



SECTION C

Financial Management Reporting

- C.1 Financial Management Analysis
- C.2 Financial Statements
- C.3 Capital Works
- C.4 Asset Management
- C.5 Government Contracting
- C.6 Statement of Performance

C.I FINANCIAL MANAGEMENT ANALYSIS

Management discussion and analysis

General overview

Objectives

The Education and Training Directorate (the Directorate) works in partnership with students, parents and the community to ensure that every child in the ACT has access to the opportunity of an excellent education, irrespective of where they live, their personal circumstances or the school they attend. The Directorate works closely with parents, carers, and families as well as with government agencies, education and training providers, business and industry to position the ACT as the *Education Capital: Leading the Nation*.

Services of the Directorate include the provision of public school education, regulation of education and care services, registration of non-government schools and home education, and the planning and coordination of vocational education and training. The Directorate provided early intervention programs to children with developmental delay or disability until 31 December 2014. Early intervention programs transitioned to the National Disability Insurance Scheme from 1 January 2015.

High achievement for all students through connected and inclusive learning across all sectors of the education system is achieved through a focus on quality learning, inspirational teaching and leadership, high expectations and high performance, connecting with families and the community, and improvement and innovation in business systems.

Risk Management

The development of the Directorate's annual Strategic Risk Management and Audit Plan identified risks that could impact on the Directorate's operations and objectives. The key risks provided below are medium to long-term risks that are monitored by the Directorate's executive and senior management.

Key risks, including mitigation strategies, are identified below:

- Failure to fully utilise the Directorate's workforce capabilities. The Directorate has mitigated this risk through training, documented policies and procedures and continued implementation of the performance management framework.
- Failure of ICT infrastructure and the digital environment to meet the operational and business needs of the Directorate. The Directorate has mitigated this risk through the oversight of strategic planning and operational performance by the ICT Working Group.
- Implementation of National Reforms including the National Disability Insurance Scheme. A whole of ACT Government governance structure has been established including a task-force on which the Directorate is represented. An internal steering committee has been established within the Directorate to operate during the pilot phase.
- Compliance with legislative obligations is a priority for the Directorate. A legislative framework has been developed which includes guidance materials, monitoring and training for all Directorate staff.

Accounting Changes

There was one significant change to Australian Accounting Standards which impacted the Directorate's 2014-15 Financial Statements. In summary:

- The application of *AASB 1055 Budgetary Reporting* (AASB 1055) applies to annual reporting periods beginning on or after 1 July 2014. AASB 1055 requires the Directorate to disclose, for the reporting period:
 - The original budget figures as presented to the Legislative Assembly, in a form that is consistent with the Directorate annual financial statements; and
 - Explanations of major variations between actual amounts presented in the financial statements and the corresponding individual original budget amounts.

Directorate Financial Performance

The Directorate has managed its operations within the 2014-15 budgeted appropriation. During the financial year, the Directorate achieved savings targets and in addition, internally managed cost pressures associated with workers' compensation premium costs and increased enrolments.

The table below provides a summary of the financial operations based on the audited financial statements for 2013-14 and 2014-15.

Table.C1.1: Net cost of services

	Actual 2014-15 \$m	Amended Budget ¹ 2014-15 \$m	Actual 2013-14 \$m
Total expenditure	698.7	715.8	691.3
Total own source revenue ²	41.7	38.2	40.7
Net cost of services	657.0	677.6	650.6

Note 1. The Amended Budget incorporates the transfer of childcare centres and associated funding to the Chief Minister Treasury and Economic Development Directorate through a Section 16 Financial Instrument under the *Financial Management Act 1996*.

Note 2. Relates to Total Revenue excluding Government Payment for Outputs

Net Cost of Services

The Directorate's net cost of services for 2014-15 of \$657.0 million was \$20.6 million or 3.0 per cent lower than the 2014-15 amended budget. The lower than anticipated cost is primarily due to timing of course completions associated with the vocational education national partnership. This position was further reduced by lower than anticipated depreciation associated with the revaluation of the Directorate's assets in 2013-14, and delays in the scoping work for the new schools' ICT administration system.

The lower than anticipated net cost of services was partially offset by increased revenue from international students due to increased student numbers and higher employee benefits costs primarily due to a higher than budgeted rate used to estimate the present value of future long service leave payments.

In comparison to 2013-14, the net cost of services in 2014-15 increased by \$6.4 million or 1.0 percent primarily relating to additional employee expenses associated with enterprise bargaining agreements for teaching and non-teaching staff and an increase in teacher numbers to meet enrolment growth.

Operating Result

In 2014-15, the operating deficit for the Directorate was \$66.1 million and was \$3.5 million or 5.0 percent lower than the amended budget and \$8.5 million or 11.4 percent lower than 2013-14.

The lower than anticipated operating deficit against the amended budget primarily relates to increased revenue from international students due to increased student numbers, and lower than anticipated depreciation resulting from the revaluation of the Directorate's assets in 2013-14.

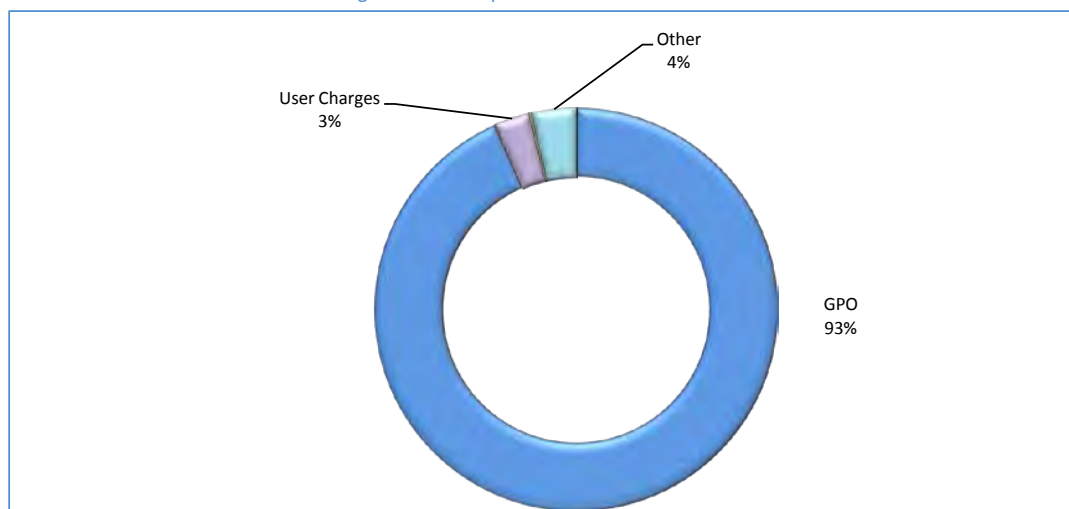
In comparison to 2013-14, the reduced operating deficit in 2014-15 of \$8.5 million or 11.4 percent, primarily relates to higher revenue from international students associated with increased student numbers, and lower than anticipated depreciation resulting from the revaluation of the Directorate's assets in 2013-14. The improved position against the prior year was also due to higher Commonwealth revenue through the Universal Access to Early Childhood Education National Partnership.

Total Revenue

Components of Revenue

The Directorate's revenue for 2014-15 totalled \$632.7 million. The main source of revenue for the Directorate is Government Payment for Outputs which provides 93% of the Directorate's Total Revenue.

Figure C1.1: Components of Revenue 2014-15



Source: Education and Training Directorate Financial Statements.

The Directorate's revenue for 2014-15 was \$13.6 million or 2.1 per cent lower than the amended budget. In comparison to the previous year, revenue increased by \$15.9 million or 2.6%.

The lower than budgeted revenue is primarily due to later than anticipated course completions associated with the vocational education national partnership. This is partially offset by higher revenue associated with higher numbers of international students.

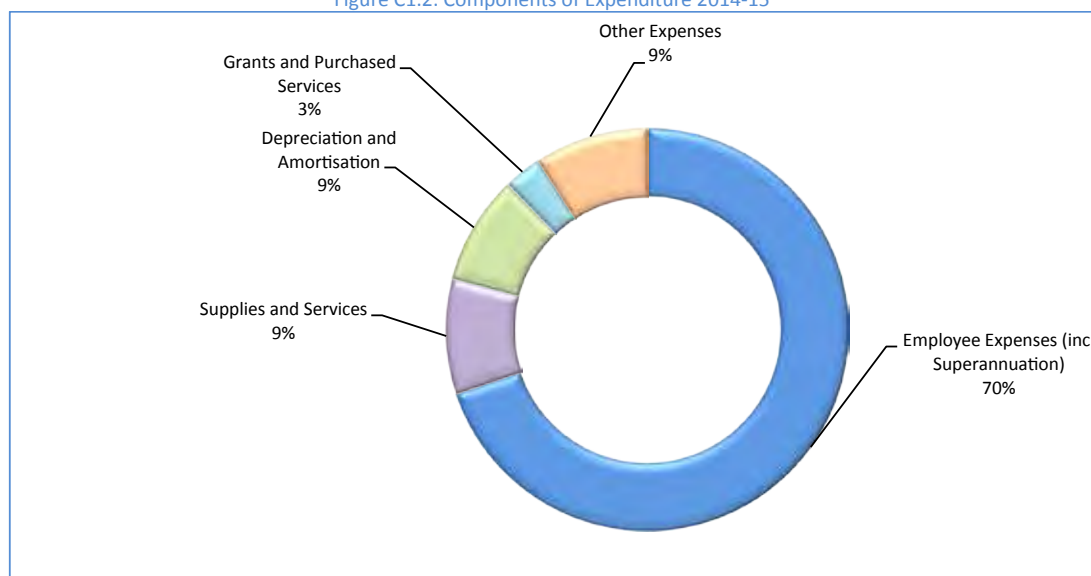
The increased revenue from 2013-14 is primarily due to additional funding received for increased wages associated with the enterprise agreements for teaching and non-teaching staff combined with increased funding for enrolment growth and Commonwealth grants.

Total Expenditure

Components of Expenditure

Expenditure for the Directorate totalled \$698.7 million for 2014-15. As shown in Figure C1.2, the main components of expenditure are employee expenses, including superannuation, comprising 70 per cent of total expenditure, depreciation comprising 9 per cent of total expenditure and supplies and services and other expenses each comprising 9 per cent of total expenditure.

Figure C1.2: Components of Expenditure 2014-15



Source: Education and Training Directorate Financial Statements

In 2014-15, total expenditure was \$17.1 million or 2.4 per cent lower than the amended budget primarily due to later than anticipated course completions associated with the vocational education national partnership. This position was further reduced by lower than anticipated depreciation associated with the revaluation of the Directorate's assets in 2013-14, and delays in the scoping work for the new schools ICT administration system.

The lower than anticipated expenditure was partially offset by increased costs associated with employee benefits due to a higher than budgeted rate used to estimate the present value of future long service leave payments and acceleration of repairs and maintenance works in schools.

Total expenditure was \$7.4 million or 1.0 percent higher when compared to the previous year. The increase mainly represented additional costs associated with new enterprise agreements for teaching and non-teaching staff, enrolment growth, increased employee benefits and increased Commonwealth grants.

Table C1.2: Line item explanation of significant variances from the amended budget – Directorate operating statement

Significant variances from the amended budget	Actual 2014-15 \$m	Amended Budget 2014-15 \$m ¹	Variance \$m
Revenue			
Government payment for outputs ²	591.0	608.0	(17.0)
User charges – ACT Government	0.5	0.6	(0.1)
User charges – non ACT Government ³	17.6	15.9	1.7
Interest and distributions	1.5	1.4	0.1
Resources received free of charge ⁴	0.6	0.4	0.2
Other revenue ⁵	21.5	20.0	1.5
Total Revenue	632.7	646.3	(13.6)

Significant variances from the amended budget	Actual 2014-15 \$m	Amended Budget 2014-15 \$m	Variance \$m
Expenditure			
Employee expenses ⁶	426.3	420.8	5.5
Superannuation expenses	62.7	62.4	0.3
Supplies and services ⁷	64.4	69.5	(5.1)
Depreciation ⁸	60.5	67.5	(7.0)
Grants and purchased services ⁹	21.1	31.9	(10.8)
Other	63.7	63.7	0.0
Total Expenses	698.7	715.8	(17.1)

Notes:

1. The Amended Budget incorporates the transfer of childcare centres and associated funding to the Chief Minister Treasury and Economic Development Directorate through a Section 16 Financial Instrument under the *Financial Management Act 1996* on 31 January 2015.
2. Lower than anticipated Government Payments for Outputs primarily related to the later than anticipated course completions for the vocational education national partnership. The National Partnership funding was not drawn down and has been transferred to 2015-16.
3. Higher than anticipated revenue primarily related to increased international private students.
4. Higher than anticipated resources received free of charge relates to the ACT Government Solicitor's Office for legal services.
5. Higher than anticipated revenue mainly related to schools revenue associated with hire of facilities, subject contributions and voluntary contributions.
6. Higher than anticipated employee expense primarily related to a higher than budgeted rate used to estimate the present value of future long service leave payments, and increased long service leave accruals.

7. Lower than anticipated supplies and services expenditure mainly related to delays in the scoping of the new schools ICT administration system partially offset by accelerated maintenance works in schools.
8. Lower than anticipated depreciation is mainly due to the impact of the revaluation of the Directorate's assets in 2013-14. Forward estimates have been adjusted for this impact.
9. Lower than anticipated grants and purchased services primarily related to the timing of expenditure associated with the vocational education national partnership.

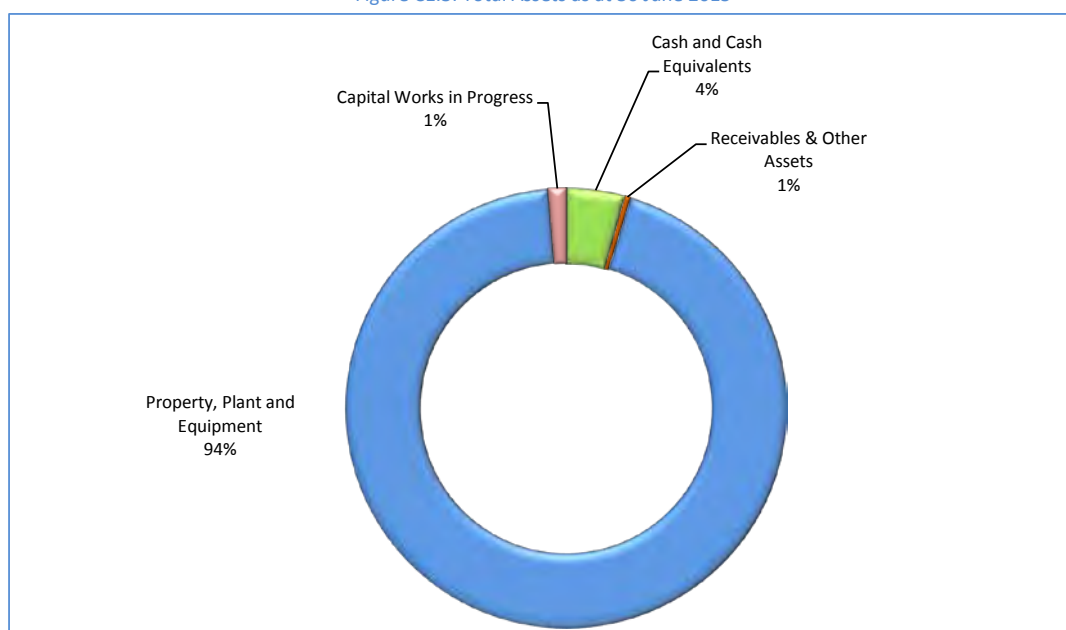
Financial Position

Total Assets

Components of Total Assets

The Directorate held 94 percent of its assets in property, plant and equipment including capital works in progress and 4 percent related to cash and cash equivalents, receivables and other current assets.

Figure C1.3: Total Assets as at 30 June 2015



Source: Education and Training Directorate Financial Statements.

Comparison to Budget

In 2014-15, the Directorate's assets totalled \$1,907.2 million, which was \$162.1 million or 7.8 percent lower than the amended budget. The decrease was primarily due to the impact of the 2013-14 asset revaluation combined with later than anticipated expenditure associated with capital works projects. The delayed expenditure on capital works projects primarily resulted from changes to expected contract payment schedules.

This was partially offset by increased cash at bank as more cash was held for the 27th payroll to be paid in 2015-16.

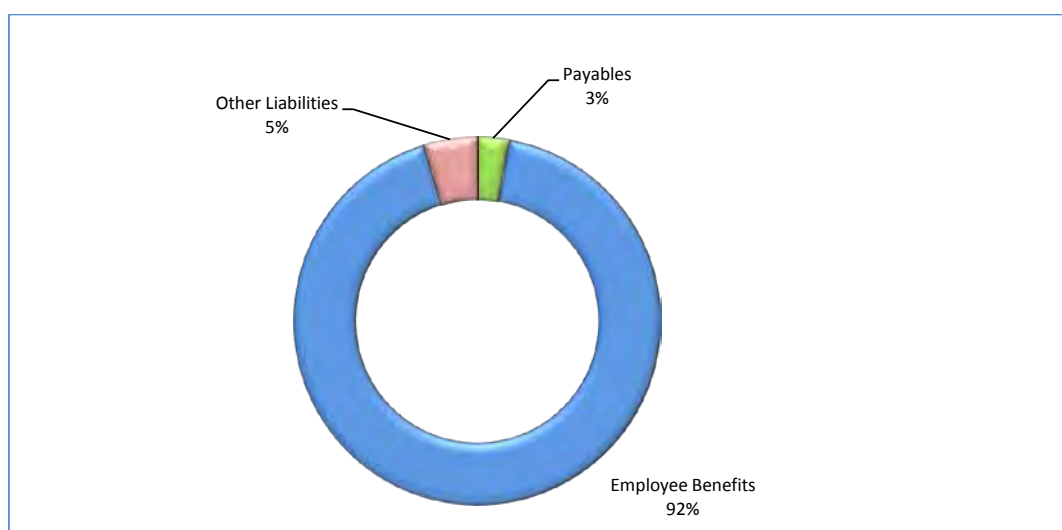
In comparison to 2013-14, total assets decreased by \$21.5 million or 1.1 percent primarily due to the impact of depreciation partially offset by the capitalisation of completed projects and increased cash held for the 27th payroll to be paid in 2015-16.

Financial Position

Components of Total Liabilities

The Directorate's liabilities comprised employee benefits, payables and other borrowings. The majority of the Directorate's liabilities related to employee benefits (92 percent) and payables and other liabilities (8 percent).

Figure C1.4: Total liabilities as at 30 June 2015



Source: Education and Training Directorate Financial Statements.

As at 30 June 2015, the Directorate's liabilities totalled \$163.5 million. This was \$18.8 million or 13.0 percent higher than the amended budget primarily due to an increase in employee benefits associated with an increase in the rate used to estimate the present value of long service leave payments.

In comparison to 2013-14, total liabilities decreased by \$1.6 million or 1.1 percent primarily associated with reduced ICT payables.

Current Assets to Current Liabilities

As at 30 June 2015, the Directorate's current assets were lower than its current liabilities. The Directorate does not consider this as a liquidity risk as cash needs are funded through appropriation from the ACT Government on a cash needs basis.

It is important to note that the Directorate's current liabilities primarily relate to employee benefits, and while the majority are classified under a legal entitlement as current, the estimated amount payable within 12 months is significantly lower and can be paid with current assets. In addition, in the event of high termination levels requiring significant payment for leave balances, the Directorate is able to meet its obligations through section 16A of the *Financial Management Act 1996*.

Table C1.3: Line item explanation of significant variances from the amended budget - Directorate balance sheet

Significant Variance from budget	Actual 2014-15 \$m	Amended Budget 2014-15 \$m ¹	Variance \$m
Current assets			
Cash and cash equivalents	81.6	79.8	1.8
Receivables	5.1	4.7	0.4
Investments	0.3	0.3	0.0
Other Assets ²	0.9	2.1	1.2
Non-current assets			
Investment	1.9	1.8	0.1
Property, plant and equipment ³	1,790.3	1,942.8	(152.5)
Intangible Assets ⁴	2.6	0.4	2.2
Capital works in progress (WIP) ⁵	24.5	37.3	(12.8)

Significant variance from budget	Actual 2014-15 \$m	Amended Budget 2014-15 \$m ¹	Variance \$m
Current liabilities			
Payables	6.3	4.1	2.2
Employee benefits ⁶	137.8	123.6	14.2
Other	4.8	4.2	0.6
Non-current liabilities			
Employee benefits	12.0	12.7	(0.7)
Other borrowings ⁷	2.6	0.1	2.5

Notes:

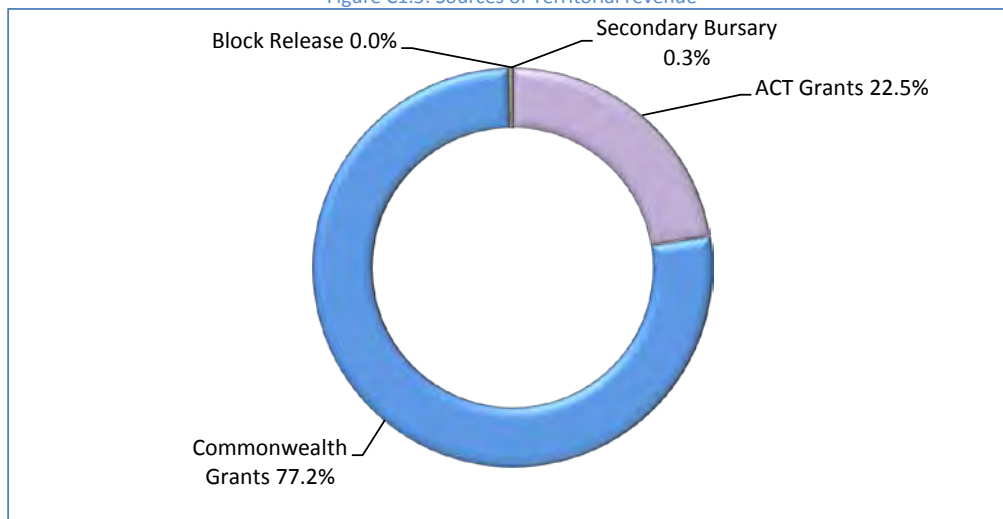
1. The Amended Budget incorporates the transfer of childcare centres and associated funding to the Chief Minister Treasury and Economic Development Directorate through a Section 16 Financial Instrument under the *Financial Management Act 1996* on 31 January 2015.
2. Primarily related to lower than anticipated vocational education prepayments.
3. Lower than budgeted property, plant and equipment is primarily due to the impact of the 2013-14 revaluation of the Directorate's land and building assets, and the transfer of capital works to 2015-16.
4. Mainly relates to capitalisation of the ACT Vocational Education and Training Administration Records System.
5. Lower due to the transfer of capital works to 2015-16, mainly associated with the Coombs P-6 School project, which remains on schedule to open in 2016.
6. Higher than anticipated employee benefits mainly associated with an increase in the discount rate used to calculate the estimates for long service leave and annual leave.
7. The higher than budgeted result is due to receipt of a loan from the Environment and Planning Directorate for sustainability projects.

