

## Section 4: Other reporting requirements

### 4.1 PURCHASER-PROVIDER ARRANGEMENTS

#### Cross agency overview

The Department of Education, Science and Training has a purchaser/provider arrangement with Centrelink. A DEST Centrelink Business Partnership Agreement for 2005-2008 was signed by the Secretary to the Department of Education, Science and Training, and the Chief Executive Officer of Centrelink in July 2005.

Centrelink is a statutory authority, responsible to the Minister for Human Services. Centrelink was established under the *Commonwealth Services Delivery Agency Act 1997*, an Act of the Parliament of the Commonwealth of Australia to give effect to the Government's policy of establishing a single point for the delivery of various Commonwealth services. Centrelink came into existence on 1 July 1997, and was formally launched on 24 September 1997. It operates under both the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997*.

Centrelink provides services to the Department for a range of activities across the following Output Groups:

- 1.2 Assistance for individuals including those with special needs;
- 1.4 Assistance for transition through and from school;
- 2.2 New Apprenticeships;
- 2.3 Assistance for skills and career development;
- 2.5 Assistance for post school students including those with special needs; and
- 3.3 Support for the Australian education and training export industry and international relationships.

#### Responsibility

Centrelink reports on its outcome and output structure and provides a full set of financial statements within the Portfolio Budget Statements for the Department of Human Services.

**Control arrangements**

The Service Agreement noted above specifies services purchased, resources, management arrangements and expected levels of performance.

A Business Partnership Management Group made up of relevant line managers from DEST and Centrelink meets quarterly to monitor performance and progress on relevant projects.

A Strategic Forum, which takes a broad overview of the arrangement, meets twice a year to consider the further development of the partnership between the Department and Centrelink. The Secretary or Deputy Secretary to the Department of Education, Science and Training, the Centrelink Chief Executive Officer or Deputy Chief Executive Officer, and other senior executive officers from the Department and Centrelink attend these meetings.

**Performance against outcomes of purchased outputs**

As set out in the Service Agreement, Centrelink produces quarterly performance reports addressing key performance indicators and issues relating to purchased services. These performance reports, and any other identified issues, are considered at quarterly executive review group meetings, which are attended by key managers responsible for service delivery and management of the service agreement within the Department and Centrelink.

## 4.2 COST RECOVERY ARRANGEMENTS

### Summary of cost recovery impact statement

#### Purpose

Under the Government's formal cost recovery policy, the aim is to improve the consistency, transparency and accountability of cost recovery arrangements. All agencies with significant cost recovery arrangements are required to review these arrangements and prepare cost recovery impact statements (CRIS).

#### Agency Overview

In the 2003-04 budget the Australian Government implemented initiatives to assure the quality and integrity of the Australian International Education. A cost recovery impact statement was prepared as part of this process.

#### International Education – Summary of Cost Recovery Impact Statement

The International Education Contribution (IEC) charge recovers the costs incurred for activities that both directly and indirectly benefit international students. The IEC covers a range of activities including providing better information about study options; higher quality education and training; and enhanced government to government activities. The IEC forms part of the Student Visa Application Charge (SVAC) administered by the Department of Immigration and Multicultural Affairs (DIMA) and is paid by all individuals who apply for a student visa to come to study in Australia.

#### Legislative Authority for the IEC

All students applying for a student visa to come to study in Australia pay a visa application charge. The IEC (then called the Student Information Services Fee) was introduced in 1997 and forms part of the SVAC which is collected under a tax act - the *Migration (Visa Application) Charge Act 1997*. At law there is no separately established IEC. The IEC is collected by DIMA on behalf of DEST.

#### Cost Recovery Process for the IEC

The Australian Government announced in 2003 a \$113 million Budget package to strengthen Australia's international education engagement. An increase to the IEC was introduced in the 2003-04 Budget to contribute approximately \$69.9 million towards the *Growing Australia's International Education Industry* package. As the SVAC was a pre-existing charge collected by DIMA from all students who apply for a student visa, the most efficient and effective method of collecting a flat fee from all student applicants has been to incorporate the IEC into the SVAC.

**Forecast Revenue for 2005-06 Financial Year**

Forecasts of revenue raised by the increase to the IEC were originally based on a forward projection of student visa application numbers. While applications exceeded the projection in 2003-04, the numbers reduced in 2004-05, both in real terms and compared to projections for that programme year.

The projected revenue to be raised from the increase to the IEC for 2005-06 is \$18.8 million.

