

## 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 2003-04 was signed by the Secretary to the Department of Education, Science and Training, and the Chief Executive Officer of Centrelink in December 2003 and extended to cover the 2004-05 financial year. A new Agreement is being developed to apply from 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 Australian Government 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 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.

### **Resourcing**

The purchase of services from Centrelink for the provision of services has a budgeted price of approximately \$120 million for 2005-06. This increase reflects the transfer of policy responsibility to the Minister for Education, Science and Training of income support payments for students and New Apprentices which are administered by Centrelink.

### **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**

Under the cost recovery policy the Department is due to review existing cost recovery arrangements in 2007-08. 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 Measure – Summary of Cost Recovery Impact Statement**

In order to ensure Australia remains competitive in the global international education market increased government activity is needed to guide the industry to take a strategic long term approach to sustainable growth and maintain and protect the reputation of the industry and the integrity of migration policy.

### **Cost Recovery Rationale**

The majority of benefits of the international education measure flow to registered institutions and students who choose Australia as a study destination. It is appropriate that they each contribute to the cost of providing these services.

To support the future growth of the industry some of the costs associated with the international education measure are being recovered from education institutions and overseas students. Extending the following existing mechanisms have been assessed as the most cost effective, efficient and equitable:

- restructure the registration charges legislated through the existing Education Services for Overseas Students (*ESOS*) *Charges Act* and appropriate the revenue to DEST;
- increase the International Education Contribution (through an increase in the Student Visa Application Charge under the Migration Regulations) and appropriate the revenue from the increased International Education Contribution to DEST; and
- appropriate to DIMIA the additional revenue derived from the non International Education Contribution component of the student visa application charge to the extent of increased student numbers.

The industry regulation and promotional measures in the package will improve the Australian education/training export industry's integrity and reputation, and enhance its profile. Industry members benefiting from the more certain sustainability and greater profitability should contribute to the cost of the package announced in the 2003 budget. The registration charges under the *ESOS Charges Act 2000* recover costs involved with providing them with such benefits.

The measure provides overseas students with enhanced information about study options in Australia; improved reliability in the quality and tuition assurance of the courses for which they have paid; more protection for the reputation of their qualification; a reduced risk of enrolling with rogue providers; and an increased recognition of Australian qualification by employers in their home country. The International Education Contribution recovers the costs involved with providing overseas students with these benefits.

### **Existing Revenue Arrangements**

The Department's estimated revenue from independent sources in 2004-05 is \$15.6 million and is expected to remain the same for 2005-06. The revenue includes

*Agency Budget Statements — Other reporting requirements —DEST*

funds largely relating to the activities of Australian Education International (AEI) including:

- charges for the registration of institutions on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS);
- fees for assessments by the National Office of Overseas Skills Recognition (NOOSR);
- contributions to AEI from the Higher Education and Vocational Education and Training sectors; and
- charges for the provision of general services related to international education.

The Department is required to review cost recovery arrangements in 2007-08 and the above elements not covered by an existing CRIS will be examined as part of that process.