Territorial Statement of Revenue and Expenses

Territorial Revenue

Total income received included revenue for expenses on behalf of the Territory, primarily for the provision of grants to non-government schools.

Figure C1.5: Sources of Territorial revenue



Source: Education and Training Directorate Financial Statements.

Territorial revenue is mainly comprised of funding for non-government schools from the Commonwealth and ACT Governments. It also included ACT Government funding for the Secondary Bursary Scheme and Block Release Programs.

Territorial revenue totalled \$250.1 million in 2014-15, which was \$15.3 million or 6.5 per cent higher than budget. The higher than anticipated revenue primarily related to the inclusion of goods and services tax on Commonwealth Government grants on passed to non-government schools. Goods and services tax on Commonwealth Government grants was not included in the budget. The inclusion of the goods and services tax component of these grants was based on the advice of an external tax consultant received on 10 August 2015.

When compared to the same period last year, total revenue increased by \$12.9 million or 5.4% primarily due to higher levels of general recurrent grants for non-government schools reflecting the impact of the implementation of the Schooling Resource Standard from 2014.

Territorial Expenditure

Territorial expenditure other than transfers of fees to the Territorial Banking Account comprised of grant payments to non-government schools (\$250.1 million). Territorial expenditure in 2014-15 was \$15.3 million or 6.5 per cent higher than budget. The higher than anticipated expenditure primarily related to the inclusion of goods and services tax on Commonwealth Government grants on passed to non-government schools. Goods and services tax on Commonwealth Government grants was not included in the budget. The inclusion of the goods and services tax component of these grants was based on the advice of an external tax consultant received on 10 August 2015.

Total expenditure increased by \$12.9 million or 5.4% from the prior period mainly due to higher levels of general recurrent grants paid to non-government schools reflecting the impact of indexation and enrolment growth.

For more information contact:
Chief Finance Officer
Strategic Finance
Telephone: (02) 6205 5338

C.2 FINANCIAL STATEMENTS



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY



Sensitive: Audit

A15/07

Ms Diane Joseph
Director-General
Education and Training Directorate
Level 6, 220 Northbourne Avenue
BRADDON ACT 2612

Dear Ms Joseph

**EDUCATION AND TRAINING DIRECTORATE - AUDIT REPORT
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

The Audit Office has completed the audit of the financial statements of the Education and Training Directorate for the year ended 30 June 2015.

I have attached the audited financial statements and unqualified audit report.

I have provided a copy of the financial statements and audit report to the Minister for Education and Training, Ms Joy Burch MLA.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Cooper'.

Dr Maxine Cooper
Auditor-General
11 September 2015

c.c. Mr Mark Whybrow, Chief Finance Officer
Ms Carol Lilley, Chair, Audit Committee
Ms Megan Young, Chief Internal Auditor

INDEPENDENT AUDIT REPORT

EDUCATION AND TRAINING DIRECTORATE

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the Education and Training Directorate (the Directorate) for the year ended 30 June 2015 have been audited. These comprise the following financial statements and accompanying notes:

- Controlled financial statements – operating statement, balance sheet, statement of changes in equity, cash flow statement and statement of appropriation.
- Territorial financial statements – statement of income and expenses on behalf of the Territory, statement of assets and liabilities on behalf of the Territory, cash flow statement on behalf of the Territory and territorial statement of appropriation.

Responsibility for the financial statements

The Director-General is responsible for the preparation and fair presentation of the financial statements in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Financial Management Act 1996*, I am responsible for expressing an independent audit opinion on the financial statements of the Directorate.

The audit was conducted in accordance with Australian Auditing Standards to obtain reasonable assurance that the financial statements are free of material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the appropriateness of budget information included in the financial statements or to evaluate the prudence of decisions made by the Directorate.

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of the financial statements should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence


Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

In my opinion, the financial statements of the Directorate for the year ended 30 June 2015:

- (i) are presented in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Directorate as at 30 June 2015 and the results of its operations and cash flows for the year then ended.

The audit opinion should be read in conjunction with other information disclosed in this report.


Dr Maxine Cooper
Auditor-General
11 September 2015

Financial Statements
For the Year Ended
30 June 2015

Education and Training Directorate

**Education and Training Directorate
Financial Statements
For the Year Ended 30 June 2015**

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Directorate's accounts and records and fairly reflect the financial operations of the Directorate for the year ended 30 June 2015 and the financial position of the Directorate on that date.



Diane Joseph
Director-General
Education and Training Directorate

9 September 2015

**Education and Training Directorate
Financial Statements
For the Year Ended 30 June 2015**

Statement by the Chief Finance Officer

In my opinion, the financial statements have been prepared in accordance with generally accepted accounting principles, and are in agreement with the Directorate's accounts and records and fairly reflect the financial operations of the Directorate for the year ended 30 June 2015 and the financial position of the Directorate on that date.



Mark Whybrow
Chief Finance Officer
Education and Training Directorate

9 September 2015

**EDUCATION AND TRAINING
DIRECTORATE**

CONTROLLED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2015**

**Education and Training Directorate
Operating Statement
For the Year Ended 30 June 2015**

	Note No.	Actual 2015 \$'000	Original Budget 2015 \$'000	Actual 2014 \$'000
Income				
<i>Revenue</i>				
Government Payment for Outputs	4	591,010	608,242	576,019
User Charges – ACT Government	5	461	557	362
User Charges – Non-ACT Government	5	17,600	15,928	17,061
Interest	6	1,409	1,250	1,546
Distribution from Investments with the Territory Banking Account	7	82	118	102
Resources Received Free of Charge	8	621	385	535
School and Other Revenue	9	21,358	20,011	21,119
Total Revenue		632,541	646,491	616,744
<i>Gains</i>				
Gains on Investments	10	29	-	15
Other Gains	11	107	-	-
Total Gains		136	-	15
Total Income		632,677	646,491	616,759
Expenses				
Employee Expenses	12	426,307	420,853	415,426
Superannuation Expenses	13	62,661	62,454	61,266
Supplies and Services	14	64,423	69,717	64,886
Depreciation and Amortisation	15	60,556	67,847	65,031
Grants and Purchased Services	16	21,093	31,902	22,010
Borrowing Costs	17	6	12	8
School and Other Expenses	18	63,699	63,695	62,714
Total Expenses		698,745	716,480	691,341
Operating (Deficit)		(66,068)	(69,989)	(74,582)
Other Comprehensive Income				
(Decrease) in Asset Revaluation Surplus	32	(1,300)	-	(145,970)
Total Other Comprehensive (Deficit)		(1,300)	-	(145,970)
Total Comprehensive (Deficit)		(67,368)	(69,989)	(220,552)

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

**Education and Training Directorate
Balance Sheet
As at 30 June 2015**

	Note No.	Actual 2015 \$'000	Original Budget 2015 \$'000	Actual 2014 \$'000
Current Assets				
Cash and Cash Equivalents	21	81,577	79,835	70,223
Receivables	22	5,099	4,732	4,308
Investments	23	260	260	259
Other Assets	27	897	2,098	1,045
Total Current Assets		87,833	86,925	75,835
Non-Current Assets				
Investments	23	1,875	1,831	1,846
Property, Plant and Equipment	24	1,790,347	1,983,950	1,834,014
Intangible Assets	25	2,618	391	758
Capital Works in Progress	26	24,524	42,287	16,238
Total Non-Current Assets		1,819,364	2,028,459	1,852,856
Total Assets		1,907,197	2,115,384	1,928,691
Current Liabilities				
Payables	28	6,305	4,059	8,452
Finance Leases	29	-	44	75
Employee Benefits	30	137,770	123,596	132,396
Other Liabilities	31	4,847	4,171	5,706
Total Current Liabilities		148,922	131,870	146,629
Non-Current Liabilities				
Finance Leases	29	-	11	71
Employee Benefits	30	12,016	12,728	12,595
Other Liabilities	31	2,589	73	2,589
Total Non-Current Liabilities		14,605	12,812	15,255
Total Liabilities		163,527	144,682	161,884
Net Assets		1,743,670	1,970,702	1,766,807
Equity				
Accumulated Funds		878,335	958,097	900,172
Asset Revaluation Surplus	32	865,335	1,012,605	866,635
Total Equity		1,743,670	1,970,702	1,766,807

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

**Education and Training Directorate
Statement of Changes in Equity
For the Year Ended 30 June 2015**

		Accumulated Funds Actual 2015 \$'000	Asset Revaluation Surplus Actual 2015 \$'000	Total Equity Actual 2015 \$'000	Original Budget 2015 \$'000
	Note No.				
Balance at 1 July 2014		900,172	866,635	1,766,807	1,940,602
Comprehensive Income					
Operating (Deficit)		(66,068)	-	(66,068)	(69,989)
(Decrease) in the Asset Revaluation Surplus	32	-	(1,300)	(1,300)	-
Total Comprehensive (Deficit)/ Income		(66,068)	(1,300)	(67,368)	(69,989)
Transactions Involving Owners Affecting Accumulated Funds					
Capital Injections		90,329	-	90,329	100,089
Net Assets transferred out as part of an Administrative Restructure	33	(46,098)	-	(46,098)	-
Total Transactions Involving Owners Affecting Accumulated Funds		44,231	-	44,231	100,089
Balance at 30 June 2015		878,335	865,335	1,743,670	1,970,702

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Education and Training Directorate
Statement of Changes in Equity - Continued
For the Year Ended 30 June 2015**

	Accumulated Funds Actual 2014 \$'000	Asset Revaluation Surplus Actual 2014 \$'000	Total Equity Actual 2014 \$'000
Note No.			
Balance at 1 July 2013	907,345	1,012,605	1,919,950
Comprehensive Income			
Operating (Deficit)	(74,582)	-	(74,582)
(Decrease) in the Asset			
Revaluation Surplus	32	-	(145,970)
Total Comprehensive (Deficit)	(74,582)	(145,970)	(220,552)
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	67,409	-	67,409
Total Transactions Involving Owners Affecting Accumulated Funds	67,409	-	67,409
Balance at 30 June 2014	900,172	866,635	1,766,807

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Education and Training Directorate
Cash Flow Statement
For the Year Ended 30 June 2015**

	Note No.	Actual 2015 \$'000	Original Budget 2015 \$'000	Actual 2014 \$'000
Cash Flows from Operating Activities				
Receipts				
Government Payment for Outputs		591,010	608,242	576,019
User Charges		17,454	16,485	19,179
Interest Received		1,409	1,250	1,654
Distribution from Investments with the Territory Banking Account		87	118	15
Schools And Other		20,396	20,011	21,684
Goods and Services Tax Received		25,015	21,127	21,991
Total Receipts from Operating Activities		655,371	667,233	640,542
Payments				
Employees		421,972	417,122	399,754
Superannuation		62,354	62,456	60,396
Supplies and Services		63,932	68,985	62,229
Grants and Purchased Services		21,457	31,902	20,223
Borrowing Costs		6	12	8
Schools and Other		63,175	63,893	62,653
Goods and Services Tax Paid		24,721	21,127	23,075
Total Payments from Operating Activities		657,617	665,497	628,338
Net Cash (Outflows)/Inflows from Operating Activities	39	(2,246)	1,736	12,204
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale of Property, Plant and Equipment		41	-	25
Payments				
Purchase of Property, Plant and Equipment		76,731	82,849	75,814
Net Cash (Outflows) from Investing Activities		(76,690)	(82,849)	(75,789)
Cash Flows from Financing Activities				
Receipts				
Capital Injections		90,329	100,089	67,409
Loan Proceeds		-		2,517
Payments				
Repayment of Finance Leases		39	50	56
Net Cash Inflows from Financing Activities		90,290	100,039	69,870
Net Increase in Cash and Cash Equivalents Held		11,354	18,926	6,285
Cash and Cash Equivalents at the Beginning of the Reporting Period		70,223	60,909	63,938
Cash and Cash Equivalents at the End of the Reporting Period	39	81,577	79,835	70,223

The above Cash Flow Statement is to be read in conjunction with the accompanying notes.

**Education and Training Directorate
Summary of Output Classes
For the Year Ended 30 June 2015**

	Output Class 1 \$'000	Output Class 2 \$'000	Output Class 3 \$'000	Total \$'000
2015				
Total Income	600,881	3,088	28,708	632,677
Total Expenses	(668,064)	(3,457)	(27,224)	(698,745)
Operating (Deficit)/Surplus	(67,183)	(369)	1,484	(66,068)
2014				
Total Income	581,622	4,404	30,733	616,759
Total Expenses	(658,990)	(4,108)	(28,243)	(691,341)
Operating (Deficit)/Surplus	(77,368)	296	2,490	(74,582)

Education and Training Directorate
Operating Statement for Output Class 1 – Public School Education
For the Year Ended 30 June 2015

Description

This output contributes to the provision of preschool, primary, high, secondary and special school education in public schools to all enrolled students, early intervention and regulation of education and care services. Delivery of early intervention services transitioned to the National Disability Insurance Scheme from 1 January 2015.

	Actual 2015 \$'000	Original Budget 2015 \$'000	Actual 2014 \$'000
Income			
<i>Revenue</i>			
Government Payment for Outputs	559,656	566,922	541,535
User Charges – ACT Government	460	556	362
User Charges – Non-ACT Government	17,573	15,919	16,869
Interest	1,392	1,250	1,531
Distribution from Investments with the Territory Banking Account	82	115	101
Resources Received Free of Charge	615	384	529
School and Other Revenue	20,967	19,622	20,680
Total Revenue	600,745	604,768	581,607
<i>Gains</i>			
Gains on Investments	29	-	15
Other Gains	107	-	-
Total Gains	136	-	15
Total Income	600,881	604,768	581,622
Expenses			
Employee Expenses	418,985	413,301	407,712
Superannuation Expenses	61,584	61,316	60,128
Supplies and Services	61,242	66,575	61,615
Depreciation and Amortisation	60,377	67,657	64,910
Grants and Purchased Services	2,171	2,051	1,903
Borrowing Costs	6	12	8
School and Other Expenses	63,699	63,580	62,714
Total Expenses	668,064	674,492	658,990
Operating (Deficit)	(67,183)	(69,724)	(77,368)

Education and Training Directorate
Operating Statement for Output Class 2 – Non Government Education
For the Year Ended 30 June 2015

Description

This output contributes to the maintenance of standards in non-government schools and home education through compliance and registration, accreditation and certification of senior secondary courses, support and liaison with the non-government sector, administration and payment of Commonwealth Government and Territory grants for the non-government sector and the conduct of an annual non-government schools census.

	Actual 2015 \$'000	Original Budget 2015 \$'000	Actual 2014 \$'000
Income			
<i>Revenue</i>			
Government Payment for Outputs	2,669	2,357	3,765
User Charges – ACT Government	1	-	-
User Charges – Non-ACT Government	27	9	192
Interest	14	-	14
Distribution from Investments with the Territory Banking Account	-	1	1
Resources Received Free of Charge	5	-	5
Other Revenue	372	360	427
<i>Total Revenue</i>	<u>3,088</u>	<u>2,727</u>	<u>4,404</u>
Total Income	<u>3,088</u>	<u>2,727</u>	<u>4,404</u>
Expenses			
Employee Expenses	1,658	1,436	1,608
Superannuation Expenses	244	241	237
Supplies and Services	1,054	1,044	833
Depreciation and Amortisation	174	183	115
Grants and Purchased Services	327	-	1,315
Other Expenses	-	3	-
Total Expenses	<u>3,457</u>	<u>2,907</u>	<u>4,108</u>
Operating (Deficit)/Surplus	<u>(369)</u>	<u>(180)</u>	<u>296</u>

Education and Training Directorate
Operating Statement for Output Class 3 – Vocational Education and Training
For the Year Ended 30 June 2015

Description

This output contributes to the planning, funding, managing and reporting services for Vocational Education and Training opportunities, programs and initiatives in the ACT.

	Actual 2015 \$'000	Original Budget 2015 \$'000	Actual 2014 \$'000
Income			
<i>Revenue</i>			
Government Payment for Outputs	28,685	38,963	30,719
User Charges – ACT Government	-	1	-
User Charges – Non-ACT Government	-	-	-
Interest	3	-	1
Distribution from Investments with the Territory Banking Account	-	2	-
Resources Received Free of Charge	1	1	1
Other Revenue	19	29	12
Total Revenue	28,708	38,996	30,733
Total Income	28,708	38,996	30,733
Expenses			
Employee Expenses	5,664	6,116	6,106
Superannuation Expenses	833	897	901
Supplies and Services	2,127	2,098	2,438
Depreciation and Amortisation	5	7	6
Grants and Purchased Services	18,595	29,851	18,792
Other Expenses	-	112	-
Total Expenses	27,224	39,081	28,243
Operating Surplus/(Deficit)	1,484	(85)	2,490

**Education and Training Directorate
Controlled Statement of Appropriation
For the Year Ended 30 June 2015**

	Note	Original Budget 2015 \$'000	Total Appropriated 2015 \$'000	Appropriation Drawn 2015 \$'000	Appropriation Drawn 2014 \$'000
Controlled					
Government Payment for Outputs	4	608,242	623,718	591,010	589,429
Capital Injections		100,089	120,361	90,329	80,122
Total Controlled Appropriation		708,331	744,079	681,339	669,551

The above Controlled Statement of Appropriation should be read in conjunction with the accompanying notes.

Column Heading Explanations

The *Original Budget* column shows the amounts that appear in the Cash Flow Statement in the Budget Papers. This amount also appears in these financial statements, in the Cash Flow Statement.

The *Total Appropriated* column is inclusive of all appropriation variations occurring after the Original Budget.

The *Appropriation Drawn* is the total amount of appropriation received by the Directorate during the year. This amount appears in these financial statements, in the Cash Flow Statement.

Variances between 'Original Budget' and 'Total Appropriated'

Government Payment for Outputs

The difference between the original budget and total appropriated is mainly due to new and increased Commonwealth grants (\$8.818m) primarily related to National Education Reform (Students First), Universal Access to Early Childhood Education and Building Australia's Future Workforce - Skills Reform national partnerships and funding transferred from 2013-14 (\$6.943m). The funding transferred from 2013-14 is mainly related to delayed expenditure of Commonwealth funding for Improving Teacher Quality, Training Places for Single and Teen Parents, Joint Group Training Program and Literacy and Numeracy national partnerships combined with the timing of course completions associated with the Vocational Education national partnership and funding allocated to the Schools Information Communication Technology (ICT) administration system upgrade. The increase is partially offset by the transfer of childcare centres and associated funding to the Chief Minister, Treasury and Economic Development Directorate (\$0.285m) on 31 January 2015.

Capital Injection

The difference between the original budget and total appropriated relates to the transfer of funds from 2013-14 (\$23.310m). The transfer of funds from 2013-14 primarily relates to late receipt of Commonwealth funding for Trade Training Centres, delays in completion of tendering processes for the Coombs P-6 School and invoices received but not paid at year-end for the Sustaining Smart Schools initiative. The increase is partially offset by the transfer of childcare centres and the associated funding to the Chief Minister, Treasury and Economic Development Directorate (\$3.038m).

**Education and Training Directorate
Controlled Statement of Appropriation - Continued
For the Year Ended 30 June 2015**

Variances between 'Total Appropriated' and 'Appropriation Drawn'

Government Payment for Outputs

The difference between the total appropriated and appropriation drawn mainly relates to funds transferred to 2015-16 (\$32.479m). The transfer of funds into 2015-16 primarily relates to the timing of wages and salary payments, Vocational Education course completions, Commonwealth payments associated with the Vocational Education national partnership and delays in the commencement of the Schools ICT administration system upgrade.

Capital Injections

The difference between the total appropriated and the appropriation drawn mainly relates to the transfer of funds to 2015-16 (\$25.154m). The transfer of funds primarily relates to the timing of payments for the Coombs P-6 Primary School (\$11.231m), advance payment from the Commonwealth Government for the Trade Training Centres national partnership (\$5.969m) and minor delays in completion of other projects. In addition, savings from the Coombs P-6 School have been transferred to Government Payment for Outputs for ongoing repairs and maintenance at the school and other projects (\$3.840m).

