2013–14	Payments Made 2013–14	Balance Remaining
	\$000	\$000	\$000
ORDINARY ANNUAL SERVICES			
Departmental appropriation			
Prior year departmental appropriation	-	-	-
Departmental appropriation	227,527	207,294	20,233
S.31 Relevant agency receipts	13,108	13,108	-
Total	240,635	220,402	20,233
Administered expenses			
Outcome 1	441,288	376,023	
Outcome 2	341,822	280,398	
Outcome 3	59,721	48,249	
Outcome 4	34,497	26,259	
Payments to CAC Act Bodies	5,360	5,360	
Total	882,688	736,289	
Total ordinary annual services	1,123,323	956,691	
OTHER SERVICES			
Administered expenses			
Specific payments to States, ACT, NT and local government			
Outcome 2	43,989	38,554	
Total	43,989	38,554	

Table 23 Agency Resource Statement (cont)

Agency Resource Statement 2013–14	Actual Available Appropriations for 2013–14	Payments Made 2013–14	Balance Remaining
	\$000	\$000	\$000
Departmental non-operating			
Prior year departmental appropriation			-
Equity injections	15,111	8,861	6,250
Previous years' outputs			-
Total	15,111	8,861	6,250
Total other services	59,100	47,415	
Total available annual appropriations	1,182,423	1,004,106	
SPECIAL APPROPRIATIONS			
Special appropriations limited by criteria/entitlement			
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>		4,248,003	
<i>Australian Education Act 2013</i>		6,724,976	
<i>Schools Assistance Act 2008</i>		2,401,002	
<i>Higher Education Support Act 2003</i>		11,817,312	
Total special appropriations		25,191,293	
Special Accounts			
Opening Balance (through restructuring)	141,098		
Appropriation receipts	234,207		
Non-appropriation receipts to Special Accounts	6,518		
Payments made		297,118	
Closing Balance			84,705
Total resourcing and payments	1,564,246	26,492,517	
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations	5,360	5,360	
Total net resourcing and payments for Education	1,558,886	26,487,157	

Table 24 Resources for Outcome 1

Outcome 1	Budget (2013–14)	Actual Expenses (2013–14)	Variation (2013–14)
	\$000	\$000	\$000
	A	B	A-B
PROGRAMME 1.1: SUPPORT FOR THE CHILD CARE SYSTEM			
Ordinary Annual Services (Appropriation Bill No 1)			
Child Care Services Support	317,802	307,867	9,935
Jobs, Education and Training Child Care Fee Assistance (JETCCFA)	88,245	71,164	17,081
Special Account Expenses			
<i>Early Years Quality Fund Special Account Act 2013</i>	134,833	62,703	72,130
Total for Programme 1.1	540,880	441,734	99,146
PROGRAMME 1.2: CHILD CARE BENEFIT			
Special Appropriations			
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>			
Child Care Benefit ^a	2,359,607	2,324,716	34,891
Total for Programme 1.2	2,359,607	2,324,716	34,891
PROGRAMME 1.3: CHILD CARE REBATE			
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>			
Child Care Rebate ^a	2,225,144	2,020,585	204,559
Total for Programme 1.3	2,225,144	2,020,585	204,559
PROGRAMME 1.4: EARLY CHILDHOOD EDUCATION			
Ordinary Annual Services (Appropriation Bill No 1)			
Early Childhood Education- Universal Access	3,000	2,966	34
Special Account Expenses			
<i>Services for Other Entities and Trust Moneys</i>	-	54	-54
Total for Programme 1.4	3,000	3,020	-20

Table 24 Resources for Outcome 1 (cont)

Outcome 1	Budget (2013–14)	Actual Expenses (2013–14)	Variation (2013–14)
	\$000	\$000	\$000
	A	B	A-B
OUTCOME 1 TOTALS BY APPROPRIATION TYPE			
Administered expenses			
Ordinary Annual Services (Appropriation Bill No 1)	409,047	381,997	27,050
Special Appropriations	4,584,751	4,345,301	239,450
Special Accounts	134,833	62,757	72,076
Departmental expenses			
Ordinary Annual Services (Appropriation Bill No 1)	66,911	56,151	10,760
Expenses not requiring appropriation in the Budget year	8,435	6,061	2,374
Total for Outcome 1	5,203,977	4,852,267	351,710
Average staffing level (number)	367	325	42

- a The variance predominantly arises due to the allocation of the budget between Education and the former Department of Education, Employment and Workplace Relations (DEEWR). The budget was transferred prior to the finalisation of actual expenses for DEEWR.

Table 25 Resources for Outcome 2

Outcome 2	Budget (2013–14)	Actual Expenses (2013–14)	Variation (2013–14)
	\$000	\$000	\$000
	A	B	A-B
Administered expenses			
PROGRAMME 2.1: GOVERNMENT SCHOOLS NATIONAL SUPPORT			
Special Appropriations			
<i>Australian Education Act 2013</i>	2,407,817	2,395,036	12,781
Total for Programme 2.1	2,407,817	2,395,036	12,781
PROGRAMME 2.2: NON-GOVERNMENT SCHOOLS NATIONAL SUPPORT			
Ordinary Annual Services (Appropriation Bill No 1)			
Short Term Emergency Assistance	667	-	667
Non-Government Representative Bodies	41,167	41,167	-
Special Appropriations			
<i>Schools Assistance Act 2008</i>	2,332,333	2,402,932	-70,599
<i>Australian Education Act 2013</i>	4,422,306	4,330,062	92,244
Total for Programme 2.2	6,796,473	6,774,161	21,645
PROGRAMME 2.3: SCHOOLS SUPPORT			
Ordinary Annual Services (Appropriation Bill No 1)			
Grants and Awards	3,389	3,389	-
Quality Outcomes	59,081	52,083	6,998
Helping Children with Autism	4,152	4,152	-
Broadband Enabled Education	6,417	6,417	-
National School Chaplaincy Programme	70,821	66,620	4,201
Maths and Science Participation	1,500	1,455	45
Teach for Australia	5,565	5,528	37
Flexible Literacy Learning for Remote Primary Schools	4,000	4,000	-
Improving the Teaching of Foreign Languages	-	-	-
Total for Programme 2.3	154,925	143,644	11,281

Table 25 Resources for Outcome 2 (cont)

