



Australian Government
**Department of Education,
Skills and Employment**



2019–20 Annual Report



Australian Government

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Skills and Employment**

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Acknowledgment of Country

The Department of Education, Skills and Employment acknowledges the traditional owners and custodians of country throughout Australia and acknowledges their continuing connection to land, water and community. We pay our respects to the people, the cultures and the elders past, present and emerging.

The Department of Education, Skills and Employment acknowledges diversity and respectfully uses both the terms 'Indigenous' and 'Aboriginal and Torres Strait Islander peoples' interchangeably throughout this document.

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Online version

Web address of this report: dese.gov.au/about-us/corporate-reporting/annual-report

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Australian Government
**Department of Education,
Skills and Employment**

Secretary
Dr Michele Bruniges AM

The Hon Dan Tehan MP
Minister for Education
Parliament House
CANBERRA ACT 2600

Senator the Hon Michaelia Cash
Minister for Employment, Skills, Small and Family Business
Parliament House
CANBERRA ACT 2600

Dear Ministers

It is my pleasure to submit to you the Department of Education, Skills and Employment Annual Report 2019–20 for presentation to the Parliament, as required by subsection 46(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The report reflects the department's legislative reporting requirements and has been prepared in accordance with section 46 of the PGPA Act. It further meets the requirement of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) in relation to annual reports for non-corporate Commonwealth entities and includes the department's annual performance statements.

The Administrative Arrangements Order (AAO) of 5 December 2019 transferred responsibility for employment and skills functions to the former Department of Education. The formation of the Department of Education, Skills and Employment took effect on 1 February 2020.

This report includes the department's audited financial statements, prepared in accordance with the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015.

As required by section 17AG(2)(b) of the PGPA Rule, I certify that I am satisfied that the department:

- prepared fraud risk assessment and fraud control plans
- had in place appropriate fraud prevention, detection, investigation recording and reporting mechanisms that met the needs of the department
- took all reasonable measures to appropriately deal with fraud relating to the department.

The report includes the information required to be presented to Parliament in accordance with section 127 of the Australian Education Act 2013.

The appendices also provide the 2019–20 annual reports for the:

- Tuition Protection Service, as required under section 170B of the Education Services for Overseas Students Act 2000
- Trade Support Loans program, as required under section 103 of the Trade Support Loans Act 2014
- Student Identifiers Registrar, as required under section 51 of the Student Identifiers Act 2014.

Yours sincerely

Dr Michele Bruniges AM

24 September 2020

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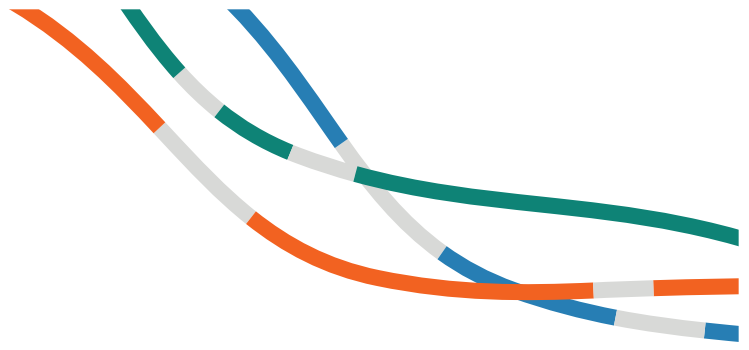
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Overview

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Secretary's review



I respectfully acknowledge Traditional Owners and Custodians of country across Australia 'Dhawura nguna dhawura Ngunnawal. Yanggu ngalamanyin dhunimanyin. Ngunawalwari dhawurawari. Dindi wangiralidjinyin.'

I am pleased to introduce the first Annual Report of the Department of Education, Skills and Employment (DESE or department). Formed on 1 February 2020, the new department brought together child care, education—from early childhood through to higher education—skills and employment.

The challenges of 2019–20 were unprecedented, with Australia experiencing drought and bushfire emergencies, and then the outbreak and spread of COVID-19. These challenges impacted all Australians in some way and the department played a significant and important role in delivering the Australian Government's response.

Teams and individuals across the department demonstrated a commitment to public service by delivering responsive, timely and evidence-based policy and programs. Our agility came to the fore to ensure we could best respond to the needs of the communities we serve.

Our department continues to deliver the Government's priorities, support our ministers, and serve our communities and sectors, to take a lead role in the nation's recovery.