EDUCATION AND TRAINING DIRECTORATE CONTROLLED NOTE INDEX

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Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 1. OBJECTIVES OF THE DIRECTORATE

Operations and Principal Activities

The Education and Training Directorate (the Directorate) works in partnership with students, parents and the community to ensure that every child in the ACT has access to the opportunity of an excellent education, irrespective of where they live, their personal circumstances or the school they attend. The Directorate works closely with parents, carers and families as well as with government agencies, education and training providers, business and industry to position the ACT as the *Education Capital: Leading the Nation*.

Services of the Directorate include the provision of public school education, regulation of education and care services, registration of non-government schools and home education, and the planning and coordination of vocational education and training. The Directorate provided early intervention programs to children with developmental delay or disability until 31 December 2014. Delivery of early intervention programs transitioned to the National Disability Insurance Scheme from 1 January 2015. Childcare centres transferred to the Chief Minister Treasury and Economic Development Directorate on 31 January 2015.

High achievement for all students through connected and inclusive learning across all sectors of the education system is achieved through a focus on quality learning, inspirational teaching and leadership, high expectations and high performance, connecting with families and the community, and improvement and innovation in business systems.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The *Financial Management Act 1996 (FMA)* requires the preparation of annual financial statements for the Directorate.

The FMA and the *Financial Management Guidelines* issued under the Act, requires the Directorate's financial statements to include:

1. an Operating Statement for the year;
2. a Balance Sheet at the end of the year;
3. a Statement of Changes in Equity for the year;
4. a Cash Flow Statement for the year;
5. a Statement of Appropriation for the year;
6. an Operating Statement for each class of output for the year;
7. a summary of the significant accounting policies adopted for the year; and
8. such other statements as are necessary to fairly reflect the financial operations of the Directorate during the year and its financial position at the end of the year.

These general purpose financial statements have been prepared in accordance with 'Generally Accepted Accounting Principles' (GAAP) as required by the FMA. The financial statements have been prepared in accordance with:

- (i) Australian Accounting Standards; and
- (ii) ACT Accounting and Disclosure Policies.

**Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(a) Basis of Preparation – Continued

The financial statements have been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention, except for assets such as those included in property, plant and equipment and financial instruments which were valued at fair value in accordance with the revaluation policies applicable to the Directorate during the reporting period.

As at 30 June 2015, the Directorate's current assets are insufficient to meet its current liabilities. However, this is not considered a liquidity risk as its cash needs are funded through appropriation from the ACT Government on a cash-needs basis. This is consistent with the whole-of-government cash management regime, which requires excess cash balances to be held centrally rather than within individual Directorate bank accounts.

These financial statements are presented in Australian dollars, which is the Directorate's functional currency.

The Directorate is an individual reporting entity.

(b) Controlled and Territorial Items

The Directorate prepares Controlled and Territorial financial statements. The Controlled financial statements include income, expenses, assets and liabilities over which the Directorate has control. The Territorial financial statements include income, expenses, assets and liabilities that the Directorate administers on behalf of the ACT Government, but does not control, for example on passing of grants to non government schools.

The purpose of the distinction between Controlled and Territorial is to enable an assessment of the Directorate's performance against the decisions it has made in relation to the resources it controls, while maintaining accountability for all resources under its responsibility.

The basis of preparation described in Note 2(a) above applies to both Controlled and Territorial financial statements except where specified otherwise.

(c) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Directorate for the year ending 30 June 2015 together with the financial position of the Directorate as at 30 June 2015.

(d) Comparative Figures

Budget Figures

To facilitate a comparison with Budget Papers, as required by the *Financial Management Act 1996*, budget information for 2014-15 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the Budget Papers.

**Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(d) Comparative Figures - Continued

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified where practical. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

(e) Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000). Use of the “.” symbol represents zero amounts or amounts rounded to zero.

(f) Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. All revenue is recognised to the extent that it is probable that the economic benefits will flow to the Directorate and the revenue can be reliably measured. In addition, the following criteria must be met before revenue is recognised:

Government Payment for Outputs

Government Payment for Outputs are recognised as revenues when the Directorate gains control over the funding. Control over appropriated funds is normally obtained upon the receipt of cash.

Payment for Expenses on Behalf of the Territory

The Payment for expenses on behalf of the Territory is recognised on an accrual basis. Due to the nature of territorial accounting, the Statement of Assets and Liabilities on Behalf of the Territory includes (as applicable) liabilities to, and receivables from, the Territory Banking Account.

User Charges

International private student revenue from fees is recognised in line with service delivery.

Interest

Interest revenue is recognised using the effective interest rate.

Distribution from Investments with the Territory Banking Account

Distribution revenue is received from investments with the Territory Banking Account. This is recognised on an accrual basis.

Revenue Received in Advance

Revenue received in advance is recognised as a liability if there is a present obligation to return the funds received, otherwise all are recorded as revenue.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(g) Resources Received and Provided Free of Charge

Resources received free of charge are recorded as a revenue and as an expense in the Operating Statement at fair value. The revenue is separately disclosed under resources received free of charge, with the expense being recorded in the line item to which it relates. Assets received free of charge as a result of administrative restructure are recorded as a net increase in assets from administrative restructure.

(h) Repairs and Maintenance

The Directorate undertakes major cyclical maintenance on its assets. Where the maintenance leads to an upgrade of the asset, and increases the service potential of the existing asset, the cost is capitalised. Maintenance expenses which do not increase the service potential of the asset are expensed.

(i) Borrowing Costs

Borrowing costs relate to finance leases. Borrowing costs are expensed in the period in which they are incurred.

(j) Waivers of Debt

Debts that are waived during the year under Section 131 of the *Financial Management Act 1996* are expensed during the year in which the right to payment was waived. Further details of waivers are disclosed at **Note 19: Act of Grace Payments, Waivers and Write-offs.**

(k) Current and Non-Current Items

Assets and liabilities are classified as current or non-current in the Balance Sheet and in the relevant notes. Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or when the Directorate does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Assets or liabilities which do not fall within the current classification are classified as non-current.

(l) Impairment of Assets

The Directorate assesses, at each reporting date, whether there is any indication that an asset may be impaired. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's 'fair value less costs of disposal' and its 'value in use'. An asset's 'value in use' is its depreciated replacement cost, where the asset would be replaced if the Directorate were deprived of it.

Any resulting impairment losses for land, buildings and improvements are recognised against the relevant class of asset in the Asset Revaluation Surplus with corresponding reduction to the carrying amount in the Balance Sheet. Where the impairment loss is greater than the balance in the Asset Revaluation Surplus, the difference is expensed in the Operating Statement.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(m) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and the Balance Sheet, cash includes cash at bank and cash on hand. Directorate money held in the Territory Banking Account Cash Fund is classified as a Cash Equivalent.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement and are included as borrowings in the Balance Sheet.

(n) Receivables

Accounts receivable (including trade receivables and other trade receivables) are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

Trade receivables arise in the normal course of selling goods and services to other agencies and to the public. Trade receivables are payable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

The allowance for impairment losses represents the amount of trade receivables and other trade receivables the Directorate estimates will not be repaid. The allowance for impairment losses is based on objective evidence and a review of overdue balances. The Directorate considers the following is objective evidence of impairment:

- becoming aware of financial difficulties of debtors;
- default payments; or
- debts more than 90 days overdue.

The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the allowance is recognised in the Operating Statement.

(o) Investments

Short-term investments are held with the Territory Banking Account in a unit trust called the Cash Enhanced Portfolio. Long-term investments are held with the Territory Banking Account in a unit trust called the Fixed Interest Portfolio. The price of units in both these unit trusts fluctuates in value. The net gain or loss on investments consists of the fluctuation in price of the unit trust between the end of the last reporting period and the end of this reporting period as well as any profit on the sale of units in the trust (the profit being the difference between the price at the end of the last reporting period and the sale price). The net gains or losses do not include interest or dividend income.

These investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices at the reporting date.

**Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(p) Acquisition and Recognition of Property, Plant and Equipment

Property, plant and equipment is initially recorded at cost when they are acquired.

Where property, plant and equipment are acquired at no cost, or minimal cost, cost is its fair value as at the date of acquisition. However property, plant and equipment acquired at no cost or minimal cost as part of a Restructuring of Administrative Arrangements is measured at the transferor's book value.

Property, plant and equipment with a minimum value of \$5,000 (exclusive of GST) are capitalised. Assets below \$5,000 are expensed in the reporting period of purchase. Assets that are individually below the threshold, but for which the aggregate value is material, may be capitalised depending on the nature of the assets.

(q) Measurement of Property, Plant and Equipment after Initial Recognition

Land, buildings and improvements to land are measured at fair value. Plant and equipment including leasehold improvements are measured at cost. Land and buildings are revalued every three years. The most recent complete revaluation of the Directorate's land, buildings and land improvements was performed in 2013-14. A revaluation of the Holder Early Childhood Centre was performed in 2014-15, prior to its transfer to Chief Minister, Treasury and Economic Development Directorate on 31 January 2015.

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the market approach or the cost approach valuation techniques as appropriate. In estimating the fair value of an asset or liability, the Directorate takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for land and non-specialised buildings is measured using the market approach valuation technique. This approach uses prices and other relevant information generated by market transactions involving identical or similar assets. Fair value for specialised assets is measured using the cost approach that reflects the current cost to construct a comparable asset less accumulated depreciation.

(r) Intangible Assets

The Directorate's intangible assets consist of internally generated software. Internally generated software is recognised when it meets the general recognition criteria and where it also meets the specific recognition criteria relating to intangible assets arising from the development phase of an internal project.

Capitalised software has a finite useful life. Software is amortised on a straight line basis over its useful life, over a period not exceeding five years.

Intangible assets are measured at cost.

**Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(s) Depreciation and Amortisation of Non-Current Assets

Non-current assets with a limited useful life are systematically depreciated or amortised over their useful lives in a manner that reflects the consumption of their service potential.

Land has an unlimited useful life and is therefore not depreciated.

Depreciation or amortisation for non-current assets is determined as follows:

Class of Asset	Depreciation/Amortisation	Useful Life (Years)
Buildings and Land Improvements	Straight Line	50
Community and Heritage Assets	Straight Line	50
Leasehold Improvements	Straight Line	5
Plant and Equipment	Straight Line	2-20
Internally Generated Intangibles	Straight Line	2-5

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in **Note 15 – Depreciation and Amortisation**.

(t) Payables

Payables are a financial liability and are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. All amounts are normally settled within 30 days after the invoice date.

Payables include Trade Payables and Accrued Expenses.

Trade Payables represent the amounts owing for goods and services received prior to the end of the reporting period and unpaid at the end of the reporting period and relating to the normal operations of the Directorate. Accrued Expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received by period end.

(u) Joint Arrangements

The Directorate is involved in a joint operation with the Catholic Education Office at Gold Creek Primary School and its share of assets, liabilities, income and expenses have been recognised in the Directorate's financial statements under appropriate headings consistent with AASB 11 'Joint Arrangements'. Please refer to **Note 38 – Interest in a Joint Operation** for details.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(v) Leases

The Directorate has entered into finance leases and operating leases.

Finance Leases

Finance leases effectively transfer to the Directorate substantially all the risks and rewards incidental to ownership of the assets under a finance lease. The Directorate's finance leases mainly relate to office equipment and motor vehicles. Finance leases are initially recognised as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments each being determined at the inception of the lease. Assets under finance lease are depreciated over the shorter of the asset's useful life and lease term. Leased assets are depreciated on a straight line basis. The depreciation is calculated after first deducting any residual values which remain for each leased asset. Each lease payment is allocated between interest expense and reduction of the lease liability. Lease liabilities are classified as current and non-current.

Due to a change in the whole-of-government car leasing arrangements with SG Fleet, the Directorate's motor vehicle leases are classified as operating leases rather than finance leases from 23 April 2015.

Operating Leases

Operating leases do not effectively transfer to the Directorate substantially the entire risks and rewards incidental to ownership of the asset under an operating lease. Operating lease payments are recorded as an expense in the Operating Statement on a straight-line basis over the term of the lease.

(w) Employee Benefits

Employee benefits include

- short-term employee benefits such as wages and salaries, annual leave loading, and applicable on-costs, if expected to be settled wholly within twelve months after the end of the annual reporting period in which the employees render the related services;
- other long-term benefits such as long service leave and annual leave; and
- termination benefits.

On-costs include annual leave, long service leave, superannuation and other costs that are incurred when employees take annual and long service leave.

Wages & Salaries

Accrued salaries and wages are measured at the amount that remains unpaid to employees at the end of the reporting period.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(w) Employee Benefits – Continued

Annual and Long Service Leave

Annual and long service leave including applicable on-costs that are not expected to be wholly settled within twelve months after the end of the reporting period when the employees render the related service are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At the end of each reporting period end, the present value of annual leave and long service leave payments is estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

Annual leave liabilities have been estimated on the assumption they will be wholly settled within three years. In 2014-15 the rate used to estimate the present value of future payments is 101.0% (100.9% in 2013-14).

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years of qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and applicable on-costs. In 2014-15, the rate used to estimate the present value of future payments for long service leave is 104.2% (103.5% in 2013-14).

The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in-service, the probability that employees will take annual and long service leave while in service has been taken into account in estimating the liability for on-costs.

The significant judgements and assumptions included in the estimation of annual and long service leave liabilities are determined by an actuary. The Australian Government Actuary performed this assessment in May 2014. The assessment by an actuary is performed every 5 years. However it may be performed more frequently if there is a significant contextual change in the parameters underlying the 2014 report. The next actuarial review is expected to be undertaken by May 2019. Further information about this estimate is provided in **Note 2 (ad) – Significant Accounting Judgements and Estimates**.

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because the Directorate has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

(x) Superannuation

The Directorate receives funding for superannuation payments as part of the Government Payment for Outputs. The Directorate then makes payments on a fortnightly basis to the Territory Banking Account, to cover the Directorate's superannuation liability for the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). This payment covers the CSS/PSS employer contribution, but does not include the productivity component. The productivity component is paid directly to ComSuper by the

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(x) Superannuation – Continued

Directorate. The CSS and PSS are defined benefit superannuation plans meaning that the defined benefits received by employees are based on the employee's years of service and average final salary.

Superannuation payments have also been made directly to superannuation funds for those members of the Public Sector who are part of superannuation accumulation schemes. This includes the Public Sector Superannuation Scheme Accumulation Plan (PSSAP) and schemes of employee choice.

Superannuation employer contribution payments, for the CSS and PSS, are calculated, by taking the salary level at an employee's anniversary date and multiplying it by the actuarially assessed nominal CSS or PSS employer contribution rate for each employee. The productivity component payments are calculated by taking the salary level, at an employee's anniversary date, and multiplying it by the employer contribution rate (approximately 3%) for each employee. Superannuation payments for the PSSAP are calculated by taking the salary level, at an employee's anniversary date, and multiplying it by the appropriate employer contribution rate. Superannuation payments for fund of choice arrangements are calculated by taking an employee's salary each pay and multiplying it by the appropriate employer contribution rate.

The total Territory superannuation liability for the CSS and PSS, and ComSuper is recognised in the Chief Minister, Treasury and Economic Development Directorate's Superannuation Provision Account and the external schemes recognise the superannuation liability for the PSSAP and other schemes respectively. This superannuation liability is not recognised at individual agency level.

(y) Equity Contributed by the ACT Government

Contributions made by the ACT Government, through its role as owner of the Directorate, are treated as contributions of equity.

Increases or decreases in net assets as a result of Administrative Restructures are also recognised in equity.

(z) Insurance

The Directorate insures its major risks through the ACT Insurance Authority. The excess payable, under this arrangement, varies depending on each class of insurance held.

(aa) Taxation

The Directorate's activities are exempt from all forms of taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). The amount of FBT paid in the year was \$0.075 million (\$0.058 million; 2013-14). This amount is in the Operating Statement under employee expenses.

Revenue, expenses and assets are recognised net of GST except to the extent that the amount of GST incurred by the purchaser is not recoverable from the Australian Taxation Office.

Cash flows relating to GST are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Balance Sheet.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(ab) Contingent Liabilities and Assets

Contingent liabilities include all provisions not meeting both of the recognition criteria of a liability. These criteria are: whether it is probable that the future sacrifice of economic benefits will be required; and whether the amount of the liability can be measured reliably. Contingent assets include any assets that do not meet both of the recognition criteria for an asset. These criteria are: whether it is probable that the future economic benefits embodied in the asset will eventuate and the asset possesses a cost or other value that can be measured reliably. The contingent liabilities are disclosed in **Note 37 – Contingent Liabilities and Contingent Assets**. There are no contingent assets.

(ac) Budgetary Reporting

Explanations of major variances between the 2014-15 original budget and the 30 June 2015 actual results are presented in **Notes 40 and 50 Budgetary Reporting**. The definition of 'major variances' and the 'original budget' are also provided in **Notes 40 and 50 Budgetary Reporting**. The 2014-15 budget numbers have not been audited.

Budgetary reporting is disclosed for both Controlled and Territorial financial statements with the exception of Statement of Changes in Equity as relevant line items are included in other financial statements.

(ad) Significant Accounting Judgements and Estimates

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

- a. *Fair Value of Land and Buildings*: The Directorate has made a significant estimate regarding the fair value of its land and buildings. Land and buildings have been recorded at the market value of similar properties, less accumulated depreciation, as determined by an independent valuer.
Note 2(q) - Measurement of Property, Plant and Equipment after Initial Recognition.
- b. *Employee Benefits*: Significant judgements have been applied in estimating the liability for employee benefits. The estimated liability for annual and long service leave requires a consideration of the future wages and salary levels, experience of employee departures, probability that leave will be taken in service and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will become payable. Further information on this estimate is provided in **Note 2(w) - Employee Benefits.**
- c. *Useful Lives of Property, Plant & Equipment*: Property, Plant and Equipment is systematically depreciated over its estimated useful life. The estimated useful life of Property, Plant and Equipment is based on historical experience of similar assets and in some cases has been based on assessment by an independent valuer. The estimated useful life of Property, Plant and Equipment is reassessed each year and adjusted when the condition and other factors affecting the useful life of Property, Plant and Equipment indicate an adjustment is warranted.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(ad) Significant Accounting Judgements and Estimates – Continued

- d. Impairment:* Property, Plant and Equipment is annually assessed for impairment. If this assessment indicates an asset is impaired, then the asset's recoverable amount must be estimated to determine any impairment. For 2014-15, the Directorate has undertaken an assessment in relation to the school buildings and other property plant and equipment. The Directorate's impairment assessment is based on the utilisation of the asset. An adjustment is reflected in the financial statements if the overall impairment is material. The impairment of assets was reduced by \$0.487 million during 2014-15 from \$1.13 million in 2013-14 to \$0.643 million in 2014-15 due to increased utilisation of assets (2013-14 no change).

(ae) After Balance Date Events

There are no known events occurring after 30 June 2015 that will materially affect the financial statements.

(af) Impact of Accounting Standards Issued but yet to be Applied

There are a number of new and revised accounting standards and interpretations that have been issued by the Australian Accounting Standards Board, are applicable to the Directorate, but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods. The Directorate does not intend to adopt these standards and interpretations early and has determined that they will have no material financial impact on the Directorate in future reporting periods.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 3. CHANGE IN ACCOUNTING POLICY, ACCOUNTING ESTIMATES AND CORRECTION OF A PRIOR PERIOD ERROR

a) Change in Accounting Estimates

As disclosed in **Note 2 (w) – Employee Benefits**, annual leave and long service leave, including applicable on-costs that do not fall due in the next 12 months are measured at the present value of estimated payments to be made in respect of services provided by employees up to the reporting date. The present value of future payments is estimated using the Commonwealth Bond rate.

Last financial year the rate used to estimate the present value of future long service leave and annual leave payments was 103.5% for long service leave and 100.9% for annual leave. Due to a change in the Commonwealth Bond rate at 30 June 2015, the rate for 2014-15 is 104.2% for long service leave and 101.0% for annual leave. As such the estimate of the long service leave and annual leave liabilities has changed. This change has resulted in a decrease to the estimate of the long service leave liability and expense in the current reporting period of approximately \$0.625 million and an increase to the estimate of the annual leave liability and expense in the current reporting period of approximately \$0.292 million.

As disclosed in **Note 24 – Property, Plant and Equipment** the Directorate revalued its Land, Buildings, Improvements to Land and Community and Heritage assets in 2013-14. This review resulted in an adjustment to the useful lives and residual value of some assets.

b) Change in Accounting Policy

There have been no changes to accounting policy in 2014-15.

c) Correction of Prior Period Errors

Territorial Financial Statements

On 10 August 2015, the Directorate received advice from an external tax consultant regarding the treatment of the GST component of Commonwealth Government grants received as Payment of Expenses on Behalf of the Territory, and on passed to non-government schools as Grants and Purchased Services. The advice concluded that the Directorate is not required to separately account for the GST component of these grants. As a result, the respective balances in the Statement of Income and Expenses on Behalf of the Territory and related notes include the full amount of Commonwealth Government grants received and on passed to non-government schools in 2014-15. For comparative purposes, the balances in the Statement of Income and Expenses on Behalf of the Territory, and related notes have been restated in 2013-14 to present the correct balances. The table below provides details of the restated 2013-14 balances. There were no other corrections of prior period errors in 2014-15.