Outcome 2	Budget (2013–14)	Actual Expenses (2013–14)	Variation (2013–14)
	\$000	\$000	\$000
	A	B	A-B
PROGRAMME 2.4: TRADE TRAINING			
Other Services (Appropriation Bill No 2)			
Trade Training Centres (Non-government)	29,723	29,723	-
Total for Programme 2.4	29,723	29,723	-
PROGRAMME 2.5: DIGITAL EDUCATION			
Ordinary Annual Services (Appropriation Bill No 1)			
Digital Education Revolution Project Pool	225	224	1
Total for Programme 2.5	225	224	1
PROGRAMME 2.6: MORE SUPPORT FOR STUDENTS WITH DISABILITIES			
Ordinary Annual Services (Appropriation Bill No 1)			
Students with Disabilities (COPE)	1,487	820	667
Other Services (Appropriation Bill No 2)			
Students with Disabilities (Non-Government)	11,369	11,369	-
Special Account Expenses			
<i>SOETM - Students with Disabilities</i>	-	2,880	-2,880
Total for Programme 2.6	12,856	15,069	-2,213
PROGRAMME 2.7: YOUTH SUPPORT			
Ordinary Annual Services (Appropriation Bill No 1)			
Youth Attainment and Transitions	99,293	99,233	60
Youth Engagement	6,092	4,099	1,993
Special Account Expenses			
<i>National Youth Affairs Research</i>	240	-	240
Total for Programme 2.7	105,625	103,332	2,293

Table 25 Resources for Outcome 2 (cont)

Outcome 2	Budget (2013–14)	Actual Expenses (2013–14)	Variation (2013–14)
	\$000	\$000	\$000
	A	B	A-B

OUTCOME 2 TOTALS BY APPROPRIATION TYPE

Administered expenses			
Ordinary Annual Services (Appropriation Bill No 1)	303,856	289,187	14,669
Other services (Appropriation Bill No. 2)	41,092	41,092	-
Special Appropriations	9,162,456	9,128,030	34,426
Special Accounts	240	2,880	-2,640
Departmental expenses			
Ordinary Annual Services (Appropriation Bill No 1)	97,871	92,466	5,405
Expenses not requiring appropriation in the Budget year	12,984	9,683	3,301
Total for Outcome 2	9,618,499	9,563,338	55,161
Average staffing level (number)	624	549	75

Table 26 Resources for Outcome 3

Outcome 3	Budget (2013–14)	Actual Expenses (2013–14)	Variation (2013–14)
	\$000	\$000	\$000
	A	B	A-B
Administered expenses			
PROGRAMME 3.1: COMMONWEALTH GRANTS SCHEME			
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Cluster Fund and Place Loadings ^a	4,827,271	4,586,219	241,052
Regional Loading ^a	51,734	49,096	2,638
Total for Programme 3.1	4,879,005	4,635,315	243,690
PROGRAMME 3.2: HIGHER EDUCATION SUPERANNUATION PROGRAMME			
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Higher Education Superannuation Programme	337,986	354,750	-16,764
Total for Programme 3.2	337,986	354,750	-16,764
PROGRAMME 3.3: HIGHER EDUCATION SUPPORT			
Ordinary Annual Services (Appropriation Bill No 1)			
ATSIHEAC	272	199	73
National Disability Coordination Officer	2,892	2,860	32
VET FEE HELP Redesign	271	-	271
Quality Indicators for Teaching and Learning	600	600	-
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Disability Support Programme	6,859	6,831	28
Diversity and Structural Reform ^a	2,378	1,794	584
Higher Education Participation Programme ^a	165,557	151,468	14,089
National Institutes ^a	160,361	152,170	8,191
Promotion of Excellence in Learning and Teaching in Higher Education ^a	13,451	8,409	5,042
Quality Initiatives ^a	28,668	6,519	22,149
Indigenous Support Fund ^a	-	9,303	-9,303

Table 26 Resources for Outcome 3 (cont)

Outcome 3	Budget (2013–14)	Actual Expenses (2013–14)	Variation (2013–14)
	\$000	\$000	\$000
	A	B	A-B
Special Account Expenses			
<i>SOETM - Australian Quality Framework Council</i>		61	-61
<i>SOETM PELTHE^a</i>	485	49	436
<i>Education Investment Fund - Higher Education^a</i>	104,422	141,222	-36,800
Total for Programme 3.3	486,216	481,485	4,731
PROGRAMME 3.4: HIGHER EDUCATION LOAN PROGRAMME			
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Higher Education Loan Programme	1,474,734	1,504,684	-29,950
Total for Programme 3.4	1,474,734	1,504,684	-29,950
PROGRAMME 3.5 INVESTMENT IN HIGHER EDUCATION RESEARCH			
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Collaborative Research Infrastructure Scheme	40,000	40,000	-
International Post Graduate Research	16,337	16,336	1
Joint Research Engagement Programme	247,207	247,206	1
Research Infrastructure Block Grants	166,207	166,206	1
Research Training	497,937	497,936	1
Sustainable Research Excellence	125,379	125,378	1
Australian Post Graduate Awards	198,663	198,663	-
Total for Programme 3.5	1,291,730	1,291,725	5

Table 26 Resources for Outcome 3 (cont)

Outcome 3	Budget (2013–14)	Actual Expenses (2013–14)	Variation (2013–14)
	\$000	\$000	\$000
	A	B	A-B
PROGRAMME 3.6 RESEARCH CAPACITY			
Ordinary Annual Services (Appropriation Bill No 1)			
Collaborative Research Network Programme	10,400	10,400	-
Commonwealth - ANU Strategic Relationships	2,300	2,300	-
National Collaborative Research Infrastructure Strategy	45,404	45,404	-
The Conversation	-	-	-
AIATSIS	13,158	5,360	7,798
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Higher Education Research Promotion	4,869	4,867	2
Special Account Expenses			
<i>Education Investment Fund - Research^b</i>	77,290	92,985	-15,695
Total for Programme 3.6	153,421	161,316	-7,895
PROGRAMME 3.7 INTERNATIONAL EDUCATION SUPPORT			
Ordinary Annual Services (Appropriation Bill No 1)			
International Education Support ^a	32,317	37,023	-4,706
Assessment Subsidy for Overseas Trained Professionals	362	361	1
Special Account Expenses			
<i>Overseas Student Tuition Fund</i>	6,300	297	6,003
<i>SOETM - Cheung Kong</i>	-	874	-874
Total for Programme 3.7	38,979	38,555	424

Table 26 Resources for Outcome 3 (cont)

Outcome 3	Budget (2013–14)	Actual Expenses (2013–14)	Variation (2013–14)
	\$000	\$000	\$000
	A	B	A-B

OUTCOME 3 TOTALS BY APPROPRIATION TYPE

Administered expenses			
Ordinary Annual Services (Appropriation Bill No 1)	107,976	104,507	3,469
Special Appropriations	8,365,598	8,127,835	237,763
Special Accounts	188,497	235,488	-46,991
Departmental expenses			
Ordinary Annual Services (Appropriation Bill No 1) ^c	42,502	67,782	-25,280
Expenses not requiring appropriation in the Budget year ^c		12,912	-12,912
Total for Outcome 3	8,704,573	8,548,524	156,049
Average staffing level (number)	426	381	45

- a The variance predominantly arises due to the allocation of the budget between Education and the Department of Industry as part of the Machinery of Government change.
- b The variance is due to the accounting treatment for capital funded projects.
- c The variance is because the methodology for allocating depreciation, resources received free of charge and some corporate costs across all outcomes had not been finalised prior to the 2013–14 budget.