### 4.3: AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

Table 4.1: Australian Government Indigenous Expenditure

Outcome	Appropriations			Total	Other	Total
	Bill	Bill	Special			
	No. 1	No. 2	Approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Outcome 1</b>						
<b>Individuals achieve high quality foundation skills and learning outcomes from schools and other providers</b>						
Administered 2005-06	-	-	375,301	375,301	-	375,301
<i>Administered 2004-05</i>	<i>34,234</i>	-	<i>327,209</i>	<i>361,443</i>	-	<i>361,443</i>
Departmental 2005-06	22,000	-	-	22,000	-	22,000
<i>Departmental 2004-05</i>	<i>22,000</i>	-	-	<i>22,000</i>	-	<i>22,000</i>
Total Outcome 1 2005-06	<b>22,000</b>	-	<b>375,301</b>	<b>397,301</b>	-	<b>397,301</b>
<i>Total Outcome 1 2004-05</i>	<i>56,234</i>	-	<i>327,309</i>	<i>383,443</i>	-	<i>383,443</i>
<b>Outcome 2</b>						
<b>Individuals achieve relevant skills and learning outcomes from post-school education and training</b>						
Administered 2005-06	273	-	129,856	130,129	-	239,251
<i>Administered 2004-05</i>	<i>398</i>	-	<i>131,459</i>	<i>131,857</i>	-	<i>131,857</i>
Departmental 2005-06	11,229	-	-	11,229	-	11,229
<i>Departmental 2004-05</i>	<i>10,850</i>	-	-	<i>10,850</i>	-	<i>10,850</i>
Total Outcome 2 2005-06	<b>11,502</b>	-	<b>129,856</b>	<b>141,358</b>	-	<b>141,358</b>
<i>Total Outcome 2 2004-05</i>	<i>11,248</i>	-	<i>131,459</i>	<i>142,707</i>	-	<i>142,707</i>
<b>Outcome 3</b>						
<b>Australia has a strong science, research and innovation capacity and is engaged internationally on science, education and training to advance our social development and economic growth</b>						
Departmental 2005-06	635	-	-	635	-	635
<i>Departmental 2004-05</i>	<i>155</i>	-	-	<i>155</i>	-	<i>155</i>
Total Outcome 3 2005-06	<b>635</b>	-	-	<b>635</b>	-	<b>635</b>
<i>Total Outcome 3 2004-05</i>	<i>155</i>	-	-	<i>155</i>	-	<i>155</i>
Total Administered 2005-06	<b>273</b>	-	<b>505,157</b>	<b>505,430</b>	-	<b>505,430</b>
<i>Total Administered 2004-05</i>	<i>34,632</i>	-	<i>458,668</i>	<i>493,300</i>	-	<i>493,300</i>
Total Departmental 2005-06	<b>33,864</b>	-	-	<b>33,864</b>	-	<b>33,864</b>
<i>Total Departmental 2004-05</i>	<i>33,005</i>	-	-	<i>33,005</i>	-	<i>33,005</i>
<b>Total AGIE 2005-06</b>	<b>34,137</b>	-	<b>505,157</b>	<b>539,294</b>	-	<b>539,294</b>
<i>Total AGIE 2004-05</i>	<i>67,637</i>	-	<i>458,668</i>	<i>526,305</i>	-	<i>526,305</i>

## Section 5: Budgeted financial statements

### 5.1: 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 2005-06, is provided below:

#### DEPARTMENTAL FINANCIAL STATEMENTS

##### Statement of Financial Performance

The Department is budgeting for a break even operating result for 2005-06. Total revenue in 2005-06 is estimated to be \$430.9 million, an increase of \$63.4 million from the 2004-05 estimated actual. The increase is primarily a result of the funding impact of:

- the transfer of the student income support programmes from the Department of Family and Community Services in mid October 2004 (\$96.8 million in 2005-06, \$62.0 million in 2004-05);
- the transfer of the Australian National Training Authority function to the Department (\$11.4 million); and
- new measures which are outlined in Table 2.2 (\$12.0 million).

As noted above machinery of government changes resulted in the Department assuming responsibility for certain student income support programmes from the Department of Family and Community Services. This change took effect from the middle of October 2004. However, the Department of Family and Community Services continued to administer and fund these programs until mid April 2005. The Department has recognised these resources received free of charged totalling \$43.0 million in other sources of non-taxation revenue for 2004-05.

Total expenses in 2005-06 are estimated to be \$430.9 million, an increase of \$63.4 million from the 2004-05 estimated actual. This increase is primarily due to the cost impact of assuming functions previously undertaken by Australian National Training Authority (\$11.4 million), the full year cost of managing the student income support programmes (\$34.8 million) and the cost impact of new measures (\$12.0 million).

##### Statement of Financial Position

The Department's budgeted net asset position of \$63.4 million, represents an increase of \$2.9 million from the 2004-05 estimated actual. The increase is due to the absorption of the Australian National Training Authority's assets and liabilities.

The Department's financial assets for 2005-06 and the out years are budgeted to increase in line with the increase in the Department's liability for employee leave entitlements.

## **ADMINISTERED FINANCIAL STATEMENTS**

### **Schedule of Budgeted Administered Financial Performance**

This schedule identifies the main revenues and expenses administered on behalf of the Government.

DEST has a wide range of expenditures but the majority is for grants to the schools, vocational education and training and higher education sectors.