Improving educational outcomes

In late 2019, Australia's education ministers signed a new declaration—the *Alice Springs (Mparntwe) Education Declaration*—setting out their shared vision for education and their commitment to improving educational outcomes.

The declaration will shape our work into the future, along with the reform work already in train under the National School Reform Agreement, which commenced in 2019 and continues until 2023. Notwithstanding the COVID-19 pandemic, there has been steady progress in implementing the eight national policy initiatives under the agreement, including completion of the *Review of senior secondary pathways into work, further education and training*, led by an expert panel chaired by Professor Peter Shergold AC.

Work is also on track to establish the new national evidence institute, which will provide practical support to teachers by translating research and evidence into effective strategies they can use in the classroom, and the Unique Student Identifier (USI) for school students.

Accessing child care and education through adversity

Enabling families to access early childhood education and care services, along with ensuring the delivery of education in schools, were critical elements at the height of the COVID-19 pandemic and continue to be important aspects in our recovery efforts.

Our response has been swift as we have worked to enable families to access early childhood education and care services and deployed support through business continuity payments and the Community Child Care Fund (CCCCF). We also supported the Government's announcement of a one-year extension of funding for universal access to preschool – securing certainty for the sector and children's early learning for the 2021 calendar year.

Providing ongoing access to education was also a key consideration for National Cabinet. When the *COVID-19 National Principles for School Education* were agreed, we worked collaboratively with state and territory governments to ensure the continued delivery of school education during the COVID-19 pandemic. This was essential to create a sense of normality for students across the nation, even as delivery methods changed, the routine of school continued during the most trying of times.

Preparing and equipping Australians for the future

A skilled workforce is a significant contributor to our nation's economic outlook and maintaining our skills and education system has been critical to the immediate response to the COVID-19 pandemic.

Our department delivered continued support for apprenticeships, including incentives for employers, working closely with the business and industry sectors to ensure training will continue to meet workforce skills needs.

We supported reforms identified in *Strengthening Skills: Expert Review of Australia's Vocational Education and Training System*, and began implementing key elements of the Government's Skills Package.

The National Skills Commission (NSC) was established, under the leadership of the interim National Skills Commissioner, to anticipate critical skills shortages and help the skills system respond to the needs of Australian businesses. The National Careers Institute (NCI) was also established as the authoritative source for careers information and connecting job seekers with information, support services and pathways to get back to work – and to get young Australians and school leavers into work.

Under the Government's JobMaker plan, work began on linking funding to skills demand and business requirements, simplifying the system, implementing performance monitoring in skills training, and reviewing subsidies, loans and other sources of funding.

Quality and accessible higher education

The COVID-19 pandemic presented a significant challenge to the higher education sector. Implementing the Higher Education Relief Package supported universities and other higher education providers to continue teaching and provide subsidised short, online higher education courses.

The 2020 academic year saw the introduction of performance-based funding to universities to improve student outcomes and increase participation of Indigenous students, those from a low socioeconomic background and students from rural and remote Australia.

Significant reforms to the higher education funding system, announced by the Minister for Education in June 2020, will be a major focus as we work with the sector's key stakeholders to co-design many aspects of the reform package in the period from 2021 to 2023.

Support Australians to prepare for and find employment

Employment and pre-employment programs continued to help Australians prepare for, find and take up employment. During the COVID-19 pandemic, an unparalleled increase in the number of job seekers who used employment services was recorded. The jobactive caseload more than doubled to over 1.4 million people by the end of the financial year.

The department worked closely with stakeholders to continue to adapt, modify and improve policies and programs. The Jobs Hub platform was launched to help connect job seekers and organisations who were hiring. Streamlined job seeker registration and referral processes were introduced and the National Customer Service Line expanded. There were also enhancements to the Career Transition Assistance and Transition to Work (TtW) programs and reforms to the Harvest Labour Scheme that supports the agriculture sector.

There was continued focus on the future of employment services, including delivering the New Employment Services Model from July 2022.

A culture of delivery, connectedness and collaboration

Against the backdrop of this year's unprecedented events, we did not lose sight of our people and establishing a culture of delivery, connectedness and collaboration.

An internal integration taskforce was established to shape how we work as one department. Working with colleagues across the department, the taskforce has led actions that instil connected ways of working across education, skills and employment. Our integration activities included: effective new governance structures; a strengthened focus on data and digital services; establishment of policy and data communities of practice; work on new people, workforce and learning and development strategies; and the re-establishment of employee networks. An interim corporate plan provided a consistent planning framework.