### 4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

**Table 4.1: Australian Government Indigenous Expenditure**

DEST	Appropriations			Total Approp \$'000	Other \$'000	Total \$'000
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special Approp \$'000			
	<b>Outcome 1</b>					
Administered 2006-07	3,050		429,115	432,165		432,165
<i>Administered 2005-06</i>	<i>10,000</i>		<i>434,988</i>	<i>444,988</i>		<i>444,988</i>
Departmental 2006-07	29,193		0	29,193		29,193
<i>Departmental 2005-06</i>	<i>28,204</i>		<i>0</i>	<i>28,204</i>		<i>28,204</i>
<b>Total Outcome 1 2006-07</b>	<b>32,243</b>	<b>0</b>	<b>429,115</b>	<b>461,358</b>	<b>0</b>	<b>461,358</b>
<b>Total Outcome 1 2005-06</b>	<b>38,204</b>	<b>0</b>	<b>434,988</b>	<b>473,192</b>	<b>0</b>	<b>473,192</b>
<b>Outcome 2</b>						
Administered 2006-07	278		104,769	105,047		105,047
<i>Administered 2005-06</i>	<i>274</i>		<i>105,727</i>	<i>106,001</i>		<i>106,001</i>
Departmental 2006-07	3,813		0	3,813		3,813
<i>Departmental 2005-06</i>	<i>4,026</i>		<i>0</i>	<i>4,026</i>		<i>4,026</i>
<b>Total Outcome 2 2006-07</b>	<b>4,091</b>	<b>0</b>	<b>104,769</b>	<b>108,860</b>	<b>0</b>	<b>108,860</b>
<b>Total Outcome 2 2005-06</b>	<b>4,300</b>	<b>0</b>	<b>105,727</b>	<b>110,027</b>	<b>0</b>	<b>110,027</b>
<b>Outcome 3</b>						
Administered 2006-07						
<i>Administered 2005-06</i>						
Departmental 2006-07	451		0	451		451
<i>Departmental 2005-06</i>	<i>535</i>		<i>0</i>	<i>535</i>		<i>535</i>
<b>Total Outcome 3 2006-07</b>	<b>451</b>	<b>0</b>	<b>0</b>	<b>451</b>	<b>0</b>	<b>451</b>
<b>Total Outcome 3 2005-06</b>	<b>535</b>	<b>0</b>	<b>0</b>	<b>535</b>	<b>0</b>	<b>535</b>
<b>Total DEST AGIE 2006-07</b>	<b>36,785</b>	<b>0</b>	<b>533,884</b>	<b>570,669</b>	<b>0</b>	<b>570,669</b>
<b>Total DEST AGIE 2005-06</b>	<b>43,039</b>	<b>0</b>	<b>540,715</b>	<b>583,754</b>	<b>0</b>	<b>583,754</b>

## Section 5: Budgeted financial statements

### **ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

An analysis of the Department's budgeted financial statements, which consists of the budgeted departmental financial statements and administered schedules for 2006-07, is provided below.

#### **DEPARTMENTAL FINANCIAL STATEMENTS**

##### **Budgeted departmental income statement**

This statement provides a picture of the budgeted financial results for the Department by identifying full accrual expenses and revenues, which highlights whether the Department is operating at a sustainable level.

Total revenue in 2006-07 is estimated to be \$472.5million, an increase of \$38.4 million from the 2005-06 estimated actual.

Total expenses in 2006-07 is estimated to be \$476.6 million, an increase of \$35.7 million from the 2005-06 estimated actual. The Department is budgeting for a \$4.0 million operating loss. A reduction when compared to the estimated operating loss in 2005-06 of \$6.7 million. The anticipated loss is primarily due to growth in the Department flowing from the implementation of a range of significant election commitments and from high activity levels in the policy agenda of the Government across Schools, Higher Education, Indigenous education and the National Training System.

##### **Budgeted departmental balance sheet**

This statement shows the financial position of the Department. It helps decision-makers to track the management of the Department's assets and liabilities.

The Department's current liquidity ratio is 1.23 for 2005-06 and remains constant for 2006-07, however it is expected to decline marginally in the forward years estimates. Despite this decline in liquidity the Department has sufficient assets to cover emerging liabilities as supported by the stable debt ratio with an average of 0.62.

##### **Budgeted departmental statement of cash flows**

Budgeted cash flows, as reflected in the statement of cash flows, provide information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

### **Departmental statement of changes in equity – summary of movement**

No significant changes to report.

### **Departmental capital budget statement**

Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.

In 2006-07 and the forward years the Department will receive an equity injection for capital upgrades to the existing Questacon building in line with the recommendations of a 30-year asset renewal plan as well as some refreshment of its exhibitions.

### **Departmental capital budget statement**

Shows budgeted acquisitions and disposals of non-financial assets during the budget year. No significant changes expected.

## **ADMINISTERED FINANCIAL STATEMENTS**

### **Schedule of budgeted income and expenses administered on behalf of government**

This schedule provides the aggregated estimated revenue and expense impacts of the administered programmes delivered by DEST.