The schedule shows a significant increase in expenditure from 2004-05 to 2005-06 resulting from the transfer of the Youth Allowance and Austudy benefit payments, the implementation of new policy initiatives and indexation growth. From 2005-06 onwards, expenditure growth levels out to approximately 5 per cent per year, reflecting the bedding in of new policy and ongoing indexation growth.

Revenues show an average growth of 12 per cent per year with the most significant increase occurring between 2004-05 and 2005-06. This is due to the transfer of the Austudy element of the Student Financial Supplement Scheme.

### **Schedule of Budgeted Administered Financial Position**

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

The Receivables and Payables both show constant growth in each of the years in line with increasing education, science and training expenditure and the growth in loans provided to students under the Higher Education Loan Programme.

The loans however decrease significantly from 2004-05 to 2005-06 as a result of the buyback of the loan from the Commonwealth Bank of Australia relating to the Student Financial Supplement Scheme.

### **Schedule of Budgeted Administered Cash Flows**

This schedule shows planned cash flows administered on behalf of the Government.

In line with Schedule of Administered Financial Performance there is a significant increase in cash flows resulting from the transfer of the youth benefit payments, the implementation of new policy initiatives and indexation growth.

*Budgeted financial statements — DEST*

As mentioned in the Schedule of Administered Financial Position there is a significant outlay for the repayment of borrowings in 2005-06 relating to the buyback of loans from the Commonwealth Bank of Australia.

**Schedule of Administered Capital Budget**

This schedule shows the planned expenditure on liabilities DEST incurred following the absorption of the Enterprise and Career Education Foundation's functions into DEST.

## 5.2: BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental statement of financial performance for the period ended 30 June**

	Estimated Actual 2004-05 Note	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>REVENUE</b>					
<b>Revenues from ordinary activities</b>					
Revenues from Government	286,040	<b>389,942</b>	393,892	395,428	393,347
Goods and services	1 14,660	<b>16,990</b>	16,383	16,383	16,383
Interest	10	<b>10</b>	10	10	10
Other	2 66,739	<b>23,926</b>	24,029	24,098	24,094
<b>Revenues from ordinary activities</b>		<b>367,449</b>	<b>430,868</b>	<b>434,314</b>	<b>435,919</b>
<b>EXPENSE</b>					
<b>Expenses from ordinary activities</b>					
Employees	142,893	<b>160,410</b>	163,349	167,328	164,213
Suppliers	210,276	<b>254,285</b>	254,485	251,229	250,794
Depreciation and amortisation	14,280	<b>16,173</b>	16,480	17,362	18,827
<b>Expenses from ordinary activities</b>		<b>367,449</b>	<b>430,868</b>	<b>434,314</b>	<b>435,919</b>
<b>Net surplus or deficit</b>	0	0	0	0	0

**Table 5.2: Budgeted departmental statement of financial position as at 30 June**

	Estimated Actual 2004-05 Note	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	13,916	<b>18,695</b>	22,861	21,760	23,747
Receivables	600	<b>600</b>	600	600	600
Investments	29,044	<b>30,205</b>	30,209	30,224	30,224
Accrued revenues	3 86	<b>86</b>	86	86	86
<b>Total financial assets</b>		<b>43,646</b>	<b>53,756</b>	<b>52,670</b>	<b>54,657</b>
<b>Non-financial assets</b>					
Land and buildings	39,359	<b>39,557</b>	41,148	42,930	43,635
Infrastructure, plant and equipment	18,037	<b>18,904</b>	18,785	20,752	20,438
Inventories	132	<b>132</b>	132	132	132
Intangibles	16,222	<b>16,515</b>	15,678	16,069	13,663
Other non-financial assets	4 1,334	<b>1,482</b>	1,509	1,536	1,536
<b>Total non-financial assets</b>		<b>75,084</b>	<b>77,252</b>	<b>81,419</b>	<b>79,404</b>
<b>Total assets</b>		<b>118,730</b>	<b>131,008</b>	<b>134,089</b>	<b>134,061</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	5 44,963	<b>46,604</b>	51,673	54,818	54,790
<b>Total provisions</b>		<b>44,963</b>	<b>51,673</b>	<b>54,818</b>	<b>54,790</b>
<b>Payables</b>					
Suppliers	11,712	<b>11,994</b>	11,757	11,693	11,693
Other payables	6 1,561	<b>4,209</b>	4,209	4,209	4,209
<b>Total payables</b>		<b>13,273</b>	<b>15,966</b>	<b>15,902</b>	<b>15,902</b>
<b>Total liabilities</b>		<b>58,236</b>	<b>67,639</b>	<b>70,720</b>	<b>70,692</b>
<b>EQUITY*</b>					
Contributed equity	53,171	<b>53,221</b>	53,221	53,221	53,221
Reserves	5,402	<b>5,903</b>	5,903	5,903	5,903
Retained surpluses or accumulated deficits	1,921	<b>4,245</b>	4,245	4,245	4,245
<b>Total equity</b>		<b>60,494</b>	<b>63,369</b>	<b>63,369</b>	<b>63,369</b>
<b>Current assets</b>	45,112	<b>51,200</b>	55,397	54,338	56,325
<b>Non-current assets</b>	73,618	<b>74,976</b>	75,611	79,751	77,736
<b>Current liabilities</b>	34,855	<b>38,573</b>	40,769	42,215	42,201
<b>Non-current liabilities</b>	23,381	<b>24,234</b>	26,870	28,505	28,491