Appendix 3—Carer Recognition Act

The *Carer Recognition Act 2010* supports the important principle that carers should have the same rights, choices and opportunities as other Australians. Under the reporting and consultation obligations contained within the Act, the department is required to report on four key elements:

- ▶ awareness and understanding of the Statement for Australia’s Carers
- ▶ human resource policies
- ▶ reflecting the principles in the Statement for Australia’s Carers
- ▶ consultation with carers.

The department has a focus on working in partnership with the states and territories to support all children and young people—including those with caring responsibilities—to reach their full potential and contribute fully to the community. For instance, the *Australian Education Act 2013* recognises that the quality of a student’s education should not be limited by his or her personal circumstances.

The department actively supports employees with caring responsibilities through the provision of information, resources and an employee assistance programme. When developing human resource policies, the department considers and complies with the principles contained in the Statement for Australia’s Carers. Employees in the department are covered by the provisions of two enterprise agreements preserved under a section 24(3) determination made under the *Public Service Act 1999*: the *DEEWR Enterprise Agreement 2012–2014* and the *One Innovation Enterprise Agreement 2011–2014*. Both agreements incorporate special carers’ leave provisions. Information for employees about conditions available to carers under the enterprise agreements and a supporting leave guide are available on the department’s internal website. In addition the department provides carers rooms to provide facilities for unforeseen caring responsibilities.

The Diversity Unit in the People Branch works with managers, employees and service providers to support employees with a caring role, disability or cultural difference in the department. Departmental human resource practitioners regularly have conversations with employees with caring responsibilities to assist them to access respite and counselling services.

The department ensures that its employees and agents are aware of and understand the Statement for Australia’s Carers and its underlying principles. This includes working to make certain that all carers—and disadvantaged students and young people more broadly—are valued and respected and have rights, choices and opportunities to participate in learning and economic, social and community life. The terms and conditions in the department’s standard funding agreement include the obligation for funding recipients to comply with relevant laws and any Commonwealth policies, and to comply with any code of ethics, regulations or other industry standards relevant to the activity, such as the principles that relate to care supports.

The Australian Disability Clearinghouse on Education and Training website, funded under the Government’s Higher Education Disability Support Programme, provides information and resources in areas such as inclusive teaching, learning and assessment strategies, accommodation and support services in relation to post-secondary education, training and employment for disability practitioners, teachers and learning support staff as well as carers of people with disability.

The National Disability Coordination Officer (NDCO) Programme funds a national network of 31 NDCOs across Australia. NDCOs assist people with disability to access and participate in tertiary education and subsequent employment by working with stakeholders at the local level to reduce systemic barriers, facilitate smooth transitions, build links and coordinate services between the education, training and employment sectors. These activities benefit people with disability and their carers by making local services more interlinked and accessible.

The department facilitates extensive consultations on an ongoing basis and when developing, implementing, providing or evaluating any policy or programme, which includes consultation with carer stakeholders wherever relevant.

Appendix 4—Ecologically sustainable development

The Department of Education reports under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* on how our activities accord with and contribute to the principles of ecologically sustainable development. We report on the impacts of the department's activities on the environment, how they are mitigated and how they will be further mitigated.

The department's environmental management activities are focused on reducing impacts from energy, water and paper consumption, waste, travel, transport and procurement policies and practices. Information and data on the department's environmental performance can be found in Part 4 of this report.

The department's activities are consistent with the ecologically sustainable development principles (section 3A of the Act) that state 'decision making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations'. More information on the environmentally sustainable development principles can be found at www.environment.gov.au/esd.

We continue to evaluate and improve our operational efficiency to ensure that our activities contribute to successful long-term outcomes and to increase our understanding of sustainability beyond the environmental scope.

ICT Sustainability Plan

The Australian Government's Information and Communications Technology (ICT) Sustainability Plan 2010–2015 is a five-year plan that assists Commonwealth agencies to better align their use of ICT with the government's overall sustainability agenda.

Under this plan, we have targets, actions and reporting obligations for our ICT operations. Information on our ICT performance is provided in Part 4 of this report and more information on the Australian Government ICT Sustainability Plan is available at www.environment.gov.au.

Appendix 5—Tuition Protection Service Annual Report

Introduction

Based on the requirements set out in the *Education Services for Overseas Students Act 2000* (ESOS Act), this report provides a summary of the activities of the Tuition Protection Service (TPS) from 1 July 2013 to 30 June 2014. It also includes an assessment of issues affecting the operation of the TPS, the outlook for the year ahead and any potential risks to the Overseas Students Tuition Fund.

The Tuition Protection Service

The TPS is an initiative of the Australian Government to assist and support international students on student visas whose education providers are unable to complete the delivery of their course of study.

The TPS is a universal, single-layer tuition protection scheme created in response to a key recommendation of the February 2010 report *Stronger, Simpler, Smarter ESOS: Supporting International Students*. The service strengthens tuition protection by offering alternative placements (or refunds as a last resort) to students affected by a provider default.

The TPS may also assist where international students have either withdrawn from or not started their course and are eligible for a refund of tuition fees that has not been paid by the provider.

The operations of the TPS are funded through an annual TPS levy, which is paid by all Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) providers. The revenue collected through the TPS levy is paid into the Overseas Students Tuition Fund.

Governance

The TPS governance framework consists of the statutorily appointed TPS Director and a 12-member TPS Advisory Board. The primary functions of the TPS Director are to place and/or provide refunds to international students in accordance with the ESOS Act requirements; report to the Minister on the operations of the TPS and Overseas Students Tuition Fund; manage the TPS to ensure it meets its liabilities; and make a TPS levy legislative instrument each year.

The board's role is to provide advice to the TPS Director each year on the settings of the annual TPS levy for the following calendar year.

The board is chaired by Mr Peter Grant PSM, who was previously a deputy secretary with the Department of Employment, Education, Training and Youth Affairs between 1997 and 2001 and Chair of the Contributions Review Panel from 2006 until the panel was replaced by the TPS Advisory Board in 2012.