Financial Statement Line Item				
Statement of Income and Expenses on Behalf of the Territory (Extract)	Note No.	Actual 2014 \$'000	Correction of an Error Adjustment \$'000	Restated Actual 2014 \$'000
Payment for Expenses on Behalf of the Territory	41	220,648	16,546	237,194
Total Revenue		220,662	16,546	237,208
Grants and Purchased Services	43	220,648	16,546	237,194
Total Expenses		220,662	16,546	237,208
Operating Result		-	-	-

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

2015 2014
\$'000 \$'000

NOTE 4. GOVERNMENT PAYMENT FOR OUTPUTS

Government Payment for Outputs

Government Payment for Outputs ¹	591,010	576,019
Total	591,010	576,019

1. The increase is mainly due to pay increases associated with enterprise agreements for staff and enrolment increases in public schools.

NOTE 5. USER CHARGES – ACT AND NON-ACT GOVERNMENT

User Charges - ACT Government

User Charges - ACT Government	461	362
Total	461	362

User Charges - Non - ACT Government

International Private Students Program ¹	8,146	6,760
Active Leisure Centre - Hire of Facilities and Recreational Activities	3,656	3,588
Commonwealth National Agreements ²	4,678	4,806
Commonwealth Own Purpose Payments (COPE) / Specific Projects ³	940	1,671
Other	180	236
Total	17,600	17,061

1. The increase primarily relates to additional international students combined with an increase in fees.
2. Relates to Commonwealth funding for the Jervis Bay Primary School and the French-Australia Program at Telopea Park School.
3. The decrease primarily relates to lower levels of participation in the Commonwealth Government's Residence Determination Program which resulted in lower revenue.

NOTE 6. INTEREST

Interest

Interest earned from School Management Accounts and Other Cash Held ¹	1,409	1,546
Total	1,409	1,546

1. The decrease primarily relates to lower interest rates in 2014-15.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

	2015 \$'000	2014 \$'000
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**NOTE 7. DISTRIBUTION FROM INVESTMENTS WITH THE
TERRITORY BANKING ACCOUNT**

Revenue from ACT Government Entities

Distribution from Investments with the Territory Banking Account

	82	102
Total	82	102

NOTE 8. RESOURCES RECEIVED FREE OF CHARGE

This relates to legal advice and other legal services provided by the ACT Government Solicitor's Office.

Revenue from ACT Government Entities

Legal Services

	621	535
Total	621	535

NOTE 9. SCHOOL AND OTHER REVENUE

School and Other revenue mainly comprises revenue collected in schools including voluntary contributions, fund raising revenue and excursion funds.

Other Revenue

School Revenue

ACT Teacher Quality Institute

Other¹

	19,861	19,461
	793	820
	704	838
Total	21,358	21,119

1. Includes revenue from gains on the sale of assets of \$0.045 million in 2014-15 and \$0.025 million in 2013-14.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

2015 2014
\$'000 \$'000

NOTE 10. GAINS ON INVESTMENTS

Gains on Investments

Unrealised Gains on Investments with the Territory Banking Account	29	15
Total	29	15

NOTE 11. OTHER GAINS

Other gains are transactions that are not part of the Directorate's core activities. Other gains are distinct from other revenue, as other revenue arises from the core activities of the Directorate.

Gain from De-recognition of Finance Lease Liabilities ^{1,2}	107	-
Total	107	-

1. The net impact of the gross loss of \$0.211 million on the de-recognition of the leased vehicles (refer to **Note 18: School and Other Expenses**) and the gross gain of \$0.107 million on the de-recognition of the finance lease liability, was a net loss of \$0.104 million. Also refer to **Note 2(v): Summary of Significant Accounting Policies – leases**.
2. Due to a change in the whole-of-government motor vehicle leasing arrangements with SG Fleet on 23 April 2015, leases are classified as operating leases rather than finance leases from 23 April 2015.
3. The revenue associated with the disposal of assets is reported under **Note 9 – School and Other Revenue**.

NOTE 12. EMPLOYEE EXPENSES

Wages and Salaries ¹	410,080	387,586
Movement in Employee Benefits ²	4,796	16,398
Workers' Compensation Insurance Premium	11,431	11,442
Total	426,307	415,426

1. The increase is mainly due to wage increases provided through the enterprise bargaining agreement for teaching and non teaching staff.
2. The movement in employee expenses primarily relates to the impact of present value rates for long service leave and annual leave (refer **Note 2(w) - Employee Benefits and 3(a) - Change in Accounting Estimate**).

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

	2015	2014
	\$'000	\$'000

NOTE 13. SUPERANNUATION EXPENSES

Superannuation Contributions to the Territory Banking Account	34,641	36,217
Productivity Benefit	4,973	5,105
Superannuation Payment to ComSuper (for the PSSAP)	1,190	1,077
Superannuation to External Providers ¹	21,857	18,867
Total	62,661	61,266

1. The increase is mainly due to increased staff utilising external superannuation providers following the closure of the Public Sector Superannuation Scheme, the Commonwealth Superannuation Scheme and the Public Sector Superannuation Accumulation Plan to new entrants.

NOTE 14. SUPPLIES AND SERVICES

Property and Maintenance ¹	20,737	18,958
Materials and Services ²	27,619	28,947
Travel and Transport	6,711	7,238
Administrative	3,146	3,268
Financial ³	4,501	4,760
Operating Lease Costs	1,505	1,434
Audit Fees ⁴	137	183
Asset Write-Off	67	98
Total	64,423	64,886

1. The increase is primarily due to accelerated repairs and maintenance expenditure in schools in 2014-15.
2. The reduction in costs is mainly due to the finalisation of the Digital Education Revolution National Partnership Program and the associated expenditure.
3. Includes insurance and other financial services.
4. Audit fees include internal and external audit fees. Refer **Note 20 – Auditor's Remuneration** for fees paid to the ACT Audit Office.

NOTE 15. DEPRECIATION AND AMORTISATION

Depreciation

Buildings and Land Improvements ¹	49,450	53,610
Plant and Equipment	10,756	11,045
Leasehold Improvements	194	196
Community and Heritage Assets	8	35
Total Depreciation	60,408	64,886

Amortisation

Intangible Assets	148	145
Total Amortisation	148	145

Total Depreciation and Amortisation	60,556	65,031
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1. The decrease primarily relates to a reduction in the Directorate's asset values following the revaluation of buildings and land improvements from 1 July 2014.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

	2015 \$'000	2014 \$'000
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NOTE 16. GRANTS AND PURCHASED SERVICES

Grant Payments - educational, apprenticeships and vocational education.	21,093	22,010
Total	21,093	22,010

NOTE 17. BORROWING COSTS

Finance Charges on Finance Leases	6	8
Total	6	8

NOTE 18. SCHOOL AND OTHER EXPENSES

Mainly comprises utilities, cleaning, security and maintenance costs in schools as well as educational enrichment activities.

School Expenses	61,919	61,996
Other Expenses ¹	1,569	718
Loss on De-recognition of Motor Vehicle Lease ^{2,3}	211	-
Total	63,699	62,714

1. The increase mainly relates to expenditure associated with delivery of early intervention services by the National Disability Insurance Scheme from 1 January 2015.
2. The net impact of the gross loss of \$0.211 million on the de-recognition of the leased vehicles and the gross gain of \$0.107 million on the de-recognition of the finance lease liability (refer to **Note 11: Other Gains**) was a net loss of \$0.104 million. Also refer to **Note 2(v): Summary of Significant Accounting Policies – leases**.
3. Due to a change in the whole-of-government motor vehicle leasing arrangements with SG Fleet on 23 April 2015, leases are classified as operating leases rather than finance leases from 23 April 2015.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

	2015 \$'000	2014 \$'000
NOTE 19. ACT OF GRACE PAYMENTS, WAIVERS AND WRITE-OFFS		
Write-Off of Assets ¹	67	98
Total	67	98

1. The expense associated with the write-off of assets is reported under Note 14 - Supplies and Services.

NOTE 20. AUDITOR'S REMUNERATION

Auditor's remuneration consists of payments for financial audit services provided to the Directorate by the ACT Audit Office. No other services were provided by the ACT Audit Office.

Audit Services

Audit Fees Paid or Payable to the ACT Audit Office	126	122
Total	126	122

NOTE 21. CASH AND CASH EQUIVALENTS

The Directorate holds a number of bank accounts with the Westpac Bank as part of the whole-of-government banking arrangements.

Central Office Bank Accounts ¹	40,764	27,567
School Management Accounts	39,787	39,838
ACT Teacher Quality Institute	733	1,240
Other Operations Bank Accounts ²	283	1,567
Cash on Hand	10	11
Total	81,577	70,223

1. The increase mainly relates to cash held for the 27th pay in 2015-16 (occurs every 12 years).
2. The reduction primarily relates to the finalisation of the Digital Education Revolution Program.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

2015
\$'000

2014
\$'000

NOTE 22. RECEIVABLES

Current Receivables

Trade Receivables	998	241
Less: Allowance for Impairment Losses	(143)	(147)
	855	94
Other Trade Receivables ¹	815	490
Less: Allowance for Impairment Losses	-	-
	815	490
Accrued Revenue and Interest	35	36
Net Goods and Services Tax Receivable	3,394	3,688
Total	3,429	3,724

Total Current Receivables	5,099	4,308
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1. Increase mainly relates to receivables in schools for hire of facilities.

Ageing of Receivables

	Not Overdue \$'000	Overdue			Total \$'000
		Less than 30 Days \$'000	30 to 60 Days \$'000	Greater than 60 Days \$'000	
2015					
Not Impaired					
Receivables	3,838	695	30	536	5,099
Impaired					
Receivables	-	-	-	143	143
2014					
Not Impaired					
Receivables	3,900	28	33	347	4,308
Impaired					
Receivables	-	-	-	147	147

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

2015 2014
\$'000 \$'000

NOTE 22. RECEIVABLES - CONTINUED

Reconciliation of the Allowance for Impairment Losses

Allowance for Impairment Losses at the Beginning of the Reporting Period	147	89
Additional/(Reduction) Allowance Recognised During the Reporting Period	(4)	58
Allowance for Impairment Losses at the End of the Reporting Period	143	147

Classification of ACT Government/Non-ACT Government Receivables

Receivables with ACT Government Entities

Net Trade Receivables	52	76
Net Other Trade Receivables	220	39
Accrued Revenue	21	25
Total Receivables with ACT Government Entities	293	140

Receivables with Non-ACT Government Entities

Net Trade Receivables	946	165
Net Other Trade Receivables	595	451
Accrued Revenue	14	11
Net Goods and Services Tax Receivable	3,394	3,688
Less: Allowance for Impairment Losses	(143)	(147)
Total Receivables with Non- ACT Government Entities	4,806	4,168

Total	5,099	4,308
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Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 23. INVESTMENTS

Short-term investments were held with the Territory Banking Account in the Cash Enhanced Portfolio throughout the year. These funds are able to be withdrawn upon request.

The purpose of the Fixed Interest Portfolio is to hold investments for a period of longer than 12 months. The total carrying amount of the Fixed Interest Portfolio investment below has been measured at fair value.

	2015 \$'000	2014 \$'000
Current Investments		
Investments with the Territory Banking Account - Cash Enhanced Portfolio	260	259
Total Current Investments	<u>260</u>	<u>259</u>
Non-Current Investments		
Investments with the Territory Banking Account - Fixed Interest Portfolio	1,875	1,846
Total Non-Current Investments	<u>1,875</u>	<u>1,846</u>
Total Investments	<u><u>2,135</u></u>	<u><u>2,105</u></u>

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 24. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following classes of assets – land, buildings, improvement to land, leasehold improvements, plant and equipment, and community and heritage assets.

	2015 \$'000	2014 \$'000
Land		
Land at Fair Value ¹	316,745	330,814
Total Land Assets	316,745	330,814
Buildings and Improvements to Land at Fair Value	1,492,913	1,473,760
Less: Accumulated Depreciation	(53,342)	-
Total Written Down Value of Buildings and Improvements to Land	1,439,571	1,473,760
Total Land and Written Down Value of Buildings and Improvements to Land	1,756,316	1,804,574
Leasehold Improvements		
Leasehold Improvements at Cost	5,643	5,643
Less: Accumulated Depreciation	(4,508)	(4,314)
Total Written Down Value of Leasehold Improvements	1,135	1,329
Plant and Equipment		
Plant and Equipment at Cost	105,650	92,739
Less: Accumulated Depreciation	(72,754)	(65,588)
Total Written Down Value of Plant and Equipment	32,896	27,151
Community and Heritage Assets		
Community and Heritage Assets at Fair Value ¹	-	960
Less: Accumulated Depreciation	-	-
Total Written Down Value of Community and Heritage Assets	-	960
Total	1,790,347	1,834,014

1. The decrease relates to the transfer of childcare centre assets to the Chief Minister, Treasury and Economic Development Directorate on 31 January 2015 following a restructuring of administrative arrangements.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 24. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2014-15.

	Land \$'000	Buildings and Improvements to Land \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Community and Heritage Assets \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	330,814	1,473,760	1,329	27,151	960	1,834,014
Additions	-	41,682	-	16,730	-	58,412
Assets Transferred Out	(15,429)	(24,739)	-	-	(948)	(41,116)
Revaluation Increment/(Decrement)	1,360	(2,453)	-	-	-	(1,093)
Depreciation	-	(49,446)	(194)	(10,756)	(12)	(60,408)
De-recognition of Leased Vehicles	-	-	-	(171)	-	(171)
Write-offs/Impairment/Other	-	767	-	(58)	-	709
Carrying Amount at the End of the Reporting Period	316,745	1,439,571	1,135	32,896	-	1,790,347

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 24. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2013-14.

	Land \$'000	Buildings and Improvements to Land \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Community and Heritage Assets \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	275,799	1,659,163	1,525	27,507	960	1,964,954
Additions	-	69,221	-	10,787	6	80,014
Revaluation Increment/(Decrement)	55,015	(201,014)	-	-	29	(145,970)
Depreciation	-	(53,610)	(196)	(11,045)	(35)	(64,886)
Disposals	-	-	-	(13)	-	(13)
Write Offs	-	-	-	(85)	-	(85)
Carrying Amount at the End of the Reporting Period	330,814	1,473,760	1,329	27,151	960	1,834,014

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 24. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Fair Value Hierarchy

The Directorate is required to classify property, plant and equipment into a fair value hierarchy that reflects the significance of the inputs used in determining their fair value. The fair value hierarchy is made up of the following three levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Directorate can access at the 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; and
- Level 3 - inputs that are unobservable for particular assets or liabilities.

Details of the Directorate's property, plant and equipment at fair value and information about the fair value hierarchy as at 30 June 2015 are as follows:

2015

	Classification According to Fair Value Hierarchy			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Property, Plant and Equipment at Fair Value				
Land	-	-	316,745	316,745
Buildings and Improvements to Land	-	-	1,439,571	1,439,571
Community and Heritage Assets	-	-	-	-
	-	-	1,756,316	1,756,316

2014

	Classification According to Fair Value Hierarchy			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Property, Plant and Equipment at Fair Value				
Land	-	13,910	316,904	330,814
Buildings and Improvements to Land	-	27,088	1,446,672	1,473,760
Community and Heritage Assets	-	-	960	960
	-	40,998	1,764,536	1,805,534

- Following a restructuring of Administrative Arrangements, childcare centres transferred to the Chief Minister, Treasury and Economic Development Directorate on 31 January 2015. These assets were classified as Level 2 in 2013-14. All Level 2 assets were transferred to the Chief Minister, Treasury and Economic Development Directorate.

Transfers Between Categories

There have been no transfers between Levels 1, 2 and 3 during the current or previous reporting period.

**Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015**

NOTE 24. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Valuation Techniques, inputs and processes

Level 2 Valuation Techniques and Inputs (2013-14 only)

Valuation Technique: The valuation technique used to value land and buildings is the market approach that reflects recent transaction prices for similar properties and buildings (comparable in location and size).

Inputs: Prices and other relevant information generated by market transactions involving comparable land and buildings were considered. Regard was taken of the Crown Lease terms and tenure, The Australian Capital Territory Plan and the National Capital Plan, where applicable, as well as current zoning.

Level 3 Valuation Techniques and Inputs

Valuation Technique: Land where there is no active market or significant restrictions is valued using market approach which values a selection of land with similar approximate utility.

Level 3 Valuation Techniques and Inputs

Valuation Technique: buildings and improvements to land, and community and heritage assets were considered specialised assets by the valuers and measured using the cost approach that reflects the cost to a market participant to construct assets of comparable utility adjusted for obsolescence. For Buildings, historical cost per square metre of floor area was also used in measuring fair value.

Inputs: In determining the value of land with similar approximate utility, significant adjustments to market based data was required.

Inputs: In determining the value of buildings and improvements to land and community and heritage assets regard was given to the age and condition of the assets, their estimated replacement cost and current use. This required the use of data internal to the Directorate.

There have been no changes to the above valuation techniques during the year.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 24. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Fair value measurements using significant unobservable inputs (Level 3)

Description and Fair Value as at 30 June 2015	Valuation Technique(s)	Significant Unobservable Inputs	Range of Unobservable Inputs (Weighted Average)	Relationship of Unobservable Inputs to Fair Value
\$'000				
Land \$316,745	Market Approach - Direct comparison.	Selection of land with similar approximate utility.	\$100 - \$150 per square metre	Higher value of similar land increases estimated fair value.
Buildings and Improvements to Land including Community and Heritage Assets \$1,439,571	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	2 percent to 5 percent	Greater consumption of economic benefit or increased obsolescence lowers fair value.

Description and Fair Value as at 30 June 2014	Valuation Technique(s)	Significant Unobservable Inputs	Range of Unobservable Inputs (Weighted Average)	Relationship of Unobservable Inputs to Fair Value
\$'000				
Land \$316,904	Market Approach - Direct comparison.	Selection of land with similar approximate utility.	\$100 - \$150 per square metre	Higher value of similar land increases estimated fair value.
Buildings and Improvements to Land including Community and Heritage Assets \$1,447,632	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	2 percent to 5 percent	Greater consumption of economic benefit or increased obsolescence lowers fair value.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
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2015
\$'000

2014
\$'000

NOTE 25. INTANGIBLE ASSETS

The Directorate has internally developed software.

Computer Software¹

Internally Generated Software

Computer Software at Cost²

Less: Accumulated Amortisation

Total Computer Software

3,043	1,017
(425)	(259)
2,618	758

1. During 2014-15 \$2.026 million in software was capitalised and amortisation expense of \$0.166 million was incurred.
2. The movement primarily relates to capitalisation of software associated with the ACT Vocational Education and Training Administration Records System.

NOTE 26. CAPITAL WORKS IN PROGRESS

Capital works in progress are assets being constructed over periods of time in excess of the present reporting period.

Capital Works in Progress

Total

24,524	16,238
24,524	16,238

Reconciliation of Capital Works in Progress

The following table shows the movement of capital works in progress during the reporting periods.

Balance at the Beginning of the Reporting Period	16,238	17,622
Additions	21,775	11,365
Capital Works in Progress Completed and Transferred to Property, Plant and Equipment	(10,980)	(12,749)
Capital Works in Progress Completed and Transferred to Chief Minister Treasury and Economic Development Directorate ¹	(2,509)	-
Carrying Amount at the End of the Reporting Period²	24,524	16,238

1. Opening capital works in progress of \$2.509 million relating to childcare centres, was transferred to the Chief Minister, Treasury and Economic Development Directorate on 31 January 2015. An additional \$2.473 million in capital works was undertaken and transferred during 2014-15.
2. The increase in 2014-15 primarily relates to the Coombs P-6 School.