\* '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 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	15,085	<b>17,007</b>	16,393	16,383	16,383
Appropriations	286,040	<b>389,942</b>	393,892	395,428	393,347
Interest	10	<b>10</b>	10	10	10
Dividends	16,585	<b>14,377</b>	14,286	13,735	13,400
Other	11,332	<b>16,404</b>	10,544	10,613	10,609
<b>Total cash received</b>	<b>329,052</b>	<b>437,740</b>	<b>435,125</b>	<b>436,169</b>	<b>433,749</b>
<b>Cash used</b>					
Employees	142,089	<b>161,093</b>	158,280	164,182	164,572
Suppliers	175,134	<b>240,845</b>	241,263	237,833	236,974
Grants	15,500	<b>14,400</b>	14,300	13,750	13,400
Other	474				
<b>Total cash used</b>	<b>333,197</b>	<b>416,338</b>	<b>413,843</b>	<b>415,765</b>	<b>414,946</b>
<b>Net cash from or (used by) operating activities</b>	<b>(4,145)</b>	<b>21,402</b>	<b>21,282</b>	<b>20,404</b>	<b>18,803</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	313	<b>319</b>	325	332	339
<b>Total cash received</b>	<b>313</b>	<b>319</b>	<b>325</b>	<b>332</b>	<b>339</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	21,542	<b>16,941</b>	17,441	21,837	17,155
<b>Total cash used</b>	<b>21,542</b>	<b>16,941</b>	<b>17,441</b>	<b>21,837</b>	<b>17,155</b>
<b>Net cash from or (used by) investing activities</b>	<b>(21,229)</b>	<b>(16,622)</b>	<b>(17,116)</b>	<b>(21,505)</b>	<b>(16,816)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Other					
<b>Total cash received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash used</b>					
Other					
<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>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase or (decrease) in cash held</b>	<b>(25,374)</b>	<b>4,780</b>	<b>4,166</b>	<b>(1,101)</b>	<b>1,987</b>
Cash at the beginning of the reporting period	39,289	<b>13,915</b>	18,695	22,861	21,760
<b>Cash at the end of the reporting period</b>	<b>13,916</b>	<b>18,695</b>	<b>22,861</b>	<b>21,760</b>	<b>23,747</b>

Table 5.4: Departmental capital budget statement

	Estimated Actual 2004-05 \$'000	<b>Budget Estimate 2005-06 \$'000</b>	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections					
Total loans					
<b><i>Total capital appropriations</i></b>					
<b>Represented by:</b>					
Purchase of non-financial assets					
Other					
<b><i>Total represented by</i></b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation					
Funded internally by	21,567	<b>16,466</b>	17,348	21,715	17,031
Departmental resources					
<b><i>Total</i></b>	<b>21,567</b>	<b>16,466</b>	<b>17,348</b>	<b>21,715</b>	<b>17,031</b>