The board members include representatives from all areas of the international education sector—higher education, vocational education and training, schools, English language intensive courses and TAFE colleges. The members were appointed on the basis of their qualifications and extensive experience.

FEATURE STORY

The board's work is guided by the following principles (adopted by the board at its first meeting and further endorsed in 2014):

- ▶ advice provided to the TPS Director should reflect the overall risk environment and ensure that revenue matches what is needed to sustain the Overseas Students Tuition Fund, while also being sustainable for the industry
- ▶ the model for the TPS levy should, as far as possible, reflect gradual change and assist the industry with business planning by providing a stable regulatory environment
- ▶ the model should be as simple and transparent as possible, preferably based on a small number of risk factors
- ▶ risk premiums imposed should provide incentives for providers to adopt positive behaviours
- ▶ additional imposts on industry, such as data collection, should be minimised as far as possible.

The National Commission of Audit, established by the Australian Government as an independent body to review and report on the performance, functions and roles of the Commonwealth government, has recommended a review of the role of a large number of statutory bodies including the TPS Advisory Board. The timing and scope of this review is currently under consideration.

Operation of the Tuition Protection Service

Assistance to students

Over the 12 months to 30 June 2014, there was one provider closure, which displaced 161 students and required the activation of the TPS.

During this same period 82 calls were made on the Overseas Students Tuition Fund and 94 assessments of the calls were completed, at a cost of \$187,266 (a number of these assessments relate to calls made in previous years).

The TPS in action

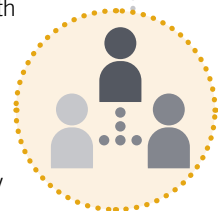
The TPS was activated on the unexpected closure of a Sydney-based college providing English language intensive courses for overseas students (ELICOS) which affected 89 students. The students, most of whom were under 18 years of age, arrived one morning to find the college closed. The TPS was informed of the college closure by the liquidator at the same time.

Informing the parents and/or guardians and ensuring the students' welfare was the first priority. The TPS managed this with assistance from the New South Wales Board of Studies.

The TPS liaised with a number of nearby providers to find suitable courses for the students to quickly transition into, enabling them to finalise their English language training in time for starting high school.

To this end the TPS, working with a range of stakeholders including the New South Wales Board of Studies, English Skills Australia, the Australian Skills Quality Authority, relevant embassy officials and the Department of Immigration and Border Protection, successfully assisted the students to find a suitable alternative placement within two to three working days of the closure or paid them a refund of their unspent tuition.

The successful management of this incident demonstrates the breadth of support that can be marshalled at short notice to assist international students in Australia when something unexpected occurs.



Regulatory action by the Australian Skills Quality Authority (ASQA) and the Tertiary Education Quality and Standards Agency (TEQSA) led to a number of course closures (where one or more courses are cancelled but the provider continues to operate). The TPS supports providers to meet their obligations to affected students and stands ready to provide assistance where necessary. All students affected by course closures have either been placed in an alternative course or paid a refund of their unspent tuition fees.

The TPS Director is assisted in his role of placing and providing refunds to students by the TPS Administrator. PricewaterhouseCoopers is currently engaged to provide the TPS Administrator services; it is contracted to case manage provider defaults and student claims. The original contract for service ran for two years between July 2012 and July 2014 and has been extended for a further year until July 2015. There is a final option to extend for a further year to 2016.

2014 Tuition Protection Service Levy: settings and collection

After receiving advice from the board and with the approval of the Treasurer, the TPS Director makes a determination each year specifying the settings for the TPS levy to be collected from Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) providers in the following year.

The board met four times during 2013–14. During its meetings the board invites key stakeholders to share knowledge about current and future risks, requests and considers actuarial advice, assesses the impact of government policy and shapes the advice to be given to the TPS Director regarding the TPS levy settings.

The board provided its advice on 18 October 2013, after which the TPS Director met with a range of stakeholder groups including Universities Australia, the Independent Schools Council of Australia, the Australian Council of Private Education and Training, TAFE Directors Australia and the Council for Private Higher Education to seek their views on the levy settings for 2014.

Among other things, these consultations sought feedback on the idea of activating, for the first time, the special tuition protection component of the levy. This component is designed to be activated in times of market buoyancy in order to build a strategic reserve in the Overseas Students Tuition Fund in preparation for the sector experiencing more difficult and challenging circumstances—such as occurred in 2008–2011, which saw a significant downturn in the international student market as the result of a number of converging factors including the effects of the Global Financial Crisis.

Although there had been signs of regrowth in some parts of the sector since 2011, conditions remained variable and overall growth was not considered sufficiently robust to warrant activation of the special tuition protection component at this time.

Based on advice and recommendations from the TPS Advisory Board, as well as the outcome of consultations with peak sector representatives, the TPS Director made the 2014 legislative instrument (F2013L02176) on 20 December 2013. The text of the determination can be found at www.comlaw.gov.au.

Apart from small increases due to indexation, the levy settings in 2014 remained the same as they had been in 2013. In 2013, \$5.98 million was collected; in 2014 the amount collected was \$6.52 million.

The collection of the levy progressed smoothly, with no significant issues raised by CRICOS providers or peak sector bodies. As required, providers declared their international student tuition fee income for 2013 by the end of March 2014. The 2014 TPS levy invoices were sent to providers on 23 April with a due date for payment of 16 May 2014. By 30 June 2014, most of the providers had paid the levy.

Working with stakeholders

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

The TPS has been proactive in working with providers, regulators and peak sector bodies, as well as state government agencies such as Western Australia's International Student Counsellor and South Australia's Office of the Training Advocate.

Open and frequent communication across the sector has enabled the TPS to obtain early advice on emerging issues. Taking the initiative to get in contact with providers facing closure has enabled smoother, better managed closures and early support to students. This pre-emptory action by the TPS has also helped to keep claims to a minimum.

Each closure, depending on its circumstances, usually requires the input and collaboration of a number of agencies including state and territory governments, the Department of Immigration and Border Protection, ASQA and TEQSA. To assist in the effective coordination of closures, the TPS drafted 'closure protocols', which were endorsed by all parties and have since proven to be useful in clarifying roles and responsibilities during the busy hours and days that follow an unexpected closure.

The TPS has memorandums of understanding (MoUs) in place with ASQA and TEQSA which set out communication protocols and how the parties will work together at times of regulatory action and provider closures. The TPS also has an MoU in place with the Overseas Students Ombudsman and works closely with the office to address complaints received from international students about a range of issues related to their CRICOS provider. The TPS offers assistance if the provider has failed to meet their obligations in relation to a provider or student default. During the year, 40 complaints were referred to the TPS for investigation, of which 37 have been finalised and three are the subject of ongoing investigation as at 30 June 2014.