NOTE 27. OTHER ASSETS

Other Current Assets

Prepayments

Total

897	1,045
897	1,045

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

2015
\$'000

2014
\$'000

NOTE 28. PAYABLES

Payables - ACT Government Entities	33	53
Payables - Non-ACT Government Entities	277	414
Accrued Expenses	5,995	7,985
Total¹	6,305	8,452

Payables are aged as followed

Not Overdue	6,250	8,283
Overdue for Less than 30 Days	28	144
Overdue for 30 to 60 Days	-	2
Overdue for More than 60 Days	27	23
Total	6,305	8,452

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities

Payables	33	53
Accrued Expenses	3,693	5,678
Total Payables with ACT Government Entities	3,726	5,731

Payables with ACT Non-Government Entities

Payables	277	414
Accrued Expenses	2,302	2,307
Total Payables with ACT Non-Government Entities	2,579	2,721

Total	6,305	8,452
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1. The decrease mainly relates to a reduction in accrued expenses associated with Information Communication and Technology payments due to timing.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
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2015
\$'000

2014
\$'000

NOTE 29. FINANCE LEASES¹

Finance Leases

Finance lease commitments are payable as follows:

Within one year	-	81
Later than one year but not later than five years	-	79

Minimum Lease Payments	-	160
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Less: Future Finance Lease Charges	-	(14)
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Total Present Value of Minimum Finance Lease Payments	-	146
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Comprising:

Within one year	-	75
Later than one year not later than five years	-	71

Total	-	146
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Current	-	75
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Non-current	-	71
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Total	-	146
--------------	----------	------------

1. Due to a change in the whole-of-government motor vehicle leasing arrangements with SG Fleet on 23 April 2015, leases are classified as operating leases rather than finance leases from 23 April 2015.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 30. EMPLOYEE BENEFITS

	2015 \$'000	2014 \$'000
Current Employee Benefits		
Annual Leave	33,375	31,772
Long Service Leave	83,236	82,813
Accrued Salaries	21,159	17,811
Total Current Employee Benefits	137,770	132,396
Non-Current Employee Benefits		
Long Service Leave	12,016	12,595
Total Non-Current Employee Benefits	12,016	12,595
Total	149,786	144,991
Estimate of when Leave is Payable		
Estimated Amount Payable within 12 months		
Annual Leave	26,848	24,730
Long Service Leave	6,821	6,353
Accrued Salaries	21,159	17,811
Total Employee Benefits Payable within 12 months	54,828	48,894
Estimated Amount Payable after 12 months		
Annual Leave	6,527	7,042
Long Service Leave	88,431	89,055
Total Employee Benefits Payable after 12 months	94,958	96,097
Total	149,786	144,991

NOTE 31. OTHER LIABILITIES

Current Other Liabilities		
Revenue Received in Advance ¹	4,296	4,155
Schools Revenue Received in Advance	551	1,551
Total	4,847	5,706
Non-Current Other Liabilities		
Other Loans ²	2,589	2,589
Total	2,589	2,589
Total Other	7,436	8,295

1. Primarily relates to revenue received in advance from international students.
2. Relates to loans from the Environment and Planning Directorate for environmentally sustainable projects in schools.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

	2015 \$'000	2014 \$'000
NOTE 32. EQUITY		
Asset Revaluation Surplus		
The Asset Revaluation Surplus is used to record the increments and decrements in the value of the property, plant and equipment.		
Balance at the Beginning of the Reporting Period	866,635	1,012,605
Increment in Land due to Revaluation ¹	1,000	55,015
Decrement in Buildings and Improvements to Land due to Revaluation ¹	(2,300)	(200,985)
Total (Decrease) in the Asset Revaluation Surplus	(1,300)	(145,970)
Balance at the End of the Reporting Period	865,335	866,635

1. Mainly relates to the revaluation of Holder Early Childhood Centre in 2014-15.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 33. RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS

On 31 January 2015, a restructuring of administrative arrangements occurred between Education and Training Directorate (ETD) and Chief Minister Treasury and Economic Development Directorate (CMTEDD) involving the transfer of ETD's responsibility for the management of child care centres. The income and expenses and assets and liabilities transferred as part of the restructuring of administrative arrangements at the date of transfer were as follows:

	Amounts Relating to Function when held by the Education and Training Directorate July 2014 to December 2014	Amounts Transferred to the Chief Minister Treasury and Economic Development Directorate January 2015 to June 2015
Revenue	\$'000	\$'000
Government Payment for Outputs	287	285
Total Revenue	287	285
Expenses		
Employee Expenses	99	71
Superannuation Expenses	11	8
Supplies and Services	177	206
Depreciation and Amortisation	477	360
Total Expenses	764	645
	Transferred Amounts 2014-15 \$'000	
Assets		
Land	15,429	
Buildings and Improvements to Land	24,739	
Community and Heritage Assets	948	
Capital Works In Progress	4,982	
Total Assets Transferred	46,098	
Total Net Assets Transferred	46,098	

There were no transfers resulting from restructure of administrative arrangements in 2013-14.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 34. DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES

Year Ended 30 June 2015

	Output Class 1 \$'000	Output Class 2 \$'000	Output Class 3 \$'000	Unallocated \$'000	Total \$'000
Current Assets					
Cash and Cash Equivalents	39,885	733	-	40,959 ¹	81,577
Investments	260	-	-	-	260
Receivables	5,051	2	46	-	5,099
Other Assets	892	-	5	-	897
Total Current Assets	46,088	735	51	40,959	87,833
Non-Current Assets					
Investments	1,324	-	-	551	1,875
Property, Plant and Equipment	1,790,347	-	-	-	1,790,347
Intangible Assets	842	-	1,776	-	2,618
Capital Works in Progress	24,524	-	-	-	24,524
Total Non-Current Assets	1,817,037	-	1,776	551	1,819,364
Total Assets	1,863,125	735	1,827	41,510	1,907,197
Current Liabilities					
Payables	6,261	4	40	-	6,305
Employee Benefits	135,403	536	1,831	-	137,770
Other Liabilities	4,847	-	-	-	4,847
Total Current Liabilities	146,511	540	1,871	-	148,922
Non-Current Liabilities					
Employee Benefits	11,810	46	160	-	12,016
Other Liabilities	2,589	-	-	-	2,589
Total Non-Current Liabilities	14,399	46	160	-	14,605
Total Liabilities	160,910	586	2,031	-	163,527
Net Assets	1,702,215	149	(204)	41,510	1,743,670

1. Cash and cash equivalents have been included in the 'Unallocated' column above as this class cannot be reliably attributed to the Directorate's output classes. As the amount in cash and cash equivalents held by the Directorate is comprised of a number of disparate components, no single allocation driver can be used to reliably attribute this asset class. The components include working capital, un-presented cheques, and cash for specific purpose payments.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 34. DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES - CONTINUED

Year Ended 30 June 2014

	Output Class 1 \$'000	Output Class 2 \$'000	Output Class 3 \$'000	Unallocated \$'000	Total \$'000
Current Assets					
Cash and Cash Equivalents ¹	40,696	496	-	29,031 ¹	70,223
Investments	-	-	-	259	259
Receivables	4,265	2	41	-	4,308
Other Assets	1,041	-	4	-	1,045
Total Current Assets	46,002	498	45	29,290	75,835
Non-Current Assets					
Investments	1,304	-	-	542	1,846
Property, Plant Equipment	1,834,014	-	-	-	1,834,014
Intangible Assets	758	-	-	-	758
Capital Works in Progress	16,238	-	-	-	16,238
Total Non-Current Assets	1,852,314	-	-	542	1,852,856
Total Assets	1,898,316	498	45	29,832	1,928,691
Current Liabilities					
Payables	7,857	34	561	-	8,452
Finance Leases	75	-	-	-	75
Employee Benefits	129,880	530	1,986	-	132,396
Other Liabilities	5,706	-	-	-	5,706
Total Current Liabilities	143,518	564	2,547	-	146,629
Non-Current Liabilities					
Finance Leases	71	-	-	-	71
Employee Benefits	12,356	50	189	-	12,595
Other Liabilities	2,589	-	-	-	2,589
Total Non-Current Liabilities	15,016	50	189	-	15,255
Total Liabilities	158,534	614	2,736	-	161,884
Net Assets	1,739,782	(116)	(2,691)	29,832	1,766,807

1. Cash and cash equivalents have been included in the 'Unallocated' column above as this class cannot be reliably attributed to the Directorate's output classes. As the amount in cash and cash equivalents held by the Directorate is comprised of a number of disparate components, no single allocation driver can be used to reliably attribute this asset class. The components include working capital, un-presented cheques, and cash for specific purpose payments.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 35. FINANCIAL INSTRUMENTS

Terms, Conditions and Accounting Policies

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, with respect to each class of financial asset and financial liability are disclosed in **Note 2 - Summary of Significant Accounting Policies**.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Directorate's financial assets consist of cash and cash equivalents, investments and receivables. Its financial liabilities are composed of payables and finance leases. The Directorate's exposure to interest rate risk relating to these financial assets and liabilities is shown in the table later in this note on 'Maturity Analysis and Exposure to Interest Rates'.

As receivables and payables are held in non-interest bearing arrangements and finance leases are held in fixed interest arrangements, the Directorate is not exposed to movements in interest rates in respect of these financial assets and liabilities.

A significant proportion of the Directorate's financial assets consist of cash and cash equivalents. As these are held in floating interest arrangements with the Territory's banking provider, the Directorate is exposed to movements in the amount of interest it may earn on cash and cash equivalents. There have been no changes in risk exposure or processes for managing risk since the last financial reporting period.

As the Directorate's operating cash flows are not significantly dependent on interest earned from cash and cash equivalents, a sensitivity analysis of interest rate risk has not been performed.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial assets consist of cash, investments and receivables. The Directorate's maximum exposure to credit is limited to the amount of these financial assets net of any allowance made for impairment. This is shown below in the table 'Maturity Analysis and Exposure to Interest Rates'.

Cash and investment accounts are held with high credit quality financial institutions under whole of government banking arrangements. Cash at bank is held with the Westpac Bank and cash not immediately required is invested with the Territory Banking Account. The Chief Minister, Treasury and Economic Development Directorate coordinates the investment of this money with various fund managers. These fund managers have the discretion to invest money in a variety of different investments within certain parameters.

The majority of receivables consist of a Goods and Services Tax (GST) refund due from the Australian Taxation Office (ATO) and ACT Government Agencies which have a strong credit history. Credit risk for investments is managed by the Directorate through only investing with the Territory Banking Account, which has appropriate investment criteria for the external fund manager engaged to manage the Territory's surplus funds and therefore the credit risk is considered low.

There have been no changes to credit risk exposure since the last reporting period.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 35. FINANCIAL INSTRUMENTS - CONTINUED

Liquidity Risk

Liquidity risk is the risk that the Directorate will not be able to meet its financial obligations as they fall due.

The Directorate's exposure to liquidity risk is shown in the table later in this note on 'Maturity Analysis and Exposure to Interest Rates'. This note discloses when the Directorate expects its financial assets and financial liabilities to mature.

Appropriation to fund operations are drawn down progressively throughout the year to meet the operating requirements. Under the cash management framework, the Directorate cannot hold excess cash, however, in the event of cash pressure, access to additional appropriation from the Territory Bank Account can be obtained.

The Directorate's exposure to liquidity risk and the management of this risk has not changed since the last reporting period.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price (other than arising from interest rate risk or currency risk).

The only price risk which the Directorate is exposed to results from its investments in the Fixed Interest and Cash Enhanced Portfolio. The Directorate has units in the Fixed Interest Portfolio that fluctuate in value. The price fluctuations in the units of the Fixed Interest Portfolio are caused by movements in the underlying investments of the portfolio. To limit price risk, all bonds that make up the underlying investments of the Fixed Interest Portfolio must have a long term credit rating of BBB- or greater.

Cash and cash equivalents do not have a price risk.

The Directorate's exposure to price risk and the management of this risk has not significantly changed since last reporting period. A sensitivity analysis has not been undertaken for the price risk of the Directorate as it has been determined that the possible impact on profit and loss or total equity from fluctuations in price is immaterial.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes to foreign currency rates.

The Directorate is not exposed to currency risk as all of its transactions are conducted in Australian dollars.

Unrecognised Financial Assets and Financial Liabilities

There were no unrecognised financial assets and liabilities.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 35. FINANCIAL INSTRUMENTS - CONTINUED

Fair Value of Financial Assets and Liabilities

The carrying amounts and fair values of financial assets and financial liabilities at the end of the reporting period are:

	Carrying Amount 2015 \$'000	Fair Value 2015 \$'000	Carrying Amount 2014 \$'000	Fair Value 2014 \$'000
Financial Assets				
Cash and Cash Equivalents	81,577	81,577	70,223	70,223
Investment with the Territory Banking Account	2,135	2,135	2,105	2,105
Receivables ¹	1,705	1,705	620	620
Total	85,417	85,417	72,948	72,948
Financial Liabilities				
Payables	6,305	6,305	8,452	8,452
Finance Leases	-	-	146	146
Other Loans	2,589	2,589	2,589	2,589
Total	8,894	8,894	11,187	11,187

1. Receivables reported under Financial Instruments does not include receivables relating to goods and services tax.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 35. FINANCIAL INSTRUMENTS - CONTINUED

Fair Value Hierarchy

The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the table below. All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not included in the table below.

2015	<u>Classification According to Fair Value Hierarchy</u>			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Investment with the Territory Banking Account - Cash Enhanced Portfolio	-	260	-	260
Investment with the Territory Banking Account - Fixed Interest Portfolio	-	1,875	-	1,875
Total	-	2,135	-	2,135

2014	<u>Classification According to Fair Value Hierarchy</u>			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Investment with the Territory Banking Account - Cash Enhanced Portfolio	-	259	-	259
Investment with the Territory Banking Account - Fixed Interest Portfolio	-	1,846	-	1,846
Total	-	2,105	-	2,105

**Education and Training Directorate
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For the Year Ended 30 June 2015**

NOTE 35. FINANCIAL INSTRUMENTS – CONTINUED

Transfer between Categories

There have been no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the current or previous reporting period.

Maturity Analysis and Exposure to Interest Rate

The following tables set out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2015 and 30 June 2014. Except for non-current payables, financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

The Directorate does not hold any collateral as security relating to financial assets.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 35. FINANCIAL INSTRUMENTS – CONTINUED

As at 30 June 2015		Note No.	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing In:			Non-Interest Bearing \$'000	Total \$'000
					1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
Financial Instruments									
Financial Assets									
Cash and Cash Equivalents	21	2.02%		40,794	-	-	40,783	81,577	
Investments with the Territory Banking Account	23	-		-	-	-	2,135	2,135	
Receivables	22	-		-	-	-	1,705	1,705	
Total				40,794	-	-	44,623	85,417	
Financial Liabilities									
Payables	28	-		-	-	-	(6,305)	(6,305)	
Other Liabilities	31	-		-	-	-	(2,589)	(2,589)	
Finance Leases	29	-		-	-	-	-	-	
Total				-	-	-	(8,894)	(8,894)	
Net Financial Assets/(Liabilities)									
				40,794	-	-	35,729	76,523	

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 35. FINANCIAL INSTRUMENTS - CONTINUED

As at 30 June 2014		Note No.	Weighted Average Interest Rate	Fixed Interest Maturing In:			Non-Interest Bearing \$'000	Total \$'000
				Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000		
Financial Instruments								
Financial Assets								
		21	2.35%	42,649	-	-	27,574	70,223
		23		-	-	-	2,105	2,105
		22		-	-	-	620	620
				42,649	-	-	30,299	72,948
Financial Liabilities								
		28		-	-	-	(8,452)	(8,452)
		31		-	-	-	(2,589)	(2,589)
		29	6.29%	-	(81)	(79)	-	(160)
				-	(81)	(79)	(11,041)	(11,201)
Net Financial Assets/(Liabilities)								
				42,649	(81)	(79)	19,258	61,747

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

	2015 \$'000	2014 \$'000
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NOTE 35. FINANCIAL INSTRUMENTS - CONTINUED

Carrying Amount of Each Category of Financial Asset and Financial Liability

Financial Assets

Financial Assets at Fair Value through the Profit and Loss

Designated upon Initial Recognition	2,135	2,105
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Loans and Receivables at Amortised Cost	1,705	620
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Financial Liabilities

Financial Liabilities Measured at Amortised Cost	8,894	11,187
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The Directorate does not have any financial assets in the 'Available for Sale' category or the 'Held to Maturity' category and as such these categories are not included above. Also, the Directorate does not have any financial liabilities in the 'Financial Liabilities at Fair Value through Profit and Loss' category and, as such, this category is not included above.

Gains/(Losses) on Each Category of Financial Asset and Financial Liability

Gains/(Losses) on Financial Assets

Financial Assets at Fair Value through the Profit and Loss	29	15
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Loans and Receivables at Amortised Cost	-	-
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Gains/(Losses) Financial Liabilities

Financial Liabilities Measured at Amortised Cost	-	-
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Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

2015
\$'000

2014
\$'000

NOTE 36. COMMITMENTS

Capital Commitments¹

Capital commitments contracted at reporting date that have not been recognised as liabilities are payable as follows:

Capital Commitments - Property, Plant and Equipment

Payable:

Within one year	25,570	17,522
Later than one year but not later than five years	10,574	4,473
Later than five years	18	-
Total	36,162	21,995

1. The increase mainly relates to capital commitments for the Coombs P-6 School project.

Other Commitments¹

Other commitments contracted at reporting date that have not been recognised as liabilities are payable as follows:

Within one year	46,927	41,771
Later than one year but not later than five years	50,989	38,208
Later than five years	53	-
Total	97,969	79,979

1. The increase primarily relates to commitments under the ACT Funding Agreement with registered training organisations.

Operating Lease Commitments

Within one year	1,764	2,407
Later than one year but not later than five years	1,886	2,505
Total¹	3,650	4,912

1. The decrease is primarily due to reduced lease commitments for office accommodation.

The future minimum lease payments for non-cancellable operating sub-leases expected to be received

All amounts shown in the commitment note are inclusive of goods and services tax.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 37. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

As at 30 June 2015 the Directorate had contingent liabilities in relation to known legal cases not settled of \$5.22 million. As at 30 June 2014 the liability was \$5.28 million.

	2015 \$'000	2014 \$'000
The estimated liability for known legal litigation cases not settled ¹	5,218	5,276
Total	5,218	5,276

1. The liability will be offset by insurance and the amount is unknown as at 30 June 2015.

There were no contingent assets in 2014-15 or 2013-14.

NOTE 38. INTEREST IN A JOINT OPERATION

Gold Creek School operates adjacent to the Holy Spirit Primary School that is operated by the Catholic Education Office. Both schools share joint facilities including a hall/gymnasium, canteen, library, car park and meeting rooms. The shared facilities are managed by a Joint Facilities Management Committee which was created under a formal agreement in December 1995 between the ACT Government and the Catholic Education Office. All assets and liabilities relating to the shared facilities are owned by the ACT Government and Catholic Education Office in accordance with the participating share of each party, which is 53% for the ACT Government and 47% for the Catholic Education Office.

	2015 \$'000	2014 \$'000
Share of the Jointly Controlled Operation is as follows:		
Revenue	104	66
Expenses	(153)	(141)
Operating (Deficit)	(49)	(75)
Share of Assets Employed in the Jointly Controlled Operation		
Current Assets	104	48
Non-Current Assets	3,312	3,397
Total Assets	3,416	3,445
Current Liabilities	28	8
Total Liabilities	28	8
Net Assets	3,388	3,437
Share of the Jointly Controlled Operation Cash	87	37

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

2015 2014
\$'000 \$'000

NOTE 39. CASH FLOW RECONCILIATION

(a) Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Cash Flow Statement to the Equivalent Items in the Balance Sheet

Total Cash and Cash Equivalents Recorded in the Balance Sheet	81,577	70,223
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	<u>81,577</u>	<u>70,223</u>

(b) Reconciliation of Net Cash Inflows from Operating Activities to the Operating (Deficit)

Operating (Deficit)	(66,068)	(74,582)
Add/(Less) Non-Cash Items		
Depreciation and Amortisation	60,556	65,031
Assets Written Off	171	98
(Gain) from Sale of Assets	(41)	(25)
Unrealised (Gain) on Investment	(29)	(15)
Cash Before Changes in Operating Assets and Liabilities	<u>(5,411)</u>	<u>(9,493)</u>
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(791)	2,371
Decrease in Prepayments	148	1,053
(Decrease)/Increase in Payables	(129)	340
Increase in Employee Benefits	4,796	16,398
(Decrease)/Increase in Revenue Received in Advance	(859)	1,535
Net Changes in Operating Assets and Liabilities	<u>3,165</u>	<u>21,697</u>
Net Outflows/Inflows from Operating Activities	<u>(2,246)</u>	<u>12,204</u>

(c) Non-Cash Financing and Investing Activities

The Directorate has entered into finance lease arrangements for plant and equipment.

Plant and Equipment	40	98
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Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 40. BUDGETARY REPORTING

The following are brief explanations of major line item variances between budget estimates and actual outcomes. Variances are considered to be major variances if **both** of the following criteria are met:

- (a) The line item is a significant line item: the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- (b) The variances (original budget to actual) are greater than plus (+) or minus (-) 10% of the budget for the financial statement line item.

Balance Sheet Line Items	Actual 2014-15 \$'000	Original Budget ¹ 2014-15 \$'000	Variance \$'000	Variance %	Variance Explanation
Employee Benefits (Current)	137,770	123,596	14,174	11	The increase primarily relates to an increase in the rate used to estimate the present values of future long service leave payments and wages and salaries accruals associated with back payment of the teaching enterprise bargaining agreement.
Asset Revaluation Surplus	865,335	1,012,605	(147,270)	15	The decrease mainly relates to the revaluation of the Directorate's assets effective from 1 July 2014, combined with the transfer of childcare centres to the Chief Minister Treasury and Economic Development Directorate which was not known at the time the budget was prepared.

1. Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Statements). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.
2. Explanations for variations from budget for Government Payment for Outputs and Capital Injections are provided in the Statement of Appropriation.
3. There were no variations against budget in the Operating Statement or the Cash Flow Statement that met the criteria in (a) and (b) above.

**EDUCATION AND TRAINING
DIRECTORATE**

TERRITORIAL FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2015**

Education and Training Directorate
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2015

		Actual	Original	Restated
	Note	2015	Budget	Actual
	No.	\$'000	2015	2014
			\$'000	\$'000
Income				
<i>Revenue</i>				
Payments for Expenses on Behalf of the Territory ¹	41	250,085	234,844	237,194
Fees	42	3	-	14
Total		250,088	234,844	237,208
Expenses				
Grants and Purchased Services ¹	43	250,085	234,844	237,194
Transfer to Government	44	3	-	14
Total		250,088	234,844	237,208
Operating Result		-	-	-

1. The 2013-14 Actual has been re-stated for comparative purposes.
Refer Note 3 (c) – Correction of Prior Period Errors.

The above Statement of Income and Expenses on Behalf the Territory should be read in conjunction with the accompanying notes.