**Table 5.5: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Land \$'000	Buildings \$'000	Other infrastructure plant and equipment \$'000	Computer software \$'000	Total \$'000
<b>As at 1 July 2005</b>					
Gross book value	565	40,863	21,014	47,399	<b>109,841</b>
Accumulated depreciation		2,069	2,977	31,169	
<b>Opening net book value</b>	<b>565</b>	<b>38,794</b>	<b>18,037</b>	<b>16,230</b>	<b>73,626</b>
Additions:					
by purchase		3,010	6,278	7,178	<b>16,466</b>
Reclassifications			(319)		<b>(319)</b>
Depreciation/amortisation expense		2,812		7,308	
Other movements			5,486	415	<b>5,901</b>
Disposals:					
other disposals			2,873		<b>2,873</b>
<b>As at 30 June 2006</b>					
Gross book value	565	43,873	29,586	54,992	<b>129,016</b>
Accumulated depreciation		4,881	10,682	38,477	<b>54,040</b>
<b>Closing net book value</b>	<b>565</b>	<b>38,992</b>	<b>18,904</b>	<b>16,515</b>	<b>74,976</b>

**Table 5.6: Schedule of budgeted revenues and expenses administered on behalf of Government for the period ended 30 June**

	Estimated Actual 2004-05 Note \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>REVENUES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Non-taxation (revenues from Government)</b>					
Other sources of non-taxation revenues	373,498	<b>445,887</b>	473,292	525,945	582,927
<b>Total revenues administered on behalf of Government</b>	<b>373,498</b>	<b>445,887</b>	<b>473,292</b>	<b>525,945</b>	<b>582,927</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	14,069,019	<b>15,246,267</b>	16,058,992	16,847,703	17,360,168
Subsidies	540,897	<b>581,724</b>	610,604	646,762	678,738
Personal benefits	1,622,237	<b>2,477,066</b>	2,619,739	2,705,057	2,794,674
Suppliers	270,976	<b>343,119</b>	375,111	382,782	384,400
Write down assets - Bad and Doubtful Debts	396,018	<b>498,229</b>	569,054	624,532	663,769
Interest	30,264	<b>12,536</b>	1,968	311	
<b>Total expenses administered on behalf of Government</b>	<b>16,929,411</b>	<b>19,158,941</b>	<b>20,235,468</b>	<b>21,207,147</b>	<b>21,881,749</b>

**Table 5.7: Schedule of budgeted assets and liabilities administered on behalf of Government as at 30 June**

	Estimated Actual 2004-05 Note \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash	9,660	<b>9,779</b>	9,803	9,828	9,853
Receivables	16,822,951	<b>18,620,819</b>	20,471,196	22,397,188	24,344,839
Investments (s.39 FMA Act; s.18 CAC ACT; s.19 CAC Act)	2,177,516	<b>2,197,923</b>	2,197,923	2,197,923	2,197,923
<b>Total financial assets</b>	<b>19,010,127</b>	<b>20,828,521</b>	<b>22,678,922</b>	<b>24,604,939</b>	<b>26,552,615</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 non-financial assets	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>19,012,027</b>	<b>20,830,421</b>	<b>22,680,822</b>	<b>24,606,839</b>	<b>26,554,515</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Interest bearing liabilities</b>					
Loans	471,549	<b>16,182</b>	16,182	16,182	16,182
<b>Total interest bearing liabilities</b>	<b>471,549</b>	<b>16,182</b>	<b>16,182</b>	<b>16,182</b>	<b>16,182</b>
<b>Payables</b>					
Suppliers	29,384	<b>35,289</b>	35,290	35,290	35,290
Grants and subsidies	9,903,249	<b>10,451,789</b>	10,922,156	11,353,827	11,729,699
Personal benefits payable	90,905	<b>90,222</b>	100,909	102,521	104,599
Other payables	634	<b>634</b>	634	634	634
<b>Total payables</b>	<b>10,024,172</b>	<b>10,577,934</b>	<b>11,058,989</b>	<b>11,492,272</b>	<b>11,870,222</b>
<b>Total liabilities administered on behalf of Government</b>	<b>10,495,721</b>	<b>10,594,116</b>	<b>11,075,171</b>	<b>11,508,454</b>	<b>11,886,404</b>