The department also had a strong, coordinated response to the COVID-19 pandemic that focused on the health, safety, wellbeing, and support of our people in all our offices nationwide. We supported more than 3,500 individuals to work from home, and new collaboration and call centre technologies were rolled out. Through challenging times we developed a positive, supportive and inclusive culture—a foundation that unites us in achieving our purpose.

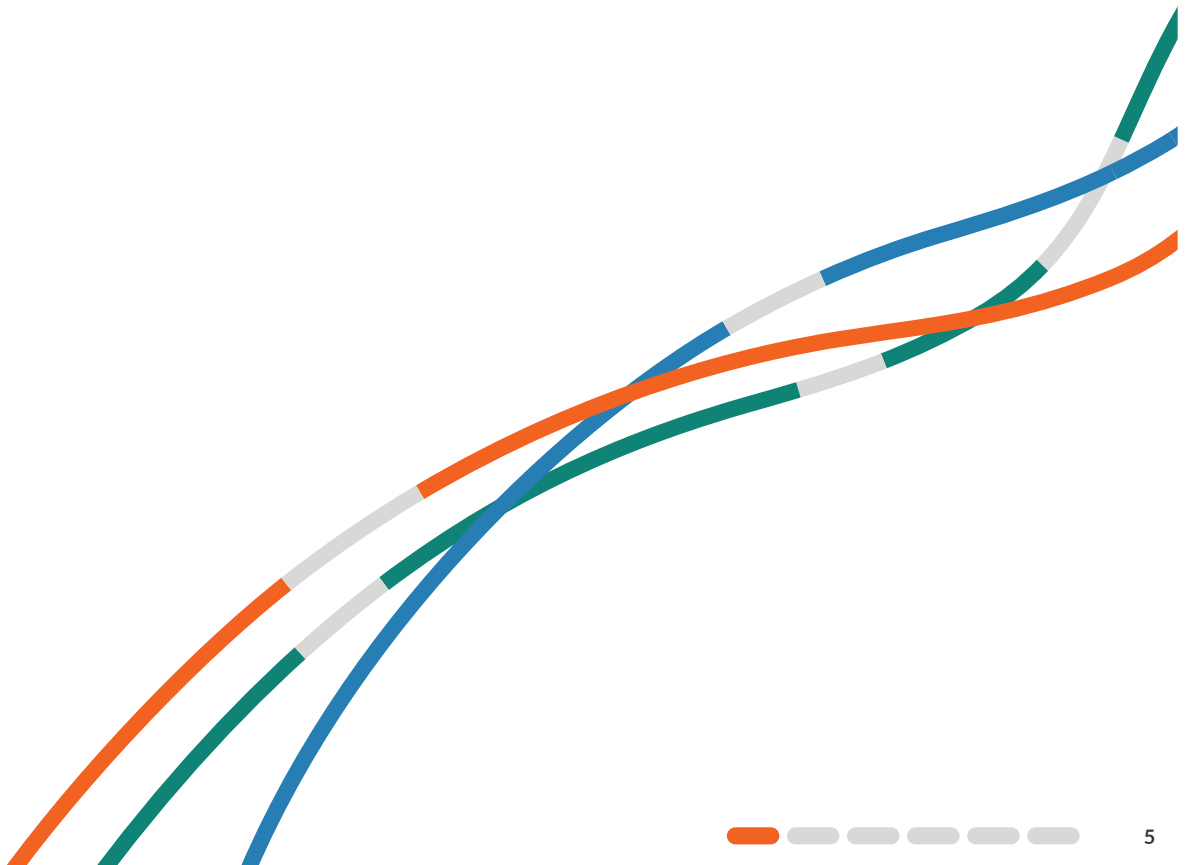
Strength in diversity, inclusion and capability

The department's commitment to diversity and inclusion embraces the unique skills and qualities of all our people.

Establishing a dedicated Senior Executive Service (SES) cohort of Diversity Champions, coupled with the launch of our new employee networks, provided a strong foundation to strengthening our commitment to diversity and inclusion.

Investment in learning and development and capability building remained a priority. As many sectors moved to online delivery, we implemented new methods of professional development, enabling departmental staff to build their capability through online learning.