Education and Training Directorate
Statement of Assets and Liabilities on Behalf of the Territory
For the Year Ended 30 June 2015

	Note No.	Actual 2015 \$'000	Original Budget 2015 \$'000	Actual 2014 \$'000
Current Assets				
Cash and Cash Equivalents	45	-	261	80
Receivables	46	10	-	7
Total Current Assets		10	261	87
Total Assets		10	261	87
Current Liabilities				
Payables	47	10	261	87
Total Current Liabilities		10	261	87
Total Liabilities		10	261	87
Net Assets		-	-	-
Equity				
Accumulated Funds		-	-	-
Total		-	-	-

The above Statement of Assets and Liabilities on Behalf of the Territory should be read in conjunction with the accompanying notes.

**Education and Training Directorate
Cash Flow Statement on Behalf of the Territory
For the Year Ended 30 June 2015**

	Note No.	Actual 2015 \$'000	Original Budget 2015 \$'000	Actual 2014 \$'000
Cash Flows from Operating Activities				
Receipts				
Cash from Government for Expenses on Behalf of the Territory		250,015	252,356	236,994
Fees		3	-	14
Goods and Services Tax Received		5,665	5,911	5,474
Total Receipts from Operating Activities		255,683	258,267	242,482
Payments				
Grants and Purchased Services		250,112	252,465	237,167
Transfer of Territory Receipts to the ACT Government		3	-	14
Goods and Services Tax Paid		5,648	5,802	5,482
Total Payments from Operating Activities		255,763	258,267	242,663
Net Cash Inflows from Operating Activities		(80)	-	(181)
Net (Decrease) in Cash and Cash Equivalents Held				
		(80)	-	(181)
Cash and Cash Equivalents at the Beginning of the Reporting Period		80	261	261
Cash and Cash Equivalents at the End of the Reporting Period	49	-	261	80

The above Cash Flow Statement on Behalf of the Territory should be read in conjunction with the accompanying notes.

**Education and Training Directorate
Territorial Statement of Appropriation
For the Year Ended 30 June 2015**

Note No.	Original Budget 2015 \$'000	Total Appropriated 2015 \$'000	Appropriation Drawn 2015 \$'000	Appropriation Drawn 2014 \$'000
Expenses on Behalf of the Territory				
Expenses on Behalf of the Territory	252,356	254,974	250,015	236,994
Total Territorial Appropriation	252,356	254,974	250,015	236,994

The above Territorial Statement of Appropriation should be read in conjunction with the accompanying notes.

Column Heading Explanations

The *Original Budget* column shows the amounts that appear in the Cash Flow Statement in the Budget Papers.

This amount also appears in these financial statements, in the Cash Flow Statement.

The *Total Appropriated* column is inclusive of all appropriation variations occurring after the Original Budget.

The *Appropriation Drawn* is the total amount of appropriation received by the Directorate during the year. This amount appears in these financial statements, in the Cash Flow Statement.

Variances between 'Original Budget' and 'Total Appropriated'

Expenses on Behalf of the Territory

The difference between the Original Budget and Total Appropriated relates to increased Commonwealth grants (\$1.444m) for National Education Reform (Students First) and the More Support for Students with Disability National Partnership, combined with the transfer of funds from 2013-14 for the Supporting Non-Government Preschools initiative (\$0.700m) and the Interest Subsidy Scheme (\$0.474m).

Variances between 'Total Appropriated' and 'Appropriation Drawn'

Expenses on Behalf of the Territory

The difference between the Total Appropriated and the Appropriation Drawn mainly relates to lower than budgeted Commonwealth grants for Trade Training Centres (\$0.909m), the transfer of funds to 2015-16 for the Interest Subsidy Scheme (\$1.594m) due to finalisation of loans and lower interest rates, and the Supporting Non-Government Preschools initiative (\$0.139m).

TERRITORIAL NOTE INDEX

Income Notes

Note	41.	Payment for Expenses on behalf of the Territory
Note	42.	Fees

Expenses Notes

Note	43.	Grants and Purchased Services
Note	44.	Transfer to Government

Assets Notes

Note	45.	Cash and Cash Equivalents
Note	46.	Receivables

Liabilities Notes

Note	47.	Payables
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Other Notes

Note	48.	Financial Instruments
Note	49.	Cash Flow Reconciliation
Note	50.	Budgetary Reporting

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 41. PAYMENT FOR EXPENSES ON BEHALF OF THE TERRITORY

Under the *Financial Management Act 1996*, funds can be appropriated for expenses incurred on behalf of the Territory. The Directorate receives this appropriation to fund a number of expenses incurred on behalf of the Territory, the main one being the payment of grants to non-government schools. Refer **Note 43 – Grants and Purchased Services** for the details of the expenses.

	2015 \$'000	Restated 2014 \$'000
Funding Received to Meet Expenses Incurred on Behalf of the Territory ¹	250,085	237,194
Total Payment for Expenses on Behalf of the Territory	250,085	237,194

1. The 2013-14 Actual has been re-stated for comparative purposes.
Refer **Note 3 (c) – Correction of Prior Period Errors**.

NOTE 42. FEES

	2015 \$'000	2014 \$'000
Fees		
Fees for Regulatory Services – Training ¹	3	14
Total	3	14

1. The decrease in fees collected primarily relates to the removal of training regulatory services from 20 November 2014.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 43. GRANTS AND PURCHASED SERVICES

	2015 \$'000	Restated 2014 \$'000
Grants and Purchased Services		
Payments of grants and subsidies were as follows:		
Grants - Non-Government Schools ¹	249,343	236,561
Bursary Scheme	722	601
Block Release Grants	20	32
Total	250,085	237,194

1. The increase from 2013-14 primarily relates to increased Commonwealth grants associated with the introduction of the Commonwealth Schooling Resource Standard.
2. The 2013-14 Actual has been re-stated for comparative purposes.
Refer **Note 3 (c) – Correction of Prior Period Errors**.

NOTE 44. TRANSFER TO GOVERNMENT

Transfers to Government primarily relates to fees that are collected on behalf of the Territory – refer to **Note 42 – Fees**.

	2015 \$'000	2014 \$'000
Transfer to Government ¹	3	14
Total	3	14

1. The decrease in fees collected primarily relates to the removal of training regulatory services from 20 November 2014.

NOTE 45. CASH AND CASH EQUIVALENTS

Cash at Bank	-	80
Total	-	80

1. The opening cash balance was utilised during the year for Territorial expenses.
2. Under whole-of-government banking arrangements interest is not earned on cash at bank held in the Directorate's Territorial Bank Account.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 46. RECEIVABLES

	2015 \$'000	2014 \$'000
Current Receivables		
Other Receivables - ACT Government	10	-
Goods and Services Tax Receivable from the Australian Taxation Office	-	7
Total	10	7

Ageing of Receivables					
	Not Overdue	Overdue			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
2015					
Not Impaired					
Receivables	10	-	-	-	10
Impaired					
Receivables	-	-	-	-	-
2014					
Not Impaired					
Receivables	7	-	-	-	7
Impaired					
Receivables	-	-	-	-	-

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 47. PAYABLES

All payables at 30 June 2015 are current and not overdue.

	2015 \$'000	2014 \$'000
Current Payables		
Payables	-	87
Goods and Services Tax Payable to the Australian Taxation Office	10	-
Total Current Payables	<u>10</u>	<u>87</u>
Total	<u>10</u>	<u>87</u>

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 48. FINANCIAL INSTRUMENTS – TERRITORIAL

Terms, Conditions and Accounting Policies

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, with respect to each class of financial asset and financial liability are disclosed in **Note 2 - Summary of Significant Accounting Policies**.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The financial assets held by the Directorate on behalf of the Territory consist of cash and cash equivalents and receivables. Its financial liabilities are composed of payables. As cash, receivables and payables are held in non-interest bearing arrangements, the Directorate on behalf of the Territory is not exposed to movements in interest rates in respect of these financial assets and liabilities.

As the Territory's operating cash flows are not dependent on interest earned from cash and cash equivalents, a sensitivity analysis of interest rate risk has not been performed.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. All receivables relate to either Commonwealth, ACT or non-government agencies which have strong credit histories (most receivables consist of Goods and Services Tax refunds due from the Australian Taxation Office). Credit risk is therefore considered to be low.

Financial assets consist of cash and receivables. The Directorate on behalf of the Territory's exposure to credit risk is limited to the amount of these financial assets net of any allowance made for impairment. This is shown in the table 'Maturity Analysis and Exposure to Interest Rates'.

Liquidity Risk

Liquidity risk is the risk that the Directorate on behalf of the Territory will not be able to meet its financial obligations as they fall due.

Expenses on behalf of the Territory appropriations are drawn down progressively throughout the year to meet operating requirements. In the event of cash pressure, access to additional funding may be obtained from the Chief Minister, Treasury and Economic Development Directorate.

Price Risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price.

The Directorate on behalf of the Territory is not exposed to price risk as its financial assets, consisting of cash and receivables are not affected by movements in market price.

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 48. FINANCIAL INSTRUMENTS – TERRITORIAL – CONTINUED

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes to foreign currency rates.

The Directorate on behalf of the Territory is not exposed to currency risk as all of its transactions are made in Australian dollars.

Unrecognised Financial Assets and Financial Liabilities

There were no unrecognised financial assets and liabilities.

Fair Value of Financial Assets and Liabilities

	Carrying Amount 2015 \$'000	Fair Value 2015 \$'000	Carrying Amount 2014 \$'000	Fair Value 2014 \$'000
Financial Assets				
Cash and Cash Equivalents	-	-	80	80
Receivables	10	10	-	-
Total	10	10	80	80
Financial Liabilities				
Payables	-	-	87	87
Total	-	-	87	87

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 48. FINANCIAL INSTRUMENTS – CONTINUED

The following table sets out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2015. All financial assets and liabilities which are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

As at 30 June 2015	Note	No.	Floating	Fixed Interest Maturing In:			Non-Interest	
			Interest	1 Year	Over 1 Year	Over	Bearing	Total
			Rate	or Less	to 5 Years	5 Years		
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	45		-	-	-	-	-	-
Receivables	46		-	-	-	-	10	10
Total Financial Assets			-	-	-	-	10	10
Financial Liabilities								
Payables	47		-	-	-	-	-	-
Total Financial (Liabilities)			-	-	-	-	-	-
Net Financial Assets/(Liabilities)								
			-	-	-	-	10	10

The following table sets out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2014. All financial assets and liabilities which are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

As at 30 June 2014	Note No.	Floating Interest Rate \$'000	Fixed Interest Maturing In:			Non-Interest Bearing \$'000	Total \$'000
			1 Year	Over 1 Year	Over		
			or Less	to 5 Years	5 Years		
			\$'000	\$'000	\$'000		
Financial Instruments							
Financial Assets							
Cash and Cash Equivalents	45	-	-	-	-	80	80
Total Financial Assets		-	-	-	-	80	80
Financial Liabilities							
Payables	47	-	-	-	-	(87)	(87)
Total Financial (Liabilities)		-	-	-	-	(87)	(87)
Net Financial Assets/(Liabilities)		-	-	-	-	(7)	(7)

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Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 48. FINANCIAL INSTRUMENTS – CONTINUED

All financial assets and liabilities are measured, subsequent to initial recognition at amortised cost and as such no fair value hierarchy disclosures have been made.

NOTE 49. CASH FLOW RECONCILIATION

a) Reconciliation of Cash and Cash Equivalents at the end of the Reporting Period in the Cash Flow Statement on Behalf of the Territory to the Related Items in the Statement of Assets and Liabilities on Behalf of the Territory.

	2015 \$'000	2014 \$'000
Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory	-	80
Cash at the End of the Reporting as Recorded in the Cash Flow Statement on behalf of the Territory	-	80

b) Reconciliation of Net Cash Inflows from Operating Activities to the Operating Surplus/ (Deficit)

Operating Result	-	-
Cash Before Changes in Operating Assets and Liabilities	-	-
Changes in Operating Assets and Liabilities		
(Increase) /Decrease in Receivables	(3)	(7)
Increase /(Decrease) in Payables	(77)	(174)
Net Changes in Operating Assets and Liabilities	(80)	(181)
Net Cash Inflow/(Outflow) from Operating Activities	(80)	(181)

Education and Training Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2015

NOTE 50. BUDGETARY REPORTING

The following are brief explanations of major line item variances between budget estimates and actual outcomes. Variances are considered to be major variances if **both** of the following criteria are met:

- (a) The line item is a significant line item: the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- (b) The variances (original budget to actual) are greater than plus (+) or minus (-) 10% of the budget for the financial statement line item.

Statement of Assets and Liabilities on Behalf of The Territory Line Items	Actual 2014-15 \$'000	Original Budget ¹ 2014-15 \$'000	Variance \$'000	Variance ² %	Variance Explanation
Cash and Cash Equivalents	-	261	(261)	#	The variance is due to the utilisation of cash to pay Territorial expenses at year-end. Due to the nature of the Territorial accounts the Directorate aims to keep the cash balance to a minimum at year-end.
Receivables	10	-	10	#	The variance relates to the utilisation of cash to pay Territorial expenses at year-end and the Directorate's aim to keep the cash balance to a minimum at year-end.
Payables	10	261	(251)	(96)	The variance against budget is primarily due to a reduction in cash held in the Directorate's Territorial bank account at year-end. Due to the nature of the Territorial accounts, any cash held at year-end is owed to the Territory Banking Account as a payable.

1. Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2014-15 Budget Statements). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.
2. # in the Line Item Variance % column represents a variance that is greater than 999 per cent or less than -999 per cent.
3. There were no variations against budget in the Statement of Income and Expenses on Behalf of the Territory or the Cash Flow Statement on Behalf of the Territory in accordance with the criteria in (a) and (b) above.

Australian Apprenticeships – Good News for Aziz



Aziz M - Participant in the Australian Apprenticeships funded training initiative.

Aziz overcame many challenges to be in his current position as an apprentice bricklayer. He arrived in Australia in 2012 and enrolled at Dickson College to study for a Year 12 Certificate. Aziz promptly said to the college, "Get me a job, I will do anything!" The college referred Aziz for work experience as a bricklayer and an apprenticeship opportunity presented itself. Aziz faced a difficult choice between completing year 12 or undertaking paid employment and training. In 2014 he elected to undertake a bricklaying apprenticeship, as paid employment presented the faster route to meet his financial and family goals. Aziz plans to enrol at the Canberra Institute of Technology to study for his Year 12 Certificate at night.

The opportunity to work outdoors suited Aziz and he promptly fell in love with bricklaying. The Australian Apprenticeships system is supporting Aziz with his English whilst also ensuring there is appropriate mentoring. Being employed by a Group Training Organisation (GTO) means Aziz has the opportunity to meet many apprentices at the training facility and learn about Australian culture over the daily BBQ lunch provided by the registered training organisation.

Aziz is determined to work hard and complete his apprenticeship. Aziz is appreciative of the opportunity to undertake an apprenticeship, contribute positively to the Canberra community and work towards achieving his goals.

C.3 CAPITAL WORKS

OVERVIEW

In 2014-15, the Directorate delivered a significant capital works program, totalling \$55.8 million, following on from the \$64.3 million program in 2013-14 and \$90.2 million program delivered in 2012-13.

Highlights for the year include the commencement of construction of the new primary school in Coombs and the opening of the new Canberra College Cares (CCCares) and Tuggeranong Introductory English Centre facilities. Modernisation works at Belconnen High School were also progressed with the demolition of a disused school building.

All major projects were either completed or were on target to be delivered by the scheduled completion date.

NEW SCHOOLS

Primary School in Coombs

Construction work on the new primary school in Coombs commenced in November 2014 and is progressing well with the school on schedule to open for the start of the 2016 school year. The school will provide the first community facilities in the Molonglo Valley. This will include community meeting rooms, a school hall with a multi-sport court and community storage areas, facilities for before and after school care and a community playing field.

The school will provide modern educational facilities including designated learning spaces for preschool to year 6 students, curriculum enrichment spaces, a multi-purpose resource centre, a canteen and outdoor learning and play areas. The project is being delivered under a Design Construct Maintain construction methodology which has allowed innovation in the design and construction stages to deliver a value for money outcome for the Territory.

SCHOOL IMPROVEMENTS

Canberra College Cares Facility

Construction of the purpose-built facility for Canberra College Cares (CCCares) on the Phillip campus of Canberra College was completed during the reporting period. The CCCares program supports pregnant and parenting students to continue their secondary school education.

The new facility includes childcare, health and counselling facilities as well as a gathering and learning space. It is integrated into the college site, allowing CCCares students to undertake mainstream learning programs at the college as well as allowing other students to access the vocational education training facilities in the CCCares building.

Belconnen High School Modernisation – Stage 1

Construction work on the Stage 1 Belconnen High School modernisation project commenced with the demolition of a disused school building. Works to relocate the arts and music facilities at the school were also completed in the reporting period.

Designs for an outdoor learning and play space were completed with construction tenders invited during the reporting period. These works are scheduled to be completed for the start of the 2016 school year.

Concept planning for the Stage 2 modernisation works was also completed during the reporting period. This will include major refurbishments to the student learning and teaching spaces, further outdoor works and a new school administration building.

Tuggeranong Introductory English Centre

Construction work on the purpose-built Tuggeranong Introductory English Centre on the Wanniasa Hills Primary School site was completed in April 2015. This facility will provide primary school-aged students newly arrived to Australia and Canberra intensive English tuition before returning to the 'home' primary schools. The centre is also available for out-of-school hours use for adult English tuition.

Trade Skills Centre – Belconnen Network

The Australian Government approved a grant in January 2013 to establish the Belconnen Trade Skills Centre in the Belconnen school network. At the end of the reporting period, new facilities were close to completion at University of Canberra Secondary College Lake Ginninderra, Hawker College, Kingsford Smith School and Canberra High School. These facilities will be available to the schools during the second semester of the 2015 school year.

Planning and design work had been completed on the new facilities at a further four secondary school sites in the Belconnen network – Melba Copland Secondary School (Melba and Copland sites), University of Canberra High School Kaleen and Belconnen High School. Construction work will commence early in term 3, 2015 with works scheduled to be completed ready for the start of the 2016 school year.

Sustainable Learning Trade Training Centre – Tuggeranong Network

Final works were completed on the trade training centre facilities in the Tuggeranong school network with the completion of the metal and automotive workshops at Lake Tuggeranong College. These facilities were funded under an Australian Government grant approved in December 2011 to establish the Tuggeranong Sustainable Learning Trade Training Centre.

Preschool Expansions

Work to upgrade and provide an additional playroom at Campbell Preschool was completed in November 2014 and the expansion and upgrading of the Latham Preschool was completed in April 2015. These works complete this program.

Childcare Centres

ACT Government childcare assets transferred to the ACT Property Group in the Chief Minister, Treasury and Economic Development Directorate on 1 February 2015.

Prior to the transfer, expansion and upgrade works were completed at the Forrest, Appletree and Treehouse in the Park centres. Designs for the expansion of the Bunyarra and Salem centres and designs for the upgrade of Totom House centre were also completed during the reporting period.

Building works on the extension of the Gungahlin Children's Centre were also commenced in early 2015.

CAPITAL UPGRADES PROGRAM

School Upgrades and New School Facilities

Works completed in the 2014-15 year included:

- the upgrade of a classroom for high needs students at Black Mountain School, including the installation of a track lifting system for mobility impaired students;
- the relocation, extension and upgrade of classroom buildings to provide additional teaching spaces, toilet facilities and an expanded library area at Cranleigh School;
- the relocation and refurbishment of classroom buildings to expand Ngunnawal Primary School;
- finalisation of works for the relocation and refurbishment of classroom buildings to expand Amaroo School;
- the refurbishment of a science classroom at Alfred Deakin High School;
- roof replacement works at Canberra High School, including the installation of ceiling insulation;
- a staffroom expansion and upgrade at Macquarie Primary School;
- a staffroom upgrade and the conversion of a hall to create two classrooms at North Ainslie Primary School;
- the upgrade of two art rooms at Campbell Primary School;
- the refurbishment of the canteen and the creation of a hospitality learning space at Arawang Primary School;
- the refurbishment of a food technology classroom at Caroline Chisholm School;
- toilet upgrades at Charnwood-Dunlop, Forrest, Gilmore and Hughes Primary Schools;
- carpark expansions at Majura Primary School, with expansion works well progressed at Duffy and Macgregor Primary Schools;
- the installation of perimeter security fences at Arawang, Duffy and Mawson Primary Schools, with modifications and expansions to existing fences at the O'Connor Co-Operative School, Wanniasa Hills and Yarralumla Primary Schools and the University of Canberra Secondary College Lake Ginninderra;
- security upgrades at Majura and Yarralumla Primary Schools and Amaroo, Harrison, Kingsford Smith and Namadgi Schools; and
- the installation of digital signs at Red Hill Primary School, Mount Stromlo High School, Telopea Park School and Canberra, Dickson and Narrabundah Colleges.

Design work on major refurbishments to Curtin Primary School was also commenced during the reporting period.

Building Compliance Upgrades

Building compliance upgrades and modifications completed during the reporting period included:

- new lifts installed at Canberra High School and Ainslie Primary School;
- the upgrade of an accessible toilet at Richardson Primary School;
- modifications to a stair lift at Telopea Park School; and
- general access works at Bonython, Torrens and Wanniasa Hills Primary Schools, Wanniasa School and Cranleigh School.

School Infrastructure Improvements

Masterplans were prepared for The Woden School, Aranda Primary School and the O'Connor Co-Operative School in preparation for planned upgrade and expansion works in future years.

Infrastructure works for information communications and technology (ICT) facilities were undertaken at Latham, Ngunnawal and Richardson Primary Schools, Amaroo, Gold Creek and Wanniasa Schools, Melba Copland Secondary School and Narrabundah College.