**Table 5.8: Schedule of budgeted administered cash flows for the period ended 30 June**

	Estimated Actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
GST Input Credit Receipts	597,736	652,457	694,141	739,867	778,398
Other	914,397	950,157	1,061,074	1,159,038	1,256,038
<b>Total cash received</b>	<b>1,512,133</b>	<b>1,602,614</b>	<b>1,755,215</b>	<b>1,898,905</b>	<b>2,034,436</b>
<b>Cash used</b>					
Grant payments	15,290,237	17,017,784	18,203,045	19,233,095	19,968,295
Interest paid	15,951	1,883			
Subsidies paid	540,897	581,724	610,604	646,762	678,738
Personal benefits	1,603,008	2,457,423	2,585,888	2,677,045	2,762,510
Suppliers	270,976	337,214	375,110	382,782	384,400
GST Payments to Suppliers	597,736	652,457	694,141	739,867	778,398
<b>Total cash used</b>	<b>18,318,805</b>	<b>21,048,485</b>	<b>22,468,788</b>	<b>23,679,551</b>	<b>24,572,341</b>
<b>Net cash from operating activities</b>	<b>(16,806,672)</b>	<b>(19,445,871)</b>	<b>(20,713,573)</b>	<b>(21,780,646)</b>	<b>(22,537,905)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Capital Injections	8,026				
<b>Total cash received</b>	<b>8,026</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash used</b>					
Repayment of borrowings	230,951	456,293			
<b>Total cash used</b>	<b>230,951</b>	<b>456,293</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash from financing activities</b>	<b>(222,925)</b>	<b>(456,293)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase/ (decrease) in cash held</b>	<b>(17,029,597)</b>	<b>(19,902,164)</b>	<b>(20,713,573)</b>	<b>(21,780,646)</b>	<b>(22,537,905)</b>
Cash at beginning of reporting period	34,479	9,660	9,779	9,803	9,828
Cash from OPA for Appropriations	17,945,126	20,852,415	21,774,646	22,939,693	23,793,918
Cash to OPA	940,348	950,132	1,061,049	1,159,022	1,255,988
<b>Cash at end of reporting period</b>	<b>9,660</b>	<b>9,779</b>	<b>9,803</b>	<b>9,828</b>	<b>9,853</b>

**Table 5.9: Schedule of administered capital budget**

	Estimated Actual 2004-05 \$'000	<b>Budget Estimate 2005-06 \$'000</b>	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Administered capital	8,026				
Special appropriations	0				
<b>Total capital appropriations</b>	<b>8,026</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Represented by:</b>					
Purchase of non-financial assets					
Other	8,026				
<b>Total represented by</b>	<b>8,026</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

**Table 5.10: Schedule of property, plant, equipment and intangibles — summary of movement (Budget Year 2005-06)**

	Land \$'000	Buildings \$'000	Other infrastructure plant and equipment \$'000	Other intangibles \$'000	Total \$'000
<b>As at 1 July 2005</b>					
Gross book value					
Accumulated depreciation	0	124	246	1,300	1,670
<b>Opening net book value</b>	<b>0</b>	<b>124</b>	<b>246</b>	<b>1,300</b>	<b>1,670</b>
Additions					
Depreciation/amortisation expense					
Disposals					
<b>As at 30 June 2006</b>					
Gross book value	0	124	246	1,300	1,670
Accumulated depreciation				1,300	1,300
<b>Closing net book value</b>	<b>0</b>	<b>124</b>	<b>246</b>	<b>0</b>	<b>370</b>

### **5.3: 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 including the Australian Education International and other trust activities; and
- resources received free of charge including the Australian National Audit Office for auditing services, the Australian Taxation Office for administration of recovery of amounts under the Higher Education Contribution Scheme and the Student Financial Supplement Scheme, and the Department of Family and Community Services for administration of certain student income support programmes.

#### **Note 3: Receivables**

Receivables include an estimate of receivables arising from the sale of goods and services, GST recoverable from the Australian Taxation office and an appropriation receivable. These receivables will be used to fund the Department's employee entitlements, creditors and provide working capital.

#### **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, prepayments received by the Department (unearned income), dead rent and make good in relation to departmental properties.

#### **Note 7: Other Cash Received**

This is expected cash receipts from special account activity.