The department's better integration, links and relationships, internally and externally, offered new possibilities for increased engagement with stakeholders across our portfolio areas. I look forward to strengthening and broadening this approach in the years ahead.



Our portfolio

Ministers



The Hon Dan Tehan MP
Minister for Education



Senator the Hon Michaelia Cash
Minister for Employment,
Skills, Small and Family Business



The Hon Andrew Gee MP
Minister for Decentralisation
and Regional Education
(from 6 February 2020)



The Hon Steve Irons MP
Assistant Minister for Vocational Education,
Training and Apprenticeships

Department of Education, Skills and Employment

Dr Michele Bruniges AM – Secretary

The department's purpose is to help create an inclusive and prosperous Australia by maximising opportunity through national leadership on education, skills and employment policy development.

We will work to ensure Australians can experience the social wellbeing and economic benefits that quality education, training and employment provide by actively supporting our ministers to deliver Australian Government policies and priorities.

The department achieves its purpose through the delivery of outcomes.

Outcome 1: Improved early learning, schooling, student educational outcomes and transitions to and from school, through access to quality child care, support, parent engagement, quality teaching and learning environments.

Outcome 2: Promote growth in economic productivity and social wellbeing through access to quality higher education, international education and international quality research.

Outcome 3: Promote growth in economic productivity and social wellbeing through access to quality skills and training.

Outcome 4: Foster a productive and competitive labour market through policies and programs that assist job seekers into work and meet employer needs.

Accountable authority

Dr Michele Bruniges AM, Secretary of the Department of Education, Skills and Employment, was the department's accountable authority.

Secretary of the Department of Education, Skills and Employment from 1 February 2020 to 30 June 2020.

Secretary of the Department of Education from 1 July 2019 to 31 January 2020.

Portfolio responsibilities

On 5 December 2019, the Prime Minister announced changes to the structure of the Australian Public Service (APS) as part of the Australian Government's reform agenda to put Australians at the centre of government.

Under the Administrative Arrangements Order (AAO) made on 5 December 2019, the employment and skills functions from the former Department of Employment, Skills, Small and Family Business were transferred to the Department of Education. The Department of Education was renamed the Department of Education, Skills and Employment.

Work towards implementing the Machinery of Government changes commenced on 5 December 2019, with changes taking effect from 1 February 2020.

Portfolio entities – as at 30 June 2020



Australian Curriculum, Assessment and Reporting Authority

Mr David de Carvalho, Chief Executive Officer

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



Australian Institute for Teaching and School Leadership Limited

Mr Mark Grant PSM, Chief Executive Officer

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



**Australian Government
Australian Research Council**

Australian Research Council

Professor Sue Thomas, Chief Executive Officer

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



**Australian Government
Australian Skills Quality Authority**

Australian Skills Quality Authority

Ms Saxon Rice, Chief Commissioner and Chief Executive Officer

Outcome: Contribute to a high-quality vocational education and training sector, including through streamlined and nationally consistent regulation of training providers and courses, and the communication of advice to the sector on improvements to the quality of vocational education and training.



Australian Government
**Tertiary Education Quality
and Standards Agency**

Tertiary Education Quality and Standards Agency
**Professor Nick Saunders AO, Chief Commissioner
and acting Chief Executive Officer**

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



**Australian
National
University**

Australian National University
**Professor Brian P. Schmidt AC, Vice Chancellor,
President and Chief Executive Officer**

The Australian National University (ANU) is a research-intensive educational institute, established by the *Australian National University Act 1991*. The Australian National University is not part of the general government sector. It is not included in the Commonwealth general government sector fiscal estimates and is exempt from the Portfolio Budget Statements (PBS).



Our departmental structure

Dr Michele Bruniges AM, SECRETARY



CORPORATE AND ENABLING SERVICES
 Marcus Markovic,
 Deputy Secretary
 Chief Operating Officer