Environmental Sustainability

As capital works are undertaken at public schools, including new facilities, building upgrades and refurbishments, opportunities are taken to improve the energy efficiency and water conservation of these spaces. A total of \$1.112 million was allocated from the schools capital upgrades program during the reporting period to support the Directorate's strategic priorities for environmental sustainability initiatives.

Refer to Section B9 for an overview of the projects and policies implemented during the 2014-15 reporting period.

Capital works schedules

The Directorate's capital works management program for 2014-15, detailing the completed projects and works still in progress at the year end is shown in Table C3.1.

Table C3.1: Capital works management 2014-15

Project	Original Project Value \$'000	Revised Project Value \$'000	Prior Year Expenditure \$'000	Actual Finance 2014-15 \$'000	Actual Expenditure 2014-15 \$'000	Total Expenditure to Date \$'000	Estimated completion date	Actual completion date	Project Approval Year
New Capital Works									
Belconnen Region Schools – Modernisation	250	250	0	250	250	250	Jun-15	Jun-15	2014-15
Hazardous Material Removal Program – Stage 3	3,000	3,000	0	728	728	728	Jun-17		2014-15
Capital Upgrades									
Older School Upgrades	1,200	1,200	0	1,252	1,358	1,358	Jun-15	Jun-15	2014-15
Excellence and Enterprise	1,400	1,400	0	1,764	1,755	1,755	Jun-15	Jun-15	2014-15
New School Facilities	0	0	0	559	194	194	Jun-15	Jun-15	2014-15
School Infrastructure Improvements	7,050	4,650	0	4,941	6,508	6,508	Jun-15	Jun-15	2014-15
Building Compliance Upgrades	1,780	1,780	0	1,917	1,908	1,908	Jun-15	Jun-15	2014-15
School Security Improvements	856	856	0	674	705	705	Jun-15	Jun-15	2014-15
School Safety Improvements	1,870	1,870	0	1,537	1,516	1,516	Jun-15	Jun-15	2014-15
Environmentally Sustainable Design Initiatives	1,112	1,112	0	1,050	1,120	1,120	Jun-15	Jun-15	2014-15
School Joint Funded Projects	0	1,000	0	735	854	854	Jun-15	Jun-15	2014-15
Total New Works	18,518	17,118	0	15,407	16,896	16,896			
Work in Progress									
Belconnen High School Modernisation – Stage 1	2,000	2,000	132	1,157	1,265	1,397	Jun-15		2013-14

Project	Original Project Value \$'000	Revised Project Value \$'000	Prior Year Expenditure \$'000	Actual Finance 2014-15 \$'000	Actual Expenditure 2014-15 \$'000	Total Expenditure to Date \$'000	Estimated completion date	Actual completion date	Project Approval Year
Canberra College Cares – New Building at Phillip Campus	14,000	14,000	4,260	8,613	8,610	12,870	Feb-15	Feb-15	2013-14
Carbon Neutral Schools – Stage 1	3,500	3,500	983	1,707	1,480	2,463	Jun-16		2012-13
COAG Universal Access to Preschools – Stage 1 Expansion Works	6,200	6,200	4,881	1,274	1,295	6,176	Apr-14	Jun-15	2011-12
Coombs P-6 School Construction Funding	0	43,410	19	17,750	17,754	17,773	Jan-16		2013-14
Belconnen Trade Skill Centre	8,120	8,120	65	2,269	2,276	2,341	Jun-16		2013-14
Sustainable Learning Trade Training Centre – Tuggeranong	10,207	8,301	6,142	2,203	2,083	8,225	Apr-14	Dec-14	2011-12
Total Work in Progress	60,357	101,603	32,326	35,266	34,990	67,316			

Projects Completed

Primary school in Coombs design (finalisation of design)	550	550	551	19	0	551	Jun-14	Jun-14	2013-14
Installation and artificial grass surfaces – Stage 1	2,300	2,570	2,570	0	20	2,590	Apr-13	Apr-13	2011-12
Duffy Primary School	2,800	2,800	2,667	198	132	2,799	Dec-13	Jan-14	2012-13
Franklin Early Childhood School	42,700	25,641	25,078	197	174	25,252	Dec-13	Jan-14	2011-12
Gungahlin College	60,700	74,407	74,143	285	253	74,396	Mar-11	Mar-11	2007-08
Neville Bonner Primary School	60,270	43,270	41,007	132	233	41,240	Dec-13	Jan-14	2011-12
North Watson Development – Majura Primary School	4,400	4,680	4,086	598	595	4,681	May-14	Sep-14	2011-12
School Infrastructure for the Future	3,345	3,345	2,799	1,255	546	3,345	Jun-14	Dec-14	2013-14

Project	Original Project Value \$'000	Revised Project Value \$'000	Prior Year Expenditure \$'000	Actual Finance 2014-15 \$'000	Actual Expenditure 2014-15 \$'000	Total Expenditure to Date \$'000	Estimated completion date	Actual completion date	Project Approval Year
Tuggeranong Introductory English Centre	1,800	1,800	228	1,567	1,572	1,800	Jun-15	Jun-15	2013-14
West Macgregor Development – Macgregor Primary School Expansion	5,650	5,899	5,388	480	511	5,899	Oct-13	Sep-13	2011-12
Prior Year CUP (2013-14)	13,530	13,272	13,177	95	95	13,272	Jun-14	Dec-14	2013-14
Total Projects Completed	181,715	162,162	155,850	4,533	3,904	159,754			
Total Capital Works Program 2014-15	260,590	280,883	188,176	55,206	55,790	243,966			

Note: Works related to Childcare Centres were transferred to Chief Minister, Treasury and Economic Development Directorate as at 31 January 2015.
Source: Education and Training Directorate

Chief Minister's Reading Challenge.

Amaroo School students welcomed Virginia Haussegger, the face of local ABC TV News, as she shared her love of reading in her role as Ambassador of the Chief Minister's Reading Challenge. To the great delight and excitement of the students she read two Roald Dahl stories to those seated around her. Students reciprocated by sharing limericks that they had prepared in class to the accompaniment of music. With 2014 marking the tenth year of the Reading Challenge, there has been consistent growth in the number of students seeing how much and how widely they can read in completing the challenge. The first Reading Challenge attracted 638 readers, in 2014 74 schools and 22,683 students took part. Students appreciate that it is not a competition, but is all about encouraging a love of reading and helping students improve their literacy.



Table C3.2: End-of-year reconciliation schedule 2014-15

Reconciliation of total current year financing	2014-15 \$'000
Total current year capital works financing	53,461
Add: Financing of other capital initiatives	18,413
Add: Appropriation drawn down for 27th pay in 2014-15	18,455
Capital Injection from Government per Cash flow statement	90,329
Reconciliation of Total Current Year Actual Expenditure - against financing	
Total current year capital works expenditure	51,434
Total current year capital initiatives expenditure	17,942
Add: Appropriation drawn down for 27th pay in 2014-15	18,455
Add: Appropriation drawn down for works related to Childcare centres ¹	2,484
Add Net Impact of accruals between financial years	2,282
Less: Capital purchases funded outside of Capital Injections	-2,267
Capital Injection from Government per Cash flow statement	90,329
Reconciliation of Total Current Year Actual Expenditure	
Total current year capital works expenditure	51,434
Add: Capital Initiatives	17,942
Add: Other asset purchases outside of capital works program	2,590
Add: Expenditure for works related to Childcare centres ¹	2,484
Add: Net Impact of accruals between financial years	2,282
Purchase of Property, Plant and Equipment as per Cash Flow Statement	76,731

Note: Works related to Childcare Centres were transferred to Chief Minister, Treasury and Economic Development Directorate as at 31 January 2015.

Source: Education and Training Directorate

For more information contact:

Director

Infrastructure and Capital Works

(02) 6205 3173

C.4 ASSET MANAGEMENT

The Directorate's asset management strategy is based on the following key principles:

- asset management activities are undertaken within an integrated and coordinated framework;
- asset management practices and decisions are guided by service delivery needs;
- asset planning and management are integrated with corporate and business plans, as well as budgetary and reporting processes; and
- capital expenditure decisions are based on evaluations of alternatives that take into account estimated costs, benefits and risks, in particular workplace, health and safety risks.

In 2014-15, the Directorate progressed the following tasks in relation to the asset management strategy:

- planning for the Strategic Asset Management Plan;
- the development of regional education and training studies;
- the development of principles that will guide future planning of public schools;
- a template for school master plans; and
- a process for post occupancy evaluations of new and refurbished assets.

The Directorate is responsible for 90 school sites and 28 offsite preschools. In addition, the Directorate manages three facilities for central office staff. In total, there are 121 sites under direct management by the Directorate.

The Directorate has an ongoing program to provide high quality learning environments for students through facility upgrades and expansions. To ensure Directorate facilities are maintained at a standard suitable for delivering sustainable quality educational and care programs, the Directorate has a maintenance program for urgent and minor repairs, planned maintenance and the repair of vandalised and damaged facilities. The Directorate also has an ongoing capital works program for the upgrade of schools and preschools.

Issues managed by the Directorate included:

- ageing asset stock;
- provision of new schools and educational facilities to meet demographic change;
- utilisation of existing facilities;
- refurbishment to support changing curriculum activities and service delivery needs;
- installation of information and communication technology infrastructure;
- building compliance upgrades to improve accessibility and learning environments for students with special needs;
- school safety improvements including car parking and traffic management;
- installation of security related infrastructure;
- hazardous materials management, removal and disposal;
- environmental efficiency and sustainable landscapes; and
- energy efficiency and greenhouse gas reductions.

ASSETS MANAGED

As at 30 June 2015, the Directorate managed school infrastructure assets with a total net book value of \$1,793.0 million (Table C4.1).

Table C4.1: Assets and their values at 30 June 2015

Asset class	Value (\$ million)
Land and building (including improvements) for schools and preschools	1,756.4
Leasehold improvements	1.1
Property, plant and equipment	32.9
Intangible assets	2.6
Total	1,793.0

Source: Education and Training Directorate

Note: The significant assets added to the Directorate's asset register during 2014-15 are given in Table C4.2.

Table C4.2: Assets added to the asset register during 2014-15

Assets	Value (\$ million)
Capital works (schools):	22
Canberra College Cares – new facility;	
Carbon Neutral Schools – Stage 1 – various sites	
Tuggeranong Sustainable Learning Trade Training Centre facilities	
Tuggeranong Introductory English Centre – new facility	
Preschools – various sites	
Capital works – various schools, preschools and childcare centre sites	19.2
Capital initiatives – various ICT and other projects	17.4
Total	58.6

Source: Education and Training Directorate

ASSET TRANSFERS

During the reporting period, 30 childcare centres were transferred to ACT Property Group in the Chief Minister, Treasury and Economic Development Directorate. There were no other assets transferred in the 2014-15 year.

SURPLUS ASSETS

As at 30 June 2015, the Directorate did not have any properties which were not being utilised by the agency or that had been identified as potentially surplus.

ASSETS MAINTENANCE AND UPGRADE

The Directorate undertakes maintenance and upgrades in consultation with schools and their communities. The Directorate prepared annual repairs and maintenance plans for each school on the basis of information from building condition assessments, requests from schools and information gained from other sources such as consultant reports and site visits.

Works were subsequently undertaken at a local level by schools and through the Directorate's Infrastructure and Capital Works Branch, with larger and more significant works included in the Directorate's capital works program in priority order.

Maintenance and major refurbishment are a priority for the Directorate given the increasing average age of school facilities.

ASSET MAINTENANCE

In 2014-15, the Directorate spent \$18.8 million on school repairs and maintenance. The repairs and maintenance program included:

- a program of works for all primary and secondary schools, based on the annual rolling program;
- an allocation for unforeseen maintenance such as vandalism, fire and flood damage;
- high priority works arising from school building condition assessment reports; and
- a schedule of maintenance for preschools.

Building condition assessments of all schools (including preschools) and childcare facilities are conducted on a three-year rolling program and cover buildings, services and grounds. During 2014-15, building condition assessments were conducted at 40 schools. The results of these reports are taken into account in preparing the Directorate's annual repairs and maintenance programs.

In line with the *Dangerous Substances Act 2004*, the Directorate completed the program of inspections to prepare Hazardous Materials Survey Management Plans (HMSMP) for each school (including preschool). These plans are comprehensive and include all potentially hazardous materials (asbestos containing materials, lead-based paint, synthetic mineral fibres, polychlorinated biphenyls and ozone depleting substances). The Directorate updates the asbestos register and asbestos management plan for each school once in every 5 years.

Copies of the HMSMP and the Asbestos Register are accessible at each school and preschool site for inspection by staff, parents, carers and tradespeople. Plans showing areas of known asbestos containing materials are mounted in entry areas of all schools and preschools.

Tree assessment audits are conducted at each school on an annual basis. The 2014-15 year was the fifth year of annual audits with 87 audits conducted. The outcomes are included in the Directorate's tree maintenance program.

During the reporting period, all ACT public schools updated their Emergency Management Plans that include preparation and response to bushfire threats. The Directorate also conducted its annual bushfire prevention audit. These audits were conducted across all ACT public schools to ensure mandatory preventative maintenance was completed prior to the peak bushfire season.

In addition to the planned school asset maintenance and upgrade programs managed and delivered by central office, schools are also funded to undertake repairs and minor works tasks.

ASSET UPGRADES

In the 2014-15 Budget, funding of \$13.868 million was provided for capital upgrades at schools and preschools. Details of specific works are included in Section C3.

OFFICE ACCOMMODATION

During the 2014-15 year, central office staff were located at 220 Northbourne Avenue in Braddon, the Hedley Beare Centre for Teaching and Learning in Stirling, Maribyrnong Primary School in Kaleen and the Lyons Education Centre (Table C4.3).

Staff census of schools conducted in February 2015 recorded 3,192 full-time equivalent staff employed in non-office environments at ACT public school sites. Staff located at these sites included teachers, school leaders, office administrators, general service officers and building service officers.

Table C4.3: Central office sites, staff numbers (head count) and space occupied, as at 30 June 2015

Building and location	Staff numbers	Approximate area occupied (m ²)	Average area occupied per employee (m ²)
220 Northbourne Avenue, Braddon	212	3,303 ^a	15.6
Hedley Beare Centre for Teaching and Learning, Stirling	233	3,196	13.7
Maribyrnong Primary School, Kaleen	22	727 ^{a,b}	33.0
Lyons Education Centre	11 ^c	713	64.8
Total	482^d	7,939	16.5

Source: Education and Training Directorate

Notes:

- a. Includes meeting rooms.
- b. Space occupied by Student Services (Vision Support Team and Hearing Support Team).
- c. Space occupied by the Board of Senior Secondary Studies (Lyons Education Centre) includes 202 m² for meeting rooms and secure storage.
- d. Staff numbers have been calculated based on occupied workstations at 30 June 2015.

For further information contact:

Director

Infrastructure and Capital Works

(02) 6205 3173

C.5 GOVERNMENT CONTRACTING

All procurement processes in place within the Directorate are required to comply with the procurement legislative framework including the *Government Procurement Act 2001*, *Government Procurement Regulation 2007* and subordinate guidelines and circulars. Confirmation of the procurement selection and management processes is authorised by the appropriate Delegate within the Directorate.

Under whole of government procurement arrangements, Procurement and Capital Works continued to provide advice and support in relation to procurement and contract management issues and undertook higher value procurement activities on behalf of the Directorate.

The Directorate continued to be responsible for the management of contracts. Where obligations were not met, including responsibility to comply with employment and industrial relations conditions, the contractor was required to rectify the non compliance immediately to avoid cancellation of the contract.

Directorate central office expenditure included the acquisition of expert advice regarding curriculum, national assessment testing and other education related matters, human resource issues and capital works activities.

Contract information for schools related mainly to cleaning and grounds maintenance.

Table C.5: Education and Training Directorate contracts executed in 2014-15 with an estimated total value of \$25,000 incl. GST or more.

Contract Title	Procurement Methodology	Procurement Type	Exemption from Quotation and Tender Threshold Requirements	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Small to Medium Enterprise (SME)
Aranda Primary School - playground equipment	Quotations	Short Form Contract	No	Australasian Playground Pty Ltd	37,312	April 2015	August 2015	No
Aranda Primary School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	Faraj Cleaning Services	82,145	01/12/14	30/11/15	Yes
Arawang Primary School - installation of security fencing	Select tender	Short Form Contract	No	Lido's Fencing	97,104	11/08/14	February 2015	Yes
Arawang Primary School - floor coverings, internal alterations	Quotations	Short Form Contract	No	Quay Building Group	128,850	25/02/15	February 2015	Yes
Arawang Primary School - internal painting, floor coverings	Quotations	Short Form Contract	No	Scenic Building Group	27,455	12/12/14	February 2015	Yes
Belconnen High School modernisation stage 1 - disability ramp	Quotations	Purchase Order	No	Avgas Autos	25,520	06/11/14	30 June 2015	Yes
Belconnen High School modernisation stage 1 - demolition superintendence	Single select	Purchase Order	Yes	John Skurr Consulting Engineers Pty Ltd	24,750	06/11/14	January 2015	Yes

Contract Title	Procurement Methodology	Procurement Type	Exemption from Quotation and Tender Threshold Requirements	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Small to Medium Enterprise (SME)
Belconnen High School modernisation stage 1 - covered walkway	Quotations	Purchase Order	No	Radmo Constructions Pty Ltd	48,510	18/08/14	November 2014	Yes
Belconnen High School modernisation stage 1 -relocation of HVAC pipe work	Quotations	Purchase Order	No	AHI-Carrier	80,080	22/09/14	December 2014	No
Black Mountain Primary School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	ACT Commercial Cleaning	77,313	17/01/15	16/01/16	Yes
Caroline Chisholm School - internal upgrades	Quotations	Short Form Contract	No	Total Project Construction Pty Ltd	49,899	11/05/15	June 2015	Yes
Campbell High School -Works	Quotations	Short Form Contract	No	Complete Constructions	68,794	01/05/15	June 2015	Yes
Campbell High School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	VNT Pty Ltd	328,582	01/12/14	30/11/16	Yes
Campbell Primary School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	Dynuse Cleaning	86,977	01/11/14	31/10/15	Yes
Canberra High School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	VNT Pty Ltd	357,575	01/09/14	31/08/16	Yes
Capital upgrade programme of works 2014/15 - package 5B	Select tender	Construction related Services Agreement	No	Small Quinton Architects	118,450	04/06/15	To be advised	Yes
Chapman Primary School - carpet replacement	Quotations	Short Form Contract	No	Hoods Carpet Court	107,998	19/12/14	February 2015	Yes
Charnwood Dunlop Primary School - dirt bike track landscape works	Quotations	Short Form Contract	No	Out and About Landscape Design Construction	69,202	15/05/15	5/06/15	Yes
Charnwood Dunlop Primary School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	City and Town Civil Cleaning	96,642	01/09/14	31/08/15	Yes
Coombs Primary School - documentation review, construction stage site reviews and Greenstar Independent Commissioning Agent	Single Select	Short Form Contract	Yes	WSP Buildings Pty Ltd	164,783	16/01/15	31/01/16	No
Design and construct Preschool to Year 6 in Coombs	Public tender	GC 21	No	Collin Joss & Co. Pty Ltd	32,134,986	28/08/14	31/01/16	No
Duffy Primary School - construction of car park and bin enclosure	Public tender	Services Agreement	No	Dale & Hitchcock Civil Engineering and Landscaping	264,583	15/04/15	June 2015	Yes

Contract Title	Procurement Methodology	Procurement Type	Exemption from Quotation and Tender Threshold Requirements	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Small to Medium Enterprise (SME)
Duffy Primary School - supply and installation of security fencing	Select tender	Short Form Contract	No	Lido's Fencing	191,500	29/07/14	June 2015	Yes
ETD HVAC consultant	Quotations	Short Form Contract	No	Northrop Consulting Engineers Pty Ltd	60,500	08/05/15	30/06/16	Yes
Evatt Primary School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	Faraj Cleaning Services	77,313	01/10/14	31/09/2015	Yes
Facilities upgrade 2014/15 - package 1	Public tender	MW 21	No	IQON Pty Ltd	1,291,150	26/09/14	31/03/15	
Facilities upgrade 2014/15 - package 2	Public tender	MW 21	No	Binutti Constructions Pty Ltd	934,410	13/10/14	07/07/15	Yes
Farrer Primary School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	Mirrors Cleaning Service	72,481	01/01/15	31/12/15	Yes
Fraser Primary School - carpeting of classroom areas	Quotations	Purchase Order	No	Master Carpets (ACT)	75,251	22/12/14	January 2015	Yes
Gilmore Primary School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	ACT Commercial Cleaning	53,153	27/01/15	26/01/16	Yes
Giralang Primary School - painting	Quotations	Purchase Order	No	Quay Building Group	78,320	01/04/15	July 2015	Yes
Gordon Primary School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	Rose Cleaning Group	96,642	03/11/14	02/11/15	Yes
Hedley Beare Centre for Teaching and Learning - refurbishment of International Education Unit, cafe and foyer.	Panel of Pre-Qualified Project Managers	Services Agreement	No	Capezio and Co. Pty Ltd	379,687	20/10/14	December 2014	Yes
Hedley Beare Centre for Teaching and Learning - design, supply & install PV solar panels	Public tender	Services Agreement	No	Solgen Energy Pty Ltd	222,655	11/09/14	February 2015	No
Kingsford Smith School - digital signage	Quotations	Short Form Contract	No	Screenmakers Pty Ltd	65,700	14/05/15	20/08/15	Yes
Lanyon High School - replace retaining wall and infill	Quotations	Short Form Contract	No	Dan & Dan Landscaping Pty Ltd	29,531	14/03/15	28/04/15	Yes
Latham Primary School - library office and kindergarten room refurbishments	Quotations	Purchase Order	No	Binutti Construction Pty Ltd	31,309	01/01/15	17/01/15	Yes