## APPENDICES

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

	Estimated Actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>Output 1.1</b>					
<i>State Grants (Primary and Secondary Education Assistance) Act 2000 &amp; Schools Assistance (Learning Together - Achievement Through Choice and Opportunity) Act 2004</i>	6,801,850	7,371,254	7,888,890	8,409,901	8,762,743
Australian Technical Colleges		62,104	83,335	100,425	94,156
<b>Total 1.1</b>	<b>6,801,850</b>	<b>7,433,358</b>	<b>7,972,225</b>	<b>8,510,326</b>	<b>8,856,899</b>
<b>Output 1.2</b>					
<i>State Grants (Primary and Secondary Education Assistance) Act 2000 &amp; Schools Assistance (Learning Together - Achievement Through Choice and Opportunity) Act 2004</i>	593,553	591,687	622,905	658,562	693,287
<i>Student Assistance Act 1973</i>	149,111	165,351	173,279	176,113	185,135
<i>Indigenous Education (Targeted Assistance) Act 2000</i>	225,758	266,179	272,685	278,349	280,495
<i>Indigenous Education Direct Assistance (Annual Appropriations Act)</i>	34,234	0	0	0	0
National Literacy and Numeracy Strategies and Projects	631	645	659	673	687
<b>Total 1.2</b>	<b>1,003,287</b>	<b>1,023,862</b>	<b>1,069,528</b>	<b>1,113,697</b>	<b>1,159,604</b>
<b>Output 1.3</b>					
<i>State Grants (Primary and Secondary Education Assistance) Act 2000 &amp; Schools Assistance (Learning Together - Achievement Through Choice and Opportunity) Act 2004</i>	27,105	27,677	29,170	30,747	32,407
Quality Outcomes	59,032	56,918	68,777	65,649	65,678
Schools Online Curriculum Content	6,648	7,113	0	0	0
Grants and Awards	3,784	3,706	3,764	3,823	3,882
<b>Total 1.3</b>	<b>96,569</b>	<b>95,414</b>	<b>101,711</b>	<b>100,219</b>	<b>101,967</b>
<b>Output 1.4</b>					
Careers, Transitions and Partnerships	54,307	77,325	87,770	89,773	91,472
<b>Total 1.4</b>	<b>54,307</b>	<b>77,325</b>	<b>87,770</b>	<b>89,773</b>	<b>91,472</b>
<b>TOTAL OUTCOME 1</b>	<b>7,956,013</b>	<b>8,629,959</b>	<b>9,231,234</b>	<b>9,814,015</b>	<b>10,209,942</b>

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

	Estimated Actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>Output 2.1</b>					
<i>Vocational Education and Training Funding Act 1992</i>	1,152,442	<b>1,261,072</b>	1,269,644	1,285,100	1,301,858
Vocational Education and Training - Priority Places	6,509	<b>0</b>	0	0	0
Vocational Education and Training National Programmes	35,278	<b>36,900</b>	37,708	38,332	39,138
National Centre for Vocational Education Research Ltd	579	<b>589</b>	605	619	632
<b>Total 2.1</b>	<b>1,194,808</b>	<b>1,298,561</b>	<b>1,307,957</b>	<b>1,324,051</b>	<b>1,341,628</b>
<b>Output 2.2</b>					
New Apprenticeship Centres	131,826	<b>130,826</b>	136,884	142,275	147,395
Support for New Apprenticeships	558,418	<b>587,141</b>	631,617	669,010	703,132
New Apprenticeship Workforce Skills Development	22,139	<b>53,773</b>	60,535	67,311	68,979
New Apprenticeship Access Programme	10,618	<b>22,569</b>	23,086	23,508	23,935
<b>Total 2.2</b>	<b>723,001</b>	<b>794,309</b>	<b>852,122</b>	<b>902,104</b>	<b>943,441</b>
<b>Output 2.3</b>					
Workplace English Language Literacy	13,906	<b>14,259</b>	14,573	14,894	15,206
Career Planning	3,118	<b>3,319</b>	3,707	3,783	3,857
Language, Literacy and Numeracy Training	48,156	<b>49,741</b>	56,348	58,231	57,214
Basic IT Enabling Skills for Older Workers	5,750	<b>5,750</b>	5,750	5,750	5,750
Disability Coordination Officers	1,280	<b>1,424</b>	1,337	1,367	1,395
School of Fine Furniture	165	<b>155</b>	156	32	33
<b>Total 2.3</b>	<b>72,375</b>	<b>74,648</b>	<b>81,871</b>	<b>84,057</b>	<b>83,455</b>
<b>Output 2.4</b>					
<i>Higher Education Funding Act 1988 &amp; Higher Education Support Act 2003</i>	4,242,999	<b>4,604,882</b>	4,840,086	4,997,177	5,117,511
Higher Education Contribution to Australian Education International		<b>5,749</b>	5,875	6,003	6,130
Higher Education Special Projects	2,400	<b>7,000</b>	5,000	2,000	0
Indigenous Higher Education Advisory Council	398	<b>274</b>	279	285	291
Framework for Open Learning	2,694	<b>0</b>	0	0	0
Superannuation Payments for Former Commissioners	75	<b>71</b>	71	71	71
<b>Total 2.4</b>	<b>4,248,566</b>	<b>4,617,976</b>	<b>4,851,311</b>	<b>5,005,536</b>	<b>5,124,003</b>