These close working relationships ensure the TPS is able to react to regulatory action in a proactive and constructive manner to achieve good outcomes for students.

The TPS Service Charter, designed for students and other stakeholders in the international education sector, sets out service standards, communication protocols and decision review options. It can be found on the TPS website at tps.gov.au/StaticContent/Get/ServiceCharter.

The deregulatory agenda

A review of the Education Services for Overseas Students legislative framework is being conducted by the department; this has provided an opportunity to review and streamline TPS-related regulatory requirements.

The TPS Director consulted with peak sector representatives in November and December 2013 and with education providers during the TPS levy information sessions held in February 2014 to seek their input and feedback about TPS operations and what could be improved in terms of reducing or streamlining regulation.

A number of issues were raised but those of most concern to providers were the requirement that no more than 50 per cent of pre-paid fees may be collected before a student commences their course; the requirement that providers must report student defaults within fairly short timeframes; and concern regarding the ease with which students can change institutions after just six months of being in Australia.

The useful insights, feedback and suggestions have been fed into the department's review. Specific proposals for streamlining parts of the legislative framework will be the subject of further consultation with the sector.

Building sustainability

During its second year, the TPS has focused on consolidating its financial position.

Collection of the TPS levy occurred during May and June, with \$6.52 million being collected in total. Currently, due to a relatively benign environment (few closures and only small numbers of students affected), and proactive and prudent management of potential claims, some \$12 million has been accumulated in the Overseas Students Tuition Fund. This is a significant way towards the short- to medium-term target set by the board to reach a reserve of \$20 million by the end of 2016.

Until an adequate reserve of between \$20 million and \$50 million has been accumulated, the TPS remains vulnerable to a sudden and unexpected increase in claims. The board is well aware of this risk, and consideration of re-insurance over the short term was recommended. Re-insurance arrangements, with support from the board, have been negotiated by the TPS Director and took effect from 1 July 2014. It is anticipated that re-insurance will only be required over the short term until adequate reserves are built in the Overseas Students Tuition Fund.

Outlook for the year ahead

After a sustained and continuous decline in enrolments from 2009 to 2012, there were signs of modest growth during 2013, particularly in higher education.

International student data indicates growth in total enrolments and commencements of 9.6 and 18.1 per cent respectively when comparing year to date April 2013 and year to date April 2014. The growth in ELICOS college commencements of 23.1 per cent over the same period, which is likely to include students proceeding to study in higher education and vocational education and training (VET) courses later in 2014, is encouraging. The sector appears to be moving into a positive period of renewal and growth. While the future looks promising we cannot assume that growth or stability will continue and we must therefore be prepared for all potential circumstances.

A number of changes to policy settings and regulatory frameworks, both immigration and education related, will be important considerations for the TPS in the year ahead.

1

Streamlined student visa processing (SVP) arrangements, under which eligible student visa applicants from participating universities are assessed as though they are a lower immigration risk, were extended in March 2014 to include a number of private higher education providers.

The Government has since announced the further extension of SVP arrangements to a number of providers in the VET sector commencing in early 2015. The extension of SVP arrangements aims to help make Australia a destination of choice for international students. The introduction of new policy settings such as these has the potential to influence the market. Mindful of this, the TPS will work closely with stakeholders in the sector to monitor these developments.

2

The changes to higher education announced in the 2014 Federal Budget mean that from 1 January 2016 all TEQSA accredited higher education institutions will be able to choose to provide Commonwealth supported places to their students. Until now, Commonwealth supported places have generally only been available through public universities. The TPS will monitor these changes to identify any developments of interest to the TPS.

3

The roles of the regulators for both higher education (TEQSA) and vocational education (ASQA) have been the subject of recent reviews. The TPS will continue to liaise closely with the regulators and assess and monitor any changes that may impact TPS operations.

4

The TPS has been operating for two years and, along with the other reforms resulting from the Baird Review of the ESOS Act, is now due for a post-implementation review—a requirement of Parliament. The review, which is being managed by the department, is currently underway and is expected to be completed later in 2014. Key stakeholders will be consulted as part of the review.

5

Activity undertaken by ASQA and TEQSA has an impact on the risk presented by providers. During 2013–14 the regulators took action to cancel the CRICOS registration of a number of education providers. Subject to relevant appeals processes, some of those providers may close, resulting in student claims on the Overseas Students Tuition Fund (OSTF). As at 30 June 2014, there were some 19 providers (with approximately 3400 students) being monitored. According to the Provider Registration and International Student Management System, this represents approximately \$13.5 million in unspent tuition fees.

While current conditions in the sector appear relatively stable, and the proceeds from the 2014 levy are likely to be sufficient to cover any claims made over the coming year, the TPS must be prepared for the possibility of more challenging times ahead. The building of a strategic reserve in the OSTF during more buoyant times would increase the likelihood that the TPS would be in a position to fulfil its role of placing students and paying refunds if there should be a spate of closures affecting a large number of students—as has occurred in the past. To help manage this risk, the TPS Director has entered into an insurance contract (which took effect on 1 July 2014) to ensure claims are met in the event of a large closure carrying heavy liabilities.

In summary, the international education sector is facing a period of change and development which, while positive in renewing and freeing up the market and providing new opportunities for students and providers, brings with it a measure of uncertainty and risk which the TPS will consider when formulating the settings of the TPS levy for 2015 and beyond.

The TPS Advisory Board will provide advice later in 2014 for the settings of the 2015 TPS levy. In forming its advice, the board will take into account the health of the sector and the changing policy and regulatory landscape as well as broader economic settings, the outlook in the main overseas student source countries and the increasingly competitive global international education marketplace.

The TPS Director is grateful for the advice and support he has received from the TPS Advisory Board over the past 12 months and is looking forward to working with them again during 2014–15.

Tuition Protection Service placement and payment activity 2013–14

Table 27 Tuition Protection Service calls 2013–14

CALLS ON THE OVERSEAS STUDENTS TUTORIAL FUND (OSTF)	QUANTITY
Total calls made on the OSTF during 2013–14	82

Table 28 Tuition Protection Service placement activity 2013–14

NUMBER OF STUDENTS PLACED BY THE TPS ^a		
Within 30 days	Over 30 days	Total
0	0	0 ^b

a Time taken to place a student is measured from the end of the provider obligation period until the student accepts a placement offer.

b No placements were made during 2013–14 by the TPS.