EARLY CHILDHOOD AND CHILD CARE
 Dr Ros Baxter,
 Deputy Secretary

SCHOOLS
 Alex Gordon,
 Deputy Secretary

HIGHER EDUCATION, RESEARCH AND INTERNATIONAL
 Rob Heferen,
 Deputy Secretary

SKILLS AND TRAINING
 Nadine Williams,
 Deputy Secretary

EMPLOYMENT
 Nathan Smyth,
 Deputy Secretary

DEPARTMENT INTEGRATION TASKFORCE
 Dr Jill Charker,
 Deputy Secretary

People, Parliamentary,
 Communication and Assurance

Payment Policy
 and Engagement

Funding and
 Data Collection

International

VET Quality and Policy

Employment Programs
 and Activation

Finance and Budget

Payment Integrity

National System
 and Performance

Higher Education

VSL, VET Compliance
 and TRA

Labour Market Strategy

Technology and Services

Early Learning
 Policy and Network

Improving Student
 Outcomes

Strategy and Data

National Careers
 Institute

New Employment
 Services Model

Digital Solutions

Apprenticeships and
 Workforce Skills

Quality, Integrity
 and Evidence

Legal

Skills Reform
 Taskforce

Delivery and Employer
 Engagement

National Skills
 Commission

Tuition Protection
 Service Director

Student Identifiers
 Registrar

Statutory officers

Departmental structure as at 30 June 2020.



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Statement by the accountable authority

Statement by the Accountable Authority

I, as the accountable authority of the Department of Education, Skills and Employment, present the 2019–20 annual performance statements of the department, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013*.

The Administrative Arrangements Order of 5 December 2019 transferred responsibility for employment and skills functions to the former Department of Education. The formation of the Department of Education, Skills and Employment took effect on 1 February 2020.

Under Section 17J(4) of Public Governance, Performance and Accountability Rule 2014, the information about the former entity's performance of the transferred function or functions must be included in the annual performance statements for the reporting entity. The annual performance statements have been prepared on this basis.

In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the *Public Governance, Performance and Accountability Act 2013*.



Dr Michele Bruniges AM

Secretary

24 September 2020

Our purpose, outcomes and programs

Purpose

We help to create an inclusive and prosperous Australia by maximising opportunity through national leadership on education, skills and employment policy development.

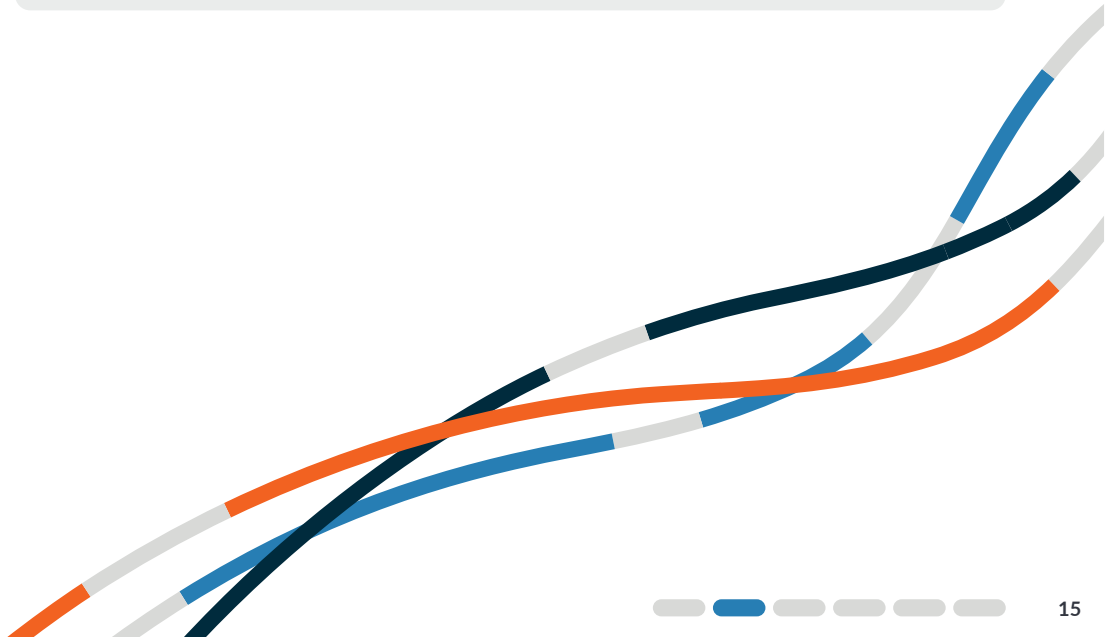
Quality early learning and schooling

Improved early learning, schooling, student educational outcomes and transition to and from school, through access to quality child care support, effective parent engagement, quality teaching and learning environments.