*Budgeted financial statements —DEST*

	Estimated Actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>Output 2.5</b>					
Higher Education Loan Programme	514,853	<b>619,774</b>	698,902	761,207	807,177
<i>Higher Education Funding Act 1988 &amp; Higher Education Support Act 2003</i>	48,157	<b>68,287</b>	95,769	105,955	108,774
<i>Student Assistance Act 1973</i>	100,211	<b>96,321</b>	96,275	97,693	99,744
<i>Social Security Act 1991</i>	1,265,733	<b>2,072,667</b>	2,172,167	2,242,754	2,311,347
<b>Total 2.5</b>	<b>1,928,954</b>	<b>2,857,049</b>	<b>3,063,113</b>	<b>3,207,609</b>	<b>3,327,042</b>
<b>TOTAL OUTCOME 2</b>	<b>8,167,704</b>	<b>9,642,543</b>	<b>10,156,374</b>	<b>10,523,357</b>	<b>10,819,569</b>

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

	Estimated Actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
<b>Output 3.1</b>					
<i>Higher Education Funding Act 1988 &amp; Higher Education Support Act 2003</i>	522,370	<b>578,687</b>	516,721	521,533	532,711
Grants-in-Aid - Educational and Research Associations	17	<b>0</b>	0	0	0
Grants for Learned Academies	893	<b>0</b>	0	0	0
Research Evaluation Programme	283	<b>0</b>	0	0	0
Anglo-Australian Telescope Board	4,112	<b>4,594</b>	4,695	4,798	4,903
Collaborative Research and Infrastructure Framework for Open Learning	0	<b>13,151</b>	98,678	101,190	103,508
	0	<b>2,853</b>	2,910	2,968	3,027
<b>Total 3.1</b>	<b>527,675</b>	<b>599,285</b>	<b>623,004</b>	<b>630,489</b>	<b>644,149</b>
<b>Output 3.2</b>					
Co-operative Research Centres	193,989	<b>208,197</b>	189,753	212,081	182,247
Major National Research Facilities	42,259	<b>42,308</b>	0	0	0
National Radioactive Waste Management	6,758	<b>3,211</b>	6,925	2,404	519
Defence of Common Law - Atomic Tests (RRWM)	543	<b>543</b>	543	543	543
Innovation Access	9,307	<b>10,190</b>	9,589	9,917	10,134
Science Connections	250	<b>593</b>	4,024	4,127	4,217
<b>Total 3.2</b>	<b>253,106</b>	<b>265,042</b>	<b>210,834</b>	<b>229,072</b>	<b>197,660</b>
<b>Output 3.3</b>					
International Education and Training	24,228	<b>21,411</b>	13,305	9,482	9,681
Assessment Fee Subsidy for Overseas Trained Australian Residents (ASDOT)	685	<b>701</b>	717	732	748
<b>Total 3.3</b>	<b>24,913</b>	<b>22,112</b>	<b>14,022</b>	<b>10,214</b>	<b>10,429</b>
<b>TOTAL OUTCOME 3</b>	<b>805,694</b>	<b>886,439</b>	<b>847,860</b>	<b>869,775</b>	<b>852,238</b>