The "other sources of non-taxation revenue" account mainly reflects the adjustments made to students loans under the Higher Education Loan Programme (HELP) and the Student financial Supplement Scheme (SFSS) to account for movements in the CPI. The 2005-06 estimate is higher than 2006-07 due to the expected write back of provisions for doubtful debts relating to SFSS Austudy after the existing provision is reviewed.

The administered expenses shows the estimated commitments to be entered into each financial year. The main elements that contribute to each classification are detailed below.

The Grants expense includes the funding provided to the schools, vocational and technical education and higher education sectors. Subsidies reflect the amount of funding estimated to be provided to employers under the Support for New Apprenticeships scheme. The major contributor to Personal Benefits are income support payments such as the Youth Allowance and ABSTUDY. Suppliers expenses is made up of a range of administered programmes with the most significant programmes being the New Apprenticeship Centres, Workforce Skills Development, New Apprenticeship Access Programme and the Language, Literacy and Numeracy programme.

**Schedule of budgeted assets and liabilities administered on behalf of government**

This schedule shows the estimated closing balance of assets and liabilities administered on behalf of the Government.

The Receivables has two main components. The largest component is the loans provided to students under HELP and SFSS. The other component is the recognition of appropriations still to be drawn down from the Official Public account. Investments reflect the expected net worth of the other entities in the Education, Science and Training Portfolio.

The Liabilities section is dominated by the Grants and subsidies payable. In general the figure represents the amount of funds to be provided in the second half of the calendar year to the schools, vocational and technical education and higher education sectors.

**Schedule of budgeted administered cash flows**

This schedule shows the planned cash flows administered on behalf of the Government. The make up of the expenditures is the same as detailed above in the Administered schedule of budgeted income and expenses however it represents the actual cash provided each financial year.

## BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement  
for the period ended 30 June**

	Estimated Actual 2005-06 Note	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	390,172	<b>429,110</b>	407,370	399,452	400,492
Goods and services	1 16,990	<b>16,383</b>	16,383	16,383	16,384
Interest	65	<b>10</b>	10	10	10
Other	2 10,426	<b>10,529</b>	10,598	10,594	10,594
<b>Total Revenue</b>		<b>417,653</b>	<b>434,361</b>	<b>426,439</b>	<b>427,480</b>
<b>Gains</b>					
Other	3 16,500	<b>16,500</b>	16,500	16,500	16,500
<b>Total gains</b>		<b>16,500</b>	16,500	16,500	16,500
<b>Total income</b>		<b>434,153</b>	<b>450,861</b>	<b>442,939</b>	<b>443,980</b>
<b>EXPENSE</b>					
Employees	164,245	<b>176,584</b>	171,334	167,811	168,544
Suppliers	260,387	<b>283,040</b>	261,572	255,496	255,690
Depreciation & amortisation	16,244	<b>16,929</b>	17,955	19,632	19,746
<b>Total expenses</b>		<b>440,876</b>	<b>450,861</b>	<b>442,939</b>	<b>443,980</b>
<b>Operating result from continuing operations</b>	(6,723)	<b>(4,021)</b>	0	0	0
<b>Operating result</b>	(6,723)	<b>(4,021)</b>	0	0	0
<b>Net surplus or (deficit) attributable to the Australian Government</b>	(6,723)	<b>(4,021)</b>	0	0	0