Contract Title	Procurement Methodology	Procurement Type	Exemption from Quotation and Tender Threshold Requirements	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Small to Medium Enterprise (SME)
Lyneham High School - Replace corridor floor coverings	Quotations	Short Form Contract	No	Quay Building Group	108,845	10/04/15	To be advised	Yes
Lyneham High School - School frontage	Public tender	Lump Sum Contract	No	Ram Constructions	643,824	11/07/14	24/09/14	Yes
Macgregor Primary School - new building works furniture to match existing	Single select	Purchase Order	Yes	Furnware	27,650	25/09/14	February 2015	No
Macquarie Primary School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	Mirrors Cleaning Service	77,313	01/09/14	31/08/15	Yes
Malkara School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	Freds Express Cleaning Service	53,153	02/01/15	01/01/16	Yes
Maribyrnong Primary School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	S&M Cleaning	72,501	01/01/15	31/12/15	Yes
Majura Primary School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	ACT Commercial Cleaning	202,948	07/04/15	06/04/17	Yes
Mawson Primary School - supply and installation of security fencing	Select tender	Services Agreement	No	Perimetech Pty Ltd	178,618	05/11/14	February 2015	Yes
Melrose High School - Food Technology Facility Upgrade	Quotations	Purchase Order	No	Pauls Vinyl	33,633	01/04/15	30/04/15	Yes
Melrose High School - Food Technology Facility Upgrade	Quotations	Purchase Order	No	AC&R	50,810	01/04/15	30/04/15	Yes
Melrose High School - Food Technology Facility Upgrade	Quotations	Purchase Order	No	Aris Building Service	38,955	01/04/15	30/04/15	Yes
Melrose High School - Food Technology Facility Upgrade	Quotations	Purchase Order	No	Fit Out Factory	31,646	01/04/15	30/04/15	Yes
Melrose High School - Food Technology Facility Upgrade	Quotations	Purchase Order	No	ICANDY	64,010	01/04/15	30/04/15	Yes
Miles Franklin Primary School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	Faraj Cleaning Services	77,313	27/01/15	26/01/16	Yes
Monash Primary School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	ACT Commercial Cleaning	86,977	27/01/15	26/01/16	Yes

Contract Title	Procurement Methodology	Procurement Type	Exemption from Quotation and Tender Threshold Requirements	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Small to Medium Enterprise (SME)
Narrabundah College - landscape services for landscape frontage upgrade	Quotations	Short Form Contract	No	The Trustee for The Gary Burgess Family Trust & the Mark Burgess Family Trust	158,881	07/11/14	18/02/15	Yes
Narrabundah College - landscape frontage upgrade steelworks	Quotations	Short Form Contract	No	The Trustee for The Austec Industrial Engineering Unit Trust	177,960	16/12/14	28/04/15	Yes
Ngunnawal Primary School - car park augmentation	Select tender	Short Form Contract	No	Base Contractors Pty Ltd	97,169	19/12/14	February 2015	Yes
North Ainslie Primary School - refurbishment of staff room and hall area	Quotations	Short Form Contract	No	Total Project Construction Pty Ltd	68,943	10/12/14	June 2015	Yes
Playground Areas Shade Structures	Quotations	Short Form Contract	No	Total Project Construction Pty Ltd	110,631	07/04/15	June 2015	Yes
Richardson Primary School - accessible toilet and front entry works	Quotations	Short Form Contract	No	Cercol Construction Services Pty Ltd	41,923	09/04/15	April 2015	Yes
Supply and deliver junior and senior water refill stations	Quotations	Short Form Contract	No	Aqua Bubbler Australia	153,120	20/08/14	30 April 2015	No
Telopea Park School- landscape frontage upgrade	Public tender	Lump Sum Contract	No	Burgess Horticultural Services	412,443	14/07/14	07/11/14	Yes
The Woden School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	Freds Express Cleaning Service	57,985	01/11/14	31/10/15	Yes
Tuggeranong Introductory English Centre - superintendant services	Select tender	Short Form Contract	No	APP Corporation Pty Ltd	53,735	09/09/14	April 2015	Yes
Tuggeranong Introductory English Centre - extension and refurbishment of existing building	Public tender	Services Agreement	No	FM Projects Australia Pty Ltd	1,216,007	26/09/14	April 2015	Yes
UC High School Kaleen - floor coverings	Quotations	Purchase Order	No	Pykes Flooring	27,586	14/03/15	April 2015	Yes
UC High School Kaleen - drama room floor relay	Quotations	Purchase Order	No	Aura	38,625	06/05/15	May 2015	Yes
UC High College Lake Ginninderra	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	Rose Cleaning Service	309,254	01/12/14	30/11/16	Yes
Wanniassa School	Panel of Cleaning Contractors for ACT Public Schools	Services Agreement	No	VNT Pty Ltd	381,735	01/10/14	30/09/16	Yes

For further information contact:
Director
Infrastructure and Capital Works
(02) 6205 3173

‘Paddock to Plate’ Program extends Health curriculum.

Fraser Primary School successfully introduced the ‘Paddock to Plate’ program to combine health lessons with a student vegetable garden and a nutritionist providing advice on healthy balanced eating. The program extends to the wider school community with family and friends joining students to gain hints and advice from a visiting chef on creating delicious and nutritious meals.

The program is a positive response by Fraser Primary School to the Directorate’s 2015 *Public School Food and Drink Policy* and the ACT Healthy Weight Action Plan. The ‘Paddock to Plate’ coordinator, year 1 / 2 teacher, Todd McCoy, stated, “Health is as vital as the key curriculum areas. ‘Paddock to Plate’ supports our *Kids Matter* philosophy and we are looking to provide them with every element they need to prosper.”



Pictured is the student garden (top), and (bottom L-R), students enjoying food produced and prepared through the program and coordinator, Todd McCoy, sharing food with a family group.

C.6 STATEMENT OF PERFORMANCE



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY 

Sensitive: Audit

A15/07

Ms Diane Joseph
Director-General
Education and Training Directorate
Level 6, 220 Northbourne Avenue
BRADDON ACT 2612

Dear Ms Joseph

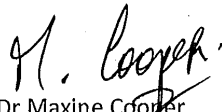
**EDUCATION AND TRAINING DIRECTORATE - REPORT OF FACTUAL FINDINGS
STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**

The Audit Office has completed the review of the statement of performance of the Education and Training Directorate for the year ended 30 June 2015.

I have attached the statement of performance and unqualified report of factual findings.

I have provided a copy of the statement of performance and report of factual findings to the Minister for Education and Training, Ms Joy Burch MLA.

Yours sincerely


Dr Maxine Cooper
Auditor-General
17 September 2015

c.c. Ms Carol Lilley, Chair, Audit Committee
Mr Mark Whybrow, Chief Financial Officer
Ms Megan Young, Chief Internal Auditor

Level 4, 11 Moore Street Canberra City ACT 2601 PO Box 275 Civic Square ACT 2608
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REPORT OF FACTUAL FINDINGS

EDUCATION AND TRAINING DIRECTORATE

To the Members of the ACT Legislative Assembly

Report on the statement of performance

The statement of performance of the Education and Training Directorate (the Directorate) for the year ended 30 June 2015 has been reviewed.

Responsibility for the statement of performance

The Director-General is responsible for the preparation and fair presentation of the statement of performance of the Directorate in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate records and internal controls that are designed to prevent and detect fraud and error, and the systems and procedures to measure the results of the accountability indicators reported in the statement of performance.

The auditor's responsibility

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2011*, I am responsible for providing a report of factual findings on the statement of performance.

The review was conducted in accordance with Australian Auditing Standards applicable to review engagements, to provide assurance that the results of the accountability indicators reported in the statement of performance have been fairly presented in accordance with the *Financial Management Act 1996*.

A review is primarily limited to making inquiries with representatives of the Directorate, performing analytical and other review procedures and examining other available evidence. These review procedures do not provide all of the evidence that would be required in an audit, therefore, the level of assurance provided is less than that given in an audit. An audit has not been performed and no audit opinion is being expressed on the statement of performance.

The review did not include an assessment of the relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets.

No opinion is expressed on the accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations.

As disclosed in the statement of performance, in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2011*, the Government Payment for Outputs and Total Cost information included in the statement of performance has not been reviewed.

Electronic presentation of the statement of performance

Those viewing an electronic presentation of this statement of performance should note that the review does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from this statement of performance. If users of this statement of performance are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the reviewed statement of performance to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the review.

Review opinion

Based on the review procedures, no matters have come to my attention which indicate that the results of the accountability indicators, reported in the statement of performance of the Directorate for the year ended 30 June 2015, are not fairly presented in accordance with the *Financial Management Act 1996*.

This review opinion should be read in conjunction with the other information disclosed in this report.



Dr Maxine Cooper
Auditor-General

17 September 2015

EDUCATION AND TRAINING DIRECTORATE

STATEMENT OF PERFORMANCE 2014-15

End of Year report to 30 June 2015

Education and Training Directorate
Statement of Performance
For the year ended 30 June 2015

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with the Directorate's records and fairly reflects the service performance of the Directorate in providing each class of outputs during the financial year ended 30 June 2015.



Diane Joseph
Director-General
17 September 2015

Output Class 1: Public School Education

Description

Public primary school education spans the years from preschool to year 6. It is available, on average, for eight years with a preschool age of four years and a kindergarten starting age of five years. A balanced curriculum allows students to develop the qualities needed for lifelong learning. Public high school education covers the years 7 to 10. ACT public high schools offer a broad and comprehensive education across all key learning areas. Public secondary college education covers years 11 and 12, offering courses catering for a broad range of student needs and interests.

A range of educational settings are available in ACT public schools for students with a disability. These include special needs schools, special classes or units in mainstream schools and additional support in mainstream classes.

	2014-15 Target	2014-15 Result	Percentage variance from the target	Explanation of material variance (±10% or higher)
Total Cost (\$'000)				
1.1 Public Primary School Education	326,425	322,600	(1.2%)	
1.2 Public High School Education	167,549	165,687	(1.1%)	
1.3 Public Secondary College Education	110,890	107,180	(3.3%)	
1.4 Disability Education in Public Schools	69,628	72,597	4.3%	
Total Output Class 1	674,492	668,064		
Government Payment for Output (\$'000)				
1.1 Public Primary School Education	268,807	265,964	(1.1%)	
1.2 Public High School Education	143,123	140,284	(2.0%)	
1.3 Public Secondary College Education	93,325	91,663	(1.8%)	
1.4 Disability Education in Public Schools	61,667	61,745	0.1%	
Total Output Class 1	566,922	559,656		

The Total Cost and Government payment for Outputs measures above were not examined by the ACT Audit Office in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2011*.

The following Accountability Indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*.

Output Class 1: Public School Education	2014-15 Target	2014-15 Result	Percentage variance from the target	Explanation of material variance (±10% or higher)
Accountability Indicators				
Early intervention^a				
a. Number of eligible children with developmental delays and disabilities who attended an early intervention program	400	276	(31.0%)	Note 1
b. Individual Learning Plans commenced within one month of the student's first attendance at an early intervention program	100%	100%	0.0%	
c. Parent satisfaction with their children's progress in early Intervention placement as measured by annual survey	90%	95%	5.6%	
d. Average cost (\$) per child attending an early intervention program	4,843	4,140	(14.5%)	Note 2
Early childhood education				
a. Number of enrolments in preschool in public schools	4,500	4,873	8.3%	
b. Number of enrolments of Aboriginal and Torres Strait Islander students in preschool in public schools	225	267	18.7%	Note 3
School participation				
a. Attendance rate of public school students in year 1 to year 10	91.5%	91.5%	0.0%	
Education and care services				
a. Number of visits to approved education and care services to administer the <i>Education and Care Services National Law (ACT) Act 2011</i> and the <i>Children and Young People Act 2008</i>	504	603	19.6%	Note 4
b. Education and care services satisfaction with assessment and monitoring functions ^b	85%	79%	(7.1%)	
Disability education				
a. Individual Learning Plans completed for students in special and mainstream schools who access special education services	100%	99%	(1.0%)	
Senior secondary education				
a. Percentage of year 10 students who proceed to public secondary college education	85%	93%	9.4%	
b. Percentage of year 10 Aboriginal and Torres Strait Islander students who proceed to public secondary college education	80%	91%	13.8%	Note 5
c. Apparent retention of public school students from year 7 to year 12 ^{c, d}	100%	113%	13.0%	Note 6
d. Apparent retention of Aboriginal and Torres Strait Islander public school students from year 7 to year 12	75%	81%	8.0%	
e. Percentage of year 12 students who receive a Tertiary Entrance Statement	50%	48%	(4.0%)	
f. Percentage of year 12 Aboriginal and Torres Strait Islander students who receive a Tertiary Entrance Statement	20%	11%	(45.0%)	Note 7
g. Percentage of year 12 students who receive a nationally recognised vocational qualification	60%	58%	(3.3%)	

Output Class 1: Public School Education - continued		2014-15 Target	2014-15 Result	Percentage variance from the target	Explanation of material variance (±10% or higher)
Accountability Indicators					
h. Percentage of year 12 Aboriginal and Torres Strait Islander students who receive a nationally recognised vocational qualification		50%	52%	4.0%	
Regulatory and process reform initiative					
a. Commenced implementation of red tape reduction initiatives ^a		30 June 2015	5 January 2015	-	
Average cost (\$) per student per annum in public schools:					
a. Preschool		5,846	6,793	16.2%	Note 8
b. Primary schools		14,498	13,837	(4.6%)	
c. High schools		18,176	17,905	(1.5%)	
d. Secondary colleges		18,329	17,547	(4.3%)	
e. Special schools		56,807	61,192	7.7%	
f. Mainstream schools' student with a disability		25,844	27,347	5.8%	

Notes to accountability description:

- Early intervention services transitioned to the National Disability Insurance Scheme from 1 January 2015. As a result, programs provided by the Education and Training Directorate ceased at the end of the 2014 school year.
- The survey was conducted during June and July 2015. A total of 102 approved education and care services completed the survey. Responses were collected on a five point scale of strongly agree, agree, neither agree nor disagree, disagree or strongly disagree. Strongly agree and agree responses were counted as satisfied. Non-responses were excluded.
- The apparent retention rate is an indicative measure of the number of students who have stayed in school, as at a designated year level. It is the percentage of the respective cohort group that those students would be expected to have come from, assuming an expected progression of one grade per year.
- The apparent retention rate for the ACT can be higher than 100 per cent as a result of increasing numbers of students from outside the ACT public school system (from non-government and New South Wales schools) enrolling in ACT public schools after year 7. This occurs, in particular, in years 11 and 12.
- This accountability indicator measures Directorate efforts to reduce administrative burden for its stakeholders with red tape. For this measure, red tape is defined as burden generated by government administrative requirements, experienced by stakeholders including businesses and families. On 5 January 2015 the Directorate implemented the ACT Vocational Education and Training Administrative Records System (AVETARS). The system has provided a streamlined approach for registered training organisations to self manage their information, initiate changes to their training information and data, and interact with the Directorate.

Notes to variance explanation:

- As this program ceased at the end of the 2014 school year, the result reflects six months of service provision. The target is based on program operation for twelve months.
- The variance is due to higher than budgeted numbers of children attending an early intervention program in the first half of the year, reducing the average cost per child.
- There was a 25.9 percent increase in Aboriginal and Torres Strait Islander children enrolled in preschool from 2013 to 2014. This was the largest increase for the previous five years. The increase of 55 students was due to a strong increase in enrolments in both mainstream and Koori preschool programs.
- The variance was due to an increase in the number of authorised officers conducting assessments and ratings and compliance visits.
- Through the Education and Training Directorate's initiatives to support all Aboriginal and Torres Strait Islander students' transition smoothly from public high schools to college, a higher proportion of Aboriginal and Torres Strait Islander students continued their schooling.
- The result for 2014 represents the highest outcome for the previous 15 years. It is due to a higher than usual increase in enrolments in ACT public schools in year 11 (in 2013) and year 12 (in 2014), compared with the relevant year 7 cohort (2009).
- The number of Aboriginal and Torres Strait Islander students who received a Tertiary Entrance Statement in 2014 (9) was similar to 2013 (10). A significant increase in enrolments in year 12 (up from 55 students in 2013 to 83 students in 2014), however, substantially reduced the percentage of students who received a Tertiary Entrance Statement.
- The variance is due to additional Commonwealth funding provided through an extension to the Universal Access to Early Childhood National Partnership into 2015.

Output Class 2: Non-government Education

Output 2.1: Non-government Education

Description

The Directorate contributes to the maintenance of standards in non-government schools and home education through compliance and registration, and the accreditation and certification of senior secondary courses through the Board of Senior Secondary Studies. The Directorate also undertakes the administration and payment of the Commonwealth and ACT Government grants.

	2014-15 Target	2014-15 Result	Percentage variance from the target	Explanation of material variance (±10% or higher)
Total Cost (\$'000)	2,907	3,474	19.5%	Note 1
Government Payment for Output (\$'000)	2,357	2,669	13.2%	Note 1
Accountability Indicators				
a. Non government school registration reviews completed within the period required under the <i>Education Act 2004</i> ^a	100%	100%	0.0%	
b. Home education registration reviews for provisionally registered children be completed within three months	96%	100%	4.2%	
c. Grants paid within the required period of receiving funds from the Commonwealth Government	100%	100%	0.0%	

The above Accountability Indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*. The Total Cost and Government payment for Outputs measures were not examined by the ACT Audit Office in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2011*.

Note to accountability indicator description:

- The Education and Training Directorate is responsible for the management of registration processes pertaining to new and existing ACT non-government schools. Whilst the *Education Act 2004* does not prescribe a period for the completion of registration processes and reviews, it requires non-government schools to be registered before any student is educated. During the reporting period, all registration processes were completed prior to the commencement of the school educating any students, or before the expiration of the registration of a school seeking registration renewal.

Note to variance explanation:

- Variance is primarily due to increased Commonwealth funding provided through the establishment of a new *Chaplaincy National Partnership* in 2015.

Output Class 3: Vocational Education and Training

Output 3.1: Planning and Coordination of Vocational Education and Training Services

Description

The Directorate is responsible and accountable for the provision of strategic advice and management of vocational education and training (VET) and higher education in the ACT. This includes administering, monitoring and auditing territory and national funds for a variety of programs addressing skills development. The vocational education and training system in the ACT responds to the demands and requirements of industry and the community. The Directorate gathers advice from industry stakeholders to predict industry trends and identify the future training requirements of the ACT.

	2014-15 Target	2014-15 Result	Percentage variance from the target	Explanation of material variance (±10% or higher)
Total Cost (\$'000)	39,081	27,284	(30.2%)	Note 1
Government Payment for Output (\$'000)	38,963	28,685	(26.4%)	Note 1
Accountability Indicators				
a. Funded training initiative allocation rounds administered within published timeframes	100%	100%	0.0%	
b. Registered training organisation audit reports provided within 30 days of completion of on-site audit	100%	100%	0.0%	
c. Total number of students undertaking vocational qualifications:				
i. all students	30,100	25,878	(14.0%)	Note 2
ii. Aboriginal and Torres Strait Islander students	755	824	9.1%	
iii. students with a disability	1,940	1,926	(0.7%)	
d. Participation in vocational education and training:				
i. all students (percentage)	8.2%	6.7%	(18.3%)	Note 3
ii. Aboriginal and Torres Strait Islander students (percentage)	15.5%	12.3%	(20.6%)	Note 4

The above Accountability Indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*. The Total Cost and Government payment for Outputs measures were not examined by the ACT Audit Office in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2011*.

Notes to variance explanation:

1. Variance is primarily due to the timing of course completions associated with the *Skills Reform National Partnership*.
2. The decline in student numbers can be partially attributed to the cessation of the *Productivity Places Program National Partnership*. Participating students were completing training through until 2014. The decline in student numbers can also be attributed to changes from 1 July 2012 to the Commonwealth Australian Apprenticeships Incentives Program. The \$1,500 standard commencement incentive payment for existing workers was discontinued.
3. The variance is due to a decline in student numbers participating in vocational education and training (see Note 2).
4. The decline was due to a lower number of Aboriginal and Torres Strait Islander students participating and an increase in the estimated population of Aboriginal and Torres Strait Islander people in the ACT.

Campbell High School 'Big Science' achiever

Each year, Campbell High School science students participate in the Australian National Chemistry Quiz and the Big Science competition. Year 7 student Patrick Miller received a special mention for his achievements in both events this year.

In the Chemistry Quiz, Patrick achieved a High Distinction Certificate of Excellence for his perfect score of 100 percent. Patrick's participation in the Big Science competition earned him the award of 'Top Scorer', one of only 60 students across the world to achieve that award. The Big Science competition consists of a one hour paper designed to inspire, challenge and raise the aspirations of students in science and is taken by 49,000 students across the world. The competition provided students with the opportunity to test their critical thinking and problem solving skills.

Patrick's interest and high level achievement in the sciences was further demonstrated in his research, design, construction and programming of his own quad-copter.



Patrick Miller, year 7 student at Campbell High School, has achieved outstanding results in the sciences this year.



The quad-copter designed and constructed by Patrick Miller.