Table 29 Time taken to make payments from the OSTF 2013–14

	REFUNDS TO STUDENTS		PAYMENT TO PROVIDERS		\$
	WITHIN 30 DAYS	31 DAYS AND OVER	WITHIN 30 DAYS	31 DAYS AND OVER	TOTAL PAID
Payments made in 2013–14 to students who were affected by closures which occurred between 1 July 2012 and 30 June 2014	20	50	0	5	110,787
Payments made to students during 2013–14 who were affected by closures which occurred before 1 July 2012	0	19	0	0	76,479
Total	20	69	0	5^a	187,266

a The five payments made to providers in 2013–14 were in relation to students placed with alternative providers after the closure of Milton College, which occurred in 2012–13.

Table 30 Financial status of the OSTF

STATUS OF THE OSTF	\$
Opening balance at 1 July 2013 ^a	5,981,998
TPS annual levy collected	6,512,898
Other revenue collected	7,841
Total funds available^b	12,502,736
Student and provider payments	187,266
TPS administrator services	168,756
Other operational/administrative expenses	157,307
Total expenditure^c	513,329
Closing balance^d	11,989,408

a The opening balance excludes unspent seed funding of \$3,133,042 that was returned to the Commonwealth.

b Reported on a cash basis.

c Expenditure is reported on an accrual basis.

d As of 30 June 2014, departmental records showed a balance in the OSTF of \$12,087,146. This is principally due to a number of expenses recorded by the TPS which were not recognised in departmental systems as at the reporting date.

Appendix 6—Workforce statistics

The tables below relate to the information on our employees in Part 4 of this report, ‘How we operate’. All the information in this Appendix is at 30 June 2014, unless otherwise stated.

Table 31 Employment agreement statistics

Classification	Number of individuals with Section 24(1) determinations	Number of individuals with Section 24(3) determinations	Total
SES	56	17	73
Non-SES	4	1,794 ^a	1,794 ^b
Total	60	1,807	1,867

Note: The Secretary is not included in these figures as remuneration arrangements for departmental secretaries are set out under a separate instrument.

a At 30 June 2014, 14 non-SES employees had an individual flexibility agreement preserved under the 24(3) arrangement.

b At 30 June 2014, four non-SES employees covered by the 24(3) arrangement had supplementary arrangements in place under an individual 24(1) determination.

Table 32 Salary ranges—Department of Education, Employment and Workplace Relations Enterprise Agreement 2012–2014

CLASSIFICATION	SALARY RANGE (\$)
APS Level 1	27,172 – 49,516
APS Level 2	53,190 – 56,680
APS Level 3	59,400 – 61,870
APS Level 4	64,615 – 69,103
APS Level 5	71,342 – 76,271
APS Level 6	80,204 – 88,197
Executive Level 1	98,624 – 119,901
Executive Level 2	116,056 – 139,311
Government Lawyer	61,870 – 88,197
Senior Government Lawyer	98,624 – 120,814
Principal Government Lawyer	132,400 – 142,794
SES Band 1	150,000 – 235,405
SES Band 2	207,539 – 277,094
SES Band 3	283,566 – 325,478

Note The Secretary is not included in these figures as remuneration arrangements for departmental secretaries are set out under a separate instrument.

Table 33 Salary ranges—One Innovation Enterprise Agreement 2011 (Schedule 1)

CLASSIFICATION	SALARY RANGE (\$)
APS Level 1	25,097 – 46,425
APS Level 2	47,336 – 52,709
APS Level 3	53,913 – 61,472
APS Level 4	60,428 – 66,688
APS Level 5	67,312 – 72,344
APS Level 6	74,196 – 86,018
Executive Level 1	93,975 – 113,908
Executive Level 2	111,677 – 129,937
Legal Counsel	55,550 – 81,233
Senior Legal Counsel	93,975 – 113,908
Principal Legal Counsel	122,440 – 130,999
SES Band 1	178,330 – 197,902
SES Band 2	227,904 – 239,868
SES Band 3	N/A ^a

Note The Secretary is not included in these figures as remuneration arrangements for departmental secretaries are set out under a separate instrument.

a SES Band 3 figures are not provided as figures would identify individual salaries.

Table 34 Employees self-identifying in the Department of Education's Human Resources Information System as Indigenous and non-Indigenous

IDENTIFICATION	ONGOING FULL-TIME	ONGOING PART-TIME	NON-ONGOING FULL-TIME	NON-ONGOING PART-TIME	TOTAL
Indigenous	50	4	0	0	54
Non-Indigenous	1,526	269	18	1	1,814
Total	1,576	273	18	1	1,868

Table 35 Employees by classification

CLASSIFICATION	FEMALE	MALE	TOTAL
Cadets/Trainees	2	1	3
Indigenous Australian Government Development Programme Trainees	4	2	6
Graduates	11	8	19
APS Level 1	0	1	1
APS Level 2	4	1	5
APS Level 3	16	8	24
APS Level 4	113	53	166
APS Level 5	166	67	233
APS Level 6	343	159	502
Executive Level 1	339	263	602
Executive Level 2	120	87	207
Government Lawyer/Legal Counsel	2	3	5
Senior Government Lawyer/Senior Legal Counsel	9	3	12
Principal Government Lawyer/Principal Legal Counsel	4	5	9
SES Band 1	29	25	54
SES Band 2	11	4	15
SES Band 3	1	3	4
Secretary	1	0	1
Total	1,175	693	1,868

Table 36 Employees by employment status

CLASSIFICATION	FEMALE	MALE	TOTAL
Ongoing			
Full-time	917	659	1,576
Part-time	246	27	273
Subtotal	1,163	686	1,849
Non-ongoing			
Full-time	11	7	18
Part-time	1	0	1
Subtotal	12	7	19
Total	1,175	693	1,868

Table 37 Employees by location

LOCATION	FEMALE	MALE	TOTAL
New South Wales	18	16	34
Victoria	28	6	34
Queensland	22	4	26
Western Australia	18	5	23
South Australia	35	6	41
Tasmania	5	3	8
Australian Capital Territory	1,028	648	1,676
Northern Territory	17	0	17
Overseas	4	5	9
Total	1,175	693	1,868

Table 38 Employee separations 2013–14

CLASSIFICATION	DEEWR HEADCOUNT	DEPARTMENT OF EDUCATION HEADCOUNT
Cadets / Trainees	1	1
Indigenous Australian Government Development Programme Trainees	0	2
Graduates	1	15
APS Level 1	1	31
APS Level 2	2	27
APS Level 3	6	67
APS Level 4	16	1
APS Level 5	13	73
APS Level 6	12	1
Executive Level 1	19	24
Executive Level 2	9	3
Government Lawyer / Legal Counsel	2	6
Senior Government Lawyer / Senior Legal Counsel	1	9
Principal Government Lawyer / Principal Legal Counsel	0	2
SES Band 1	2	2
SES Band 2	0	4
SES Band 3	3	5
Total	88	273

Note The Department of Education, Employment and Workplace Relations reporting period was 1 July 2013 to 17 September 2013 and the Department of Education reporting period was 18 September 2013 to 30 June 2014.