Agency Budget Statements — Budgeted financial statements — DEST

**Table 5.2: Budgeted departmental balance sheet as at 30 June**

	Estimated Actual 2005-06 Note	<b>Budget Estimate 2006-07</b> \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	8,667	<b>10,814</b>	9,677	9,311	8,961
Receivables	38,393	<b>37,281</b>	34,111	34,780	36,553
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	1,359	<b>1,359</b>	1,359	1,359	1,359
<b>Total financial assets</b>	<b>48,419</b>	<b>49,454</b>	<b>45,147</b>	<b>45,450</b>	<b>46,873</b>
<b>Non-financial assets</b>					
Land and buildings	41,114	<b>43,592</b>	48,240	51,196	56,131
Infrastructure, plant and equipment	20,670	<b>21,201</b>	23,561	23,586	23,531
Inventories	2,620	<b>2,620</b>	2,620	2,620	2,611
Intangibles	13,214	<b>12,377</b>	12,768	12,768	12,768
Other	4 5,376	<b>5,403</b>	5,430	5,430	5,430
<b>Total non-financial assets</b>	<b>82,994</b>	<b>85,193</b>	<b>92,619</b>	<b>95,600</b>	<b>100,471</b>
<b>Total assets</b>	<b>131,413</b>	<b>134,647</b>	<b>137,766</b>	<b>141,050</b>	<b>147,344</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	262	<b>262</b>	262	262	262
<b>Total interest bearing liabilities</b>	<b>262</b>	<b>262</b>	<b>262</b>	<b>262</b>	<b>262</b>
<b>Provisions</b>					
Employees	5 45,156	<b>51,023</b>	50,513	50,643	51,677
<b>Total provisions</b>	<b>45,156</b>	<b>51,023</b>	<b>50,513</b>	<b>50,643</b>	<b>51,677</b>
<b>Payables</b>					
Suppliers	19,227	<b>18,990</b>	18,926	18,926	18,926
Other	6 16,502	<b>16,502</b>	16,502	16,502	16,502
<b>Total payables</b>	<b>35,729</b>	<b>35,492</b>	<b>35,428</b>	<b>35,428</b>	<b>35,428</b>
<b>Total liabilities</b>	<b>81,147</b>	<b>86,777</b>	<b>86,203</b>	<b>86,333</b>	<b>87,367</b>
<b>EQUITY*</b>					
Contributed equity	49,451	<b>51,076</b>	54,769	57,923	63,183
Reserves	4,725	<b>4,725</b>	4,725	4,725	4,725
Retained surpluses or accumulated deficits	(3,910)	<b>(7,931)</b>	(7,931)	(7,931)	(7,931)
<b>Total parent entity interest</b>	<b>50,266</b>	<b>47,880</b>	<b>51,563</b>	<b>54,717</b>	<b>59,977</b>
<b>Total equity</b>	<b>50,266</b>	<b>47,870</b>	<b>51,563</b>	<b>54,717</b>	<b>59,977</b>
<b>Current assets</b>	56,415	<b>57,477</b>	53,197	53,500	54,914
<b>Non-current assets</b>	74,998	<b>77,170</b>	84,569	87,550	92,430
<b>Current liabilities</b>	45,805	<b>46,843</b>	46,668	46,697	46,921
<b>Non-current liabilities</b>	35,342	<b>39,934</b>	39,535	39,636	40,446

\*Note: 'equity' is the residual interest in assets after deduction of liabilities.

**Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June**

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	15,672	<b>16,393</b>	16,383	16,383	16,384
Appropriations	394,548	<b>430,226</b>	410,555	398,783	398,719
Interest	65	<b>10</b>	10	10	10
Other	27,120	<b>27,015</b>	27,083	27,094	27,094
<b>Total cash received</b>	<b>437,405</b>	<b>473,644</b>	<b>454,031</b>	<b>442,270</b>	<b>442,207</b>
<b>Cash used</b>					
Employees	163,513	<b>168,717</b>	171,844	167,681	167,510
Suppliers	256,602	<b>285,433</b>	261,614	255,539	255,618
<b>Total cash used</b>	<b>420,115</b>	<b>454,150</b>	<b>433,458</b>	<b>423,220</b>	<b>423,128</b>
<b>Net cash from or (used by) operating activities</b>	<b>17,290</b>	<b>19,494</b>	<b>20,573</b>	<b>19,050</b>	<b>19,079</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	16,465	<b>18,972</b>	25,403	22,570	24,689
<b>Total cash used</b>	<b>16,465</b>	<b>18,972</b>	<b>25,403</b>	<b>22,570</b>	<b>24,689</b>
<b>Net cash from or (used by) investing activities</b>	<b>(16,465)</b>	<b>(18,972)</b>	<b>(25,403)</b>	<b>(22,570)</b>	<b>(24,689)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations – contributed equity		<b>1,625</b>	3,693	3,154	5,260
<b>Total cash received</b>		<b>1,625</b>	<b>3,693</b>	<b>3,154</b>	<b>5,260</b>
<b>Cash used</b>					
<b>Total cash used</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash from/(used by) financing activities</b>		<b>1,625</b>	<b>3,693</b>	<b>3,154</b>	<b>5,260</b>
<b>Net increase or (decrease) in cash held</b>	<b>825</b>	<b>2,147</b>	<b>(1,137)</b>	<b>(366)</b>	<b>(350)</b>
Cash at the beginning of the reporting period	7,842	<b>8,667</b>	10,814	9,677	9,311
<b>Cash at the end of the reporting period</b>	<b>8,667</b>	<b>10,814</b>	<b>9,677</b>	<b>9,311</b>	<b>8,961</b>

**Table 5.4: Departmental statement of changes in equity — summary of movement (Budget 2006-07)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2006</b>					
Balance carried forward from previous period	(3,910)	4,725	0	49,451	50,266
Adjustment for changes in accounting policies	0	0	0	0	0
<b>Adjusted opening balance</b>	<b>(3,910)</b>	<b>4,725</b>	<b>0</b>	<b>49,451</b>	<b>50,266</b>
<b>Income and expense</b>					
<b>Sub total income and expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net operating result	(4,021)	0	0	0	(4,021)
<b>total income and expenses recognised directly in equity</b>	<b>(4,021)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,021)</b>
<b>Transactions with owners</b>					
<i>Contribution by owners</i>					
Appropriation (equity injection)				1,625	1,625
<b>Sub total transactions with owners</b>				<b>1,625</b>	<b>1,625</b>
<b>Estimated closing balance as at 30 June 2007</b>	<b>(7,931)</b>	<b>4,725</b>	<b>0</b>	<b>51,076</b>	<b>47,870</b>

**Table 5.5: Departmental capital budget statement**

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections		1,625	3,693	3,154	5,260
<b>Total capital appropriations</b>		<b>1,625</b>	<b>3,693</b>	<b>3,154</b>	<b>5,260</b>
<b>Represented by:</b>					
Purchase of non-financial assets		1,625	3,693	3,154	5,260
<b>Total represented by</b>		<b>1,625</b>	<b>3,693</b>	<b>3,154</b>	<b>5,260</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation		1,625	3,693	3,154	5,260
Funded internally by					
Departmental resources	16,465	17,347	21,710	19,416	19,429
<b>Total</b>	<b>16,465</b>	<b>18,972</b>	<b>25,403</b>	<b>22,570</b>	<b>24,689</b>

**Table 5.6: Departmental property, plant, equipment and intangibles - summary of movement  
(Budget year 2006-07)**

	Land \$'000	Buildings \$'000	Other infrastructure plant and equipment \$'000	Computer software \$'000	Total \$'000
<b>As at 1 July 2006</b>					
Gross book value	565	45,845	28,022	51,321	125,753
Accumulated depreciation	0	5,296	7,352	38,107	50,755
<b>Opening net book value</b>	<b>565</b>	<b>40,549</b>	<b>20,670</b>	<b>13,214</b>	<b>74,998</b>
Additions:					
by purchase		5,911	7,136	5,925	18,972
Reclassifications			(355)		(355)
Depreciation/amortisation expense		3,433	6,739	6,762	16,934
Other movements			(484)		(484)
<b>As at 30 June 2007</b>					
Gross book value	565	51,756	32,133	57,246	141,700
Accumulated depreciation	0	8,729	10,932	44,869	64,530
<b>Estimated closing net book value</b>	<b>565</b>	<b>43,027</b>	<b>21,201</b>	<b>12,377</b>	<b>77,170</b>

**Table 5.7: Schedule of budgeted income and expenses administered on behalf of government for the period ended 30 June**

	Estimated Actual 2005-06 \$'000	Revised Budget 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Non-taxation (revenues from Government)</b>					
Other sources of non- taxation revenue	541,142	<b>423,846</b>	438,592	502,910	573,187
<b>Total income administered on behalf of Government</b>	<b>541,142</b>	<b>423,846</b>	<b>438,592</b>	<b>502,910</b>	<b>573,187</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	15,506,828	<b>16,263,796</b>	16,698,678	17,197,940	17,929,081
Subsidies	539,753	<b>571,669</b>	608,218	641,813	669,804
Personal benefits	2,224,820	<b>2,305,269</b>	2,320,300	2,346,191	2,362,093
Suppliers	309,514	<b>376,398</b>	400,959	396,994	403,526
Write down and impairment of assets - bad & doubtful debts	369,976	<b>440,114</b>	471,425	510,116	545,487
Interest	12,882	<b>0</b>	0	0	0
<b>Total expenses administered on behalf of Government</b>	<b>18,963,773</b>	<b>19,957,246</b>	<b>20,499,580</b>	<b>21,093,054</b>	<b>21,909,991</b>

**Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government as at 30 June**

	Estimated Actual 2005-06 \$'000	Revised Budget 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash	6,302	<b>6,327</b>	6,352	6,377	6,377
Receivables	20,780,203	<b>21,624,937</b>	23,400,641	25,167,795	27,053,511
Investments (s.39 FMA Act; s.18 CAC Act, s.19 CAC Act)	3,338,727	<b>3,338,727</b>	3,338,727	3,338,727	3,338,727
<b>Total financial assets</b>	<b>24,125,232</b>	<b>24,969,991</b>	<b>26,745,720</b>	<b>28,512,899</b>	<b>30,398,615</b>
<b>Non-financial assets</b>					
Land and buildings	124	<b>124</b>	124	124	124
Infrastructure, plant and equipment	246	<b>246</b>	246	246	246
Other	1,530	<b>1,530</b>	1,530	1,530	1,530
<b>Total non-financial assets</b>	<b>1,900</b>	<b>1,900</b>	<b>1,900</b>	<b>1,900</b>	<b>1,900</b>
<b>Total assets administered on behalf of Government</b>	<b>24,127,132</b>	<b>24,971,891</b>	<b>26,747,620</b>	<b>28,514,799</b>	<b>20,400,515</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Suppliers	35,289	<b>35,290</b>	35,290	35,290	35,290
Grants and subsidies	10,619,825	<b>11,014,222</b>	11,312,236	11,509,342	11,759,441
Personal benefits payable	89,590	<b>101,260</b>	102,441	102,882	102,272
Other Payables	16,269	<b>16,269</b>	16,269	16,269	16,269
<b>Total payables</b>	<b>10,760,973</b>	<b>11,167,041</b>	<b>11,466,236</b>	<b>11,663,783</b>	<b>11,913,272</b>
<b>Total liabilities administered on behalf of Government</b>	<b>10,760,973</b>	<b>11,167,041</b>	<b>11,466,236</b>	<b>11,663,783</b>	<b>11,913,272</b>
Current assets	9,844,542	9,514,268	10,030,043	10,451,234	10,925,095
Non current assets	14,282,590	15,457,623	16,717,577	18,063,565	19,475,420
Current liabilities	7,919,826	8,460,351	8,896,558	9,233,720	9,625,477
Non current liabilities	2,841,147	2,706,690	2,569,678	2,430,063	2,287,795