Appendix 7—Work health and safety

Work health and safety policy

The Department of Education is committed to providing a safe and healthy work environment and began work to establish a Work Health and Safety (WHS) Policy to support this commitment. The department promotes a proactive approach to health and safety management based on effective communication, consultation and systematic identification, assessment and control of risks. Key achievements over the course of the year included development of a revised Rehabilitation and Return to Work Policy and a WHS risk assessment and treatment plan.

During 2013 the former DEEWR had a Work Health Safety and Environment Committee, which was established under the *Work Health and Safety Act 2011*. The committee met regularly prior to the Machinery of Government changes. A new committee is being formed to align with changed governance arrangements and to ensure the department's obligations are met. With state network and national office representatives, the new committee will provide a forum for consultation and will consider strategic work health and safety issues.

The department's Due Diligence Framework assists officers to meet their responsibilities under the Work Health and Safety Act.

The department is committed to the creation of a strong safety culture driven by an understanding and acceptance that the responsibility for health, safety and wellbeing rests with every one of us. Activities during the year included promotion of National Health and Wellbeing Week and an influenza vaccination reimbursement scheme.

Work health and safety reporting

For 2013–14, work health and safety reporting is split into two categories, the first for the former DEEWR (to 17 September 2013) and the second for the Department of Education (from 18 September 2013). The report has been split into two categories because it has not been possible to attribute the DEEWR data to education or employment functions. The table below shows the breakdown of the incidents, with falls, slips and trips making up the highest proportion and body stressing (including muscle strains, back conditions and tendonitis/tenosynovitis) making up the next highest proportion.

In 2013–14, the former DEEWR notified Comcare of two incidents pursuant to section 38 of the Work Health and Safety Act. The Department of Education has reported one incident. This compares with nine incidents reported to Comcare by DEEWR in 2012–13.

Table 39 Reported work health and safety incidents by type 2013–14

MECHANISM OF INCIDENT	DEEWR INCIDENTS (%)	DEPARTMENT OF EDUCATION INCIDENTS (%)
Falls on the same level (including trips and slips)	34	38.1
None	5.6	16.7
Repetitive movement with low muscle loading	17	11.9
Hitting objects with a part of the body	3.8	9.5
Unspecified mechanisms of injury	1.9	7.1
Other and multiple mechanisms of injury	1.9	7.1
Vehicle accident	5.6	2.4
Other muscular stress	11.3	2.4
Other contact with chemical or substance (includes insect and spider bites and stings)	3.8	2.4
Being hit by moving objects	1.9	2.4
Exposure to mental stress factors	7.5	0
Contact with electricity	1.9	0
Contact or exposure to heat and cold	3.8	0
Total	100	100

Note The Department of Education, Employment and Workplace Relations reported work health and safety incidents by type, 1 July 2013 to 17 September 2013. The Department of Education reported work health and safety incidents by type, 18 September 2013 to 30 June 2014.

7



PART 7

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Letter of transmittal	Mandatory	iii
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Glossary	Mandatory	359
Contact officer(s)	Mandatory	374
Internet home page address and Internet address for report	Mandatory	374
REVIEW BY SECRETARY		
Review by departmental secretary	Mandatory	2–3
Summary of significant issues and developments	Suggested	2–3
Overview of department's performance and financial results	Suggested	2, 85
Outlook for following year	Suggested	n/a
Significant issues and developments - portfolio	Portfolio departments – suggested	n/a
DEPARTMENTAL OVERVIEW		
Role and functions	Mandatory	6
Organisational structure	Mandatory	12
Outcome and programme structure	Mandatory	14
Where outcome and programme structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	n/a
Portfolio structure	Portfolio departments – mandatory	5

DESCRIPTION	REQUIREMENT	PAGE
REPORT ON PERFORMANCE		
Review of performance during the year in relation to programmes and contribution to outcomes	Mandatory	15–79
Actual performance in relation to deliverables and KPIs set out in PB Statements/ PAES or other portfolio statements	Mandatory	15–79
Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	15–79
Narrative discussion and analysis of performance	Mandatory	15–79
Trend information	Mandatory	15–79
Significant changes in nature of principal functions/services	Suggested	n/a
Performance of purchaser/provider arrangements	If applicable, suggested	85–86
Factors, events or trends influencing departmental performance	Suggested	15–79
Contribution of risk management in achieving objectives	Suggested	84
Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	n/a
Discussion and analysis of the department's financial performance	Mandatory	85, 116–320
Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	n/a
Agency resource statement and summary resource tables by outcomes	Mandatory	324–334
MANAGEMENT AND ACCOUNTABILITY		
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Statement of the main corporate governance practices in place	Mandatory	83–84
Names of the senior executive and their responsibilities	Suggested	7–11
Senior management committees and their roles	Suggested	83
Corporate and operational plans and associated performance reporting and review	Suggested	83–84
Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	90
Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	90
How nature and amount of remuneration for SES officers is determined	Suggested	95–96

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Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	93
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Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested	95–96
Training and development undertaken and its impact	Suggested	93
Work health and safety performance	Suggested	351–352
Productivity gains	Suggested	n/a
Statistics on staffing	Mandatory	346–350
Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	95–96
Performance pay	Mandatory	95–96
ASSETS MANAGEMENT		
Assessment of effectiveness of assets management	If applicable, mandatory	86
PURCHASING		
Assessment of purchasing against core policies and principles	Mandatory	85–86
CONSULTANTS		
The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website	Mandatory	86

DESCRIPTION	REQUIREMENT	PAGE
AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES		
Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	Nil to report
EXEMPT CONTRACTS		
Contracts exempted from publication in AusTender	Mandatory	86
FINANCIAL STATEMENTS		
Financial Statements	Mandatory	116–320
OTHER MANDATORY INFORMATION		
Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	351–352
Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	323
Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	337
Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	335–336
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Disability reporting – explicit and transparent reference to agency level information available through other reporting mechanisms	Mandatory	95
Information Publication Scheme statement	Mandatory	90
Correction of material errors in previous annual report	If applicable, mandatory	Nil to report
Agency Resource Statements and Resources for Outcomes	Mandatory	324–334
List of Requirements	Mandatory	355–358