**Table 5.9: Schedule of budgeted administered cash flows for the period ended 30 June**

	Estimated Actual 2005-06 \$'000	Revised Budget 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
GST Input Credit Receipts	629,804	<b>682,667</b>	730,686	767,422	814,967
Other <sup>7</sup>	905,442	<b>1,979,155</b>	1,083,606	1,168,274	1,258,118
<b>Total cash received</b>	<b>1,535,246</b>	<b>2,661,822</b>	<b>1,814,292</b>	<b>1,935,696</b>	<b>2,073,085</b>
<b>Cash used</b>					
Grant payments	16,868,790	<b>18,149,843</b>	18,869,171	19,621,766	20,417,919
Interest paid	25,341	<b>0</b>	0	0	0
Subsidies paid	539,753	<b>571,669</b>	608,218	641,813	669,804
Personal benefits	2,227,117	<b>2,290,785</b>	2,312,191	2,335,393	2,350,766
Suppliers	303,609	<b>376,397</b>	400,959	396,994	403,526
GST Payments to Suppliers	629,804	<b>682,667</b>	730,686	767,422	814,967
<b>Total cash used</b>	<b>20,594,414</b>	<b>22,071,361</b>	<b>22,921,225</b>	<b>23,763,388</b>	<b>24,656,982</b>
<b>Net cash from operating activities</b>	<b>(19,059,168)</b>	<b>(19,409,539)</b>	<b>(21,106,933)</b>	<b>(21,827,692)</b>	<b>(22,583,897)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
GST Appropriation	629,804	<b>682,667</b>	730,686	767,422	814,967
Other	8,626	<b>0</b>	0	0	0
<b>Total cash received</b>	<b>638,430</b>	<b>682,667</b>	<b>730,686</b>	<b>767,422</b>	<b>814,967</b>
<b>Cash used</b>					
Repayment of borrowings	457,320	<b>0</b>	0	0	0
Return of GST Appropriation	629,804	<b>682,667</b>	730,686	767,422	814,967
<b>Total cash used</b>	<b>1,087,124</b>	<b>682,667</b>	<b>730,686</b>	<b>767,422</b>	<b>814,967</b>
<b>Net cash from financing activities</b>	<b>(448,694)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase/ (decrease) of cash held</b>	<b>(19,507,862)</b>	<b>(19,409,539)</b>	<b>(21,106,933)</b>	<b>(21,827,692)</b>	<b>(22,583,897)</b>
Cash at beginning of reporting period	9,032	<b>6,302</b>	6,327	6,352	6,377
Cash from OPA for Appropriations	20,403,240	<b>21,388,714</b>	22,190,559	22,995,986	23,842,010
Cash to OPA	898,108	<b>1,979,150</b>	1,083,601	1,168,269	1,258,113
<b>Cash at end of reporting period</b>	<b>6,302</b>	<b>6,327</b>	<b>6,352</b>	<b>6,377</b>	<b>6,377</b>

**Table 5.10: Schedule of administered capital budget**

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Administered capital	8,626	0	0	0	0
<b>Total capital appropriations</b>	<b>8,626</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Represented by:</b>					
Other	8,626	0	0	0	0
<b>Total represented by</b>	<b>8,626</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of Movement (Budget year 2006-07)**

	Land \$'000	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Other intangibles \$'000	Total \$'000
<b>As at 1 July 2006</b>					
Gross book value	0	124	246	1,300	1,670
Accumulated depreciation	0	0	0	1,300	1,300
<b>Opening net book value</b>	<b>0</b>	<b>124</b>	<b>246</b>	<b>0</b>	<b>370</b>
Additions	0	0	0	0	0
Depreciation/amortisation expense	0	0	0	0	0
Disposals	0	0	0	0	0
<b>As at 30 June 2007</b>					
Gross book value	0	124	246	1,300	1,670
Accumulated depreciation	0	0	0	1,300	1,300
<b>Estimated closing net book value</b>	<b>0</b>	<b>124</b>	<b>246</b>	<b>0</b>	<b>370</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Note 1: Sales from goods and services**

This item represents prices paid by third parties (including other Australian Government agencies) for goods and services provided by the Department.

### **Note 2: Other Revenue**

This item represents the estimated revenue from Special Account activities. These activities include the Australian Education International and other trust activities.

### **Note 3: Other Gains**

This item represents resources received free of charge including the Australian National Audit Office for auditing services and the Australian Taxation Office for administration of recovery of amounts under the Higher Education Loan Programme and the Student Financial Supplement Scheme.

### **Note 4: Other Non-Financial Assets**

This other non-financial assets item relates to estimated prepayments for the Department.

### **Note 5: Employee Provisions**

Provision has been made for the Department's liability for employee entitlements arising from services rendered by employees. The liability is an estimate of the unpaid annual leave and long service leave.

### **Note 6: Other Payables**

This item represents accrued expenses, prepayment received by the Department (unearned revenue), dead rent and make good in relation to departmental properties.

### **Note 7: Cash Received Other (Schedule of budgeted administered cash flows)**

The figures mainly represent the collections from the repayments of student loans under the Higher Education Loan Programme and the Student Financial Supplement scheme. The increase in 2006-07 is a result of the clearing of funds in the Higher Education Contribution Scheme special account.

## APPENDICES

### Appendix 1: Administered Items (Detail) – Outcome 1

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>Output 1.1</b>					
<i>Schools Assistance (Learning Together - Achievement Through Choice and Opportunity) Act 2004</i>	7,246,397	<b>7,937,496</b>	8,176,410	8,516,073	9,059,776
<i>Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Act 2005</i>	39,786	<b>65,991</b>	92,724	97,899	81,496
<b>Total 1.1</b>	<b>7,286,183</b>	<b>8,003,487</b>	<b>8,269,134</b>	<b>8,613,972</b>	<b>9,141,272</b>
<b>Output 1.2</b>					
<i>Schools Assistance (Learning Together - Achievement Through Choice and Opportunity) Act 2004</i>	590,050	<b>628,342</b>	660,428	698,813	736,352
<i>Student Assistance Act 1973</i>	149,441	<b>157,009</b>	157,769	167,363	169,037
<i>Indigenous Education (Targeted Assistance) Act 2000</i>	341,738	<b>333,059</b>	295,531	294,324	294,955
Tiwi Islands Secondary College	10,000	<b>0</b>	0	0	0
Super Payments for Aboriginal Tutor Assistance Scheme Tutors	5	<b>5</b>	5	5	5
Projects to Enhance Literacy and Numeracy Outcomes	645	<b>9,434</b>	9,447	683	696
Reading Assistance Vouchers	0	<b>8,776</b>	8,776	0	0
<b>Total 1.2</b>	<b>1,091,879</b>	<b>1,127,849</b>	<b>1,123,180</b>	<b>1,161,188</b>	<b>1,201,045</b>
<b>Output 1.3</b>					
<i>Schools Assistance (Learning Together - Achievement Through Choice and Opportunity) Act 2004</i>	26,230	<b>28,692</b>	30,244	31,877	33,600
Quality Outcomes	59,239	<b>77,124</b>	71,468	71,066	69,634
Online Curriculum Content for Australian Schools	7,113	<b>7,600</b>	7,600	7,700	0
Grants and Awards	3,706	<b>3,762</b>	3,816	3,868	3,925
<b>Total 1.3</b>	<b>96,288</b>	<b>117,178</b>	<b>113,128</b>	<b>114,511</b>	<b>107,159</b>
<b>Output 1.4</b>					
Careers, Transitions and Partnerships	77,325	<b>98,057</b>	110,657	112,593	114,546
Community Festivals	0	<b>700</b>	700	700	700
<b>Total 1.4</b>	<b>77,325</b>	<b>98,757</b>	<b>111,357</b>	<b>113,293</b>	<b>115,246</b>
<b>TOTAL OUTCOME 1</b>	<b>8,551,675</b>	<b>9,347,271</b>	<b>9,616,799</b>	<b>10,002,964</b>	<b>10,564,722</b>

1:- The remaining expenditure for Community Festivals is a component of the *Indigenous Education Act* figures detailed in Output 1.2