Glossary

Administered item	Revenues, expenses, assets and liabilities that the Government controls, but that an agency or authority manages on the Commonwealth's behalf.
Appropriation	An amount of public money parliament authorises for spending for a particular purpose.
AusTender	The Australian Government's web-based procurement system, which provides centralised access to all publicly available approaches to market, multi-use lists, annual procurement plans and reported contracts.
Budget measure	A decision by Cabinet or Ministers that has resulted in a cost or savings to outlays.
Deliverables	The goods and services produced by the programme in meeting its objective. Collectively, the deliverables represent the intervention Government has chosen to take to meet a particular policy need.
Outcomes	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the Government. Actual outcomes are assessments of the end results or impacts actually achieved.
Performance indicator	Financial and non-financial measures used to help define and evaluate an organisation's success. An indicator is usually selected on the basis of relevance as a measure of some aspect of a specific project or operation.
Portfolio Budget Statements	Budget-related paper detailing Budget initiatives and explanations of appropriations specified by outcome and programme by each agency within a portfolio.
Programmes	Government programmes that deliver benefits, services or transfer payments to individuals, industry/business or the community as a whole and are the primary vehicles for government agencies to achieve the intended results of their outcome statements.
Sustainable development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Acronyms and abbreviations

AAO	Administrative Arrangement Orders	CGS	Commonwealth Grant Scheme
AAT	Administrative Appeals Tribunal	COAG	Council of Australian Governments
AASB	Australian Accounting Standards Board	CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
ABC	Australian Broadcasting Corporation	CRIS	Collaborative Research Infrastructure Scheme
ABS	Australian Bureau of Statistics	CRN	Collaborative Research Networks
ABSTUDY	Student Financial Supplement Scheme	CSP	Community Support Programme
ACARA	Australian Curriculum, Assessment and Reporting Authority	CSS	Commonwealth Superannuation Scheme
ACT	Australian Capital Territory	DCBs	Departmental Capital Budgets
AEDC	Australian Early Development Census	DEEWR	Department of Education, Employment and Workplace Relations
AFM	Advance to the Finance Minister	DHS	Department of Human Services
AGA	Australian Government Actuary	DIICSRTE	Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education
AGEST	Australian Government Employees Superannuation Trust	DRC	Depreciated Replacement Cost
ANU	Australian National University	EFTSL	Equivalent Full-time Student Load
ANZSOG	Australian and New Zealand School of Government	EIF	Education Investment Fund
AO	Officer of the Order of Australia	ELICOS	English language intensive courses for overseas students
APS	Australian Public Service	ESOS Act	<i>Education Services for Overseas Students Act 2000</i>
APSC	Australian Public Service Commission	FBT	Fringe Benefits Tax
ARR	Accounting rate of return	FEG	Fair Entitlement Guarantee
ASQA	Australian Skills Quality Authority	FMA Act	<i>Financial Management and Accountability Act 1997</i>
AVS	Australian Valuation Solutions	FMOs	Finance Minister's Orders
BBF	Budget Based Funded	FTE	Full-time equivalent
CAC	<i>Commonwealth Authorities and Companies Act 1997</i>	G20	Group of 20
CCB	Child Care Benefit	GEERS	General Employee Entitlements and Redundancy Scheme
CCFA	Child Care Fee Assistance		
CCR	Child Care Rebate		
CEO	Chief Executive Officer		

GST	Goods and services tax	OLT	Office for Teaching and Learning
HCA	High Court of Australia	OPA	Official Public Account
HELP	Higher Education Loan Programme	PAES	Portfolio Additional Estimates Statements
HESA	<i>Higher Education Support Act 2003</i>	PBS	Portfolio Budget Statements
HESP	Higher Education Superannuation Programme	PID	public interest disclosure
HIPPY	Home Interaction Programme for Parents and Youngsters	PRISMS	Provider Registration and International Student Management System
IAGDP	Indigenous Australian Government Development Programme	PSM	Public Service Medal
ICT	information and communications technology	PSS	Public Sector Superannuation Scheme
IFA	individual flexibility arrangement	PSSap	Public Sector Superannuation accumulation plan
IPSU	Indigenous Professional Support Unit	PWS	Parliamentary Workflow Solution
IT	information technology	RAP	Reconciliation Action Plan
JETCCFA	Jobs, Education and Training Child Care Fee Assistance	RIBG	Research Infrastructure Block Grants
LDCPDP	Long Day Care Professional Development Programme	RIPD	Remote Indigenous Professional Development
Low SES	low socio-economic status	RMS	rehabilitation management system
MJ	megajoule	SAF	Structural Adjustment Fund
MoU	memorandum of understanding	SEIFA	Socio-Economic Indexes for Areas
MP	member of parliament	SES	Senior Executive Service
NABERS	National Australian Building Environmental Rating System	SRC	<i>Safety, Rehabilitation and Compensation Act 1988</i>
NAIDOC	National Aborigines and Islanders Day Observance Committee	SRE	Sustainable Research Excellence
NAP–CC	National Assessment Programme—Civics and Citizenship	SSC	Shared Services Centre
NAPLAN	National Assessment Programme—Literacy and Numeracy	STEM	science, technology, engineering and mathematics
NCRIS	National Collaborative Research Infrastructure Strategy	SUQ	Scripture Union Queensland
NDCO	National Disability Coordination Officer	TAFE	Technical and Further Education
NQF	National Quality Framework	TEQSA	Tertiary Education Quality and Standards Agency
NSW	New South Wales	TPS	Tuition Protection Service
		VET	vocational education and training
		WHS	Work Health and Safety
		Y20	Youth 20

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www.safeschoolshub.edu.au	National Safe Schools Framework	37
docs.education.gov.au/node/35457	An evaluation of the National Partnership on Youth Attainment and Transitions	54
theconversation.com/au	The Conversation	74
www.education.gov.au/research-training	Initiatives to Enhance the Professional Development of Research Students	75
www.humanities.org.au	Australian Academy of the Humanities	76
www.science.org.au	Australian Academy of Science	76
www.atse.org.au	Australian Academy of Technological Sciences and Engineering	76
www.assa.edu.au	Academy of Social Sciences in Australia	76
www.acola.org.au	Australian Council of Learned Academies	76
education.gov.au/strategic-plan-2014-2017	Department of Education Strategic Plan 2014–2017	83
www.education.gov.au	Department of Education	86, 318, 323, 376
docs.education.gov.au/pages/information-publication-scheme-ips	Information Publication Scheme	90
tps.gov.au/StaticContent/Get/ServiceCharter	Tuition Protection Service Charter	341
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Acknowledgments

This report reflects the efforts of many people. Special thanks go to the departmental employees involved in contributing, coordinating and clearing material, Ethos CRS Consulting Pty Ltd for providing editing services and BlueStar IQ for their printing services.

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