**Appendix 2: Administered Items (Detail) – Outcome 2**

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>Output 2.1</b>					
<i>Skilling Australia's Workforce Act 2005</i>	1,240,174	<b>1,269,776</b>	1,279,956	1,295,647	1,320,771
Vocational and Technical Education					
- Priority Places	1,958	<b>0</b>	0	0	0
Vocational and Technical Education					
- National Programmes	33,900	<b>40,524</b>	38,033	38,756	39,493
National Centre for Vocational Education Research Ltd	589	<b>602</b>	614	625	637
<b>Total 2.1</b>	<b>1,276,621</b>	<b>1,310,902</b>	<b>1,318,603</b>	<b>1,335,028</b>	<b>1,360,901</b>
<b>Output 2.2</b>					
New Apprenticeship Centres	130,826	<b>156,771</b>	172,091	178,487	184,754
Support for New Apprenticeships	567,974	<b>615,350</b>	654,859	690,347	720,017
New Apprenticeship Workforce Skills Development	37,467	<b>80,876</b>	85,901	83,138	77,598
New Apprenticeship Access Programme	15,882	<b>27,587</b>	26,939	26,006	24,199
<b>Total 2.2</b>	<b>752,149</b>	<b>880,584</b>	<b>939,790</b>	<b>977,978</b>	<b>1,006,568</b>
<b>Output 2.3</b>					
Workplace English Language					
Literacy	14,259	<b>14,502</b>	14,778	15,057	15,344
Career Planning	3,319	<b>3,701</b>	1,883	0	0
Language, Literacy and Numeracy	49,741	<b>56,073</b>	57,776	56,656	57,732
Basic IT Enabling Skills for Older Workers	5,750	<b>0</b>	0	0	0
Disability Coordination Officers	1,304	<b>2,176</b>	1,357	1,382	1,408
Targeted Initiatives	655	<b>1,574</b>	991	992	993
<b>Total 2.3</b>	<b>75,028</b>	<b>78,026</b>	<b>76,785</b>	<b>74,087</b>	<b>75,477</b>
<b>Output 2.4</b>					
<i>Higher Education Funding Act 1988 &amp; Higher Education Support Act 2003</i>	4,732,194	<b>4,789,356</b>	4,907,651	5,038,396	5,174,180
Higher Education Contribution to Australian Education International	5,750	<b>5,847</b>	5,957	6,070	6,184
Indigenous Higher Education Advisory Council	274	<b>278</b>	283	288	294
Higher Education Special Projects	196,750	<b>28,807</b>	39,941	21,941	5,940
Superannuation Payments for Former Commissioners	75	<b>77</b>	78	80	82
<b>Total 2.4</b>	<b>4,935,043</b>	<b>4,824,365</b>	<b>4,953,910</b>	<b>5,066,775</b>	<b>5,186,680</b>

**Appendix 2: Administered Items (Detail) – Outcome 2 (cont)**

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>Output 2.5</b>					
Higher Education Loan Programme	459,613	519,381	561,116	605,776	644,738
<i>Higher Education Support Act 2003</i>	68,153	95,395	105,334	107,923	110,606
<i>Student Assistance Act 1973</i>	72,250	69,116	60,238	62,451	62,688
<i>Social Security Act 1991</i>	1,897,048	1,955,090	1,964,852	1,971,071	1,979,789
<b>Total 2.5</b>	<b>2,497,064</b>	<b>2,638,982</b>	<b>2,691,540</b>	<b>2,747,221</b>	<b>2,797,821</b>
<b>TOTAL OUTCOME 2</b>	<b>9,535,905</b>	<b>9,732,859</b>	<b>9,980,628</b>	<b>10,201,089</b>	<b>10,427,447</b>

**Appendix 3: Administered Items (Detail) – Outcome 3**

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>Output 3.1</b>					
<i>Higher Education Support Act 2003</i>	564,539	529,461	522,341	528,996	539,047
Anglo-Australian Telescope Board	4,594	4,701	4,795	4,891	4,988
National Collaborative Research Infrastructure Strategy	13,151	98,196	100,400	102,499	104,694
Framework for Open Learning	2,853	2,928	2,951	2,980	3,037
<b>Total 3.1</b>	<b>585,137</b>	<b>635,286</b>	<b>630,487</b>	<b>639,366</b>	<b>651,766</b>
<b>Output 3.2</b>					
Co-operative Research Centres	208,197	189,382	211,047	181,182	196,518
Major National Research Facilities	42,308	0	0	0	0
National Radioactive Waste Management	4,714	3,480	4,834	2,434	520
Defence of Common Law - Atomic Tests (RRWM)	543	543	543	543	543
International Science Linkages	10,190	11,071	11,368	11,575	11,884
Science Connections Programme	593	4,016	4,111	4,193	4,336
<b>Total 3.2</b>	<b>266,545</b>	<b>208,492</b>	<b>231,903</b>	<b>199,927</b>	<b>213,801</b>
<b>Output 3.3</b>					
International Education and Training	23,810	32,625	39,036	48,968	51,500
Assessment Fee Subsidy for Overseas Trained Australian Residents (ASDOT)	701	713	727	740	755
<b>Total 3.3</b>	<b>24,511</b>	<b>33,338</b>	<b>39,763</b>	<b>49,708</b>	<b>52,255</b>
<b>TOTAL OUTCOME 3</b>	<b>876,193</b>	<b>877,116</b>	<b>902,153</b>	<b>889,001</b>	<b>917,822</b>