The following programs support the delivery of this outcome:

- **Program 1.1** Support for the Child Care System
- **Program 1.2** Child Care Subsidy
- **Program 1.3** Government Schools National Support
- **Program 1.4** Non-Government Schools National Support
- **Program 1.5** Early Learning and Schools Support

Outcome 01



Quality higher education, international education and international quality research

Outcome
02

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

The following programs support the delivery of this outcome:

- **Program 2.1** Commonwealth Grants Scheme
- **Program 2.2** Higher Education Superannuation Program
- **Program 2.3** Higher Education Support
- **Program 2.4** Higher Education Loan Program
- **Program 2.5** Investment in Higher Education Research
- **Program 2.6** Research Capacity
- **Program 2.7** International Education Support

Quality skills and training

Outcome
03

Promote growth in economic productivity and social wellbeing through access to quality skills and training.

The following program supports the delivery of this outcome:

- **Program 3.1** Building Skills and Capability
- **Program 3.2** VET Student Loans

Employment and jobs

Outcome
04

Foster a productive and competitive labour market through policies and programs that assist job seekers into work and meet employer needs.

The following program supports the delivery of this outcome:

- **Program 4.1** Employment Services

Note: Program names and numbers are as published in the Education Skills and Employment Portfolio Additional Estimates Statements 2019–20.

Analysis

Early Childhood and Child Care

COVID-19

In the lead-up to April 2020, Australia's early childhood and care centres were experiencing significant decline in attendance due to the COVID-19 pandemic. The Australian Government responded immediately with measures to encourage families to remain enrolled. Services were permitted to waive out-of-pocket fees for families where children did not attend care without forgoing the Child Care Subsidy (CCS) payment and families' allowable absences increased from 42 to 62 days for the 2019–20 financial year.

The second wave of support, which commenced on 6 April 2020, was the \$1.9 billion Early Childhood Education and Care Relief Package. This was designed to ensure the viability of the child care sector and guarantee funding while continuing to make child care accessible to essential workers and vulnerable children. The package complemented other Government business support measures such as JobKeeper payments. Providers were able to apply for the Exceptional Circumstance Supplementary Payments in addition to weekly Relief Package payments. This included where:

- there had been an increase in the level of care provided compared to the reference period, which for most services was from 17 February to 1 March 2020
- providers were part of non-government schools and large charities or not-for-profit organisations, and ineligible for the JobKeeper payment.

The department worked with, and consulted across, the Australian, state and territory governments and with sector representatives to develop and implement a COVID-19 response for the child care sector. Regular communication was provided to the sector through reference groups, emails, webcasts, fact sheets and web pages to support services and providers, and to help them support families using their services. A review of the Relief Package in May 2020 found that it had been successful: 99 per cent of the 13,400 child care services nationally were operational and families were being supported with access to free child care.

Natural disasters

The early childhood measure offered \$5 million in CCCF Special Circumstances grants to support early childhood and care services within declared local government areas experiencing decreased demand and financial pressure as a result of drought. In 2019–20, the total expenditure on drought was \$2,641,947.

A further \$5 million was made available to support child care services affected by the bushfires.

In addition to the drought and bushfire support, a further \$4 million of CCCF Special Circumstances funding was available for other unforeseen events or circumstances including:

- local emergencies
- natural disasters
- extreme weather events such as flood
- market failure
- any event where a closure would result in a lack of suitable child care for the community.

In 2019–20, the total expenditure from this component was \$1,279,419.

The department—through peak bodies, child care centres and Services Australia—also provided families facing financial stress due to natural disasters with short-term assistance through the Additional Child Care Subsidy (ACCS)—temporary financial hardship. This provides 120 per cent of the hourly rate cap for 13 week periods. In most cases, the ACCS covers the full cost of care.

The Parliament also approved the change of the CCCF Special Circumstances grants appropriation from an annual appropriation to a special appropriation. This has increased flexibility for the Government to respond to emerging priorities and unforeseen events like bushfires and COVID-19.

Preschool

The Australian Government committed \$453.2 million to continue Commonwealth support for preschool in 2020–21 as part of the National Partnership on Universal Access to Early Childhood Education (UANP). This is in addition to the \$449.5 million already committed in 2019–20, bringing the total amount of funding made available to states and territories since 2014 to more than \$3.2 billion. This funding will support almost 350,000 children throughout 2020–21 and provides certainty and stability for the sector as part of the Government's recovery from COVID-19.

An independent review of UANP arrangements conducted by the Nous Group found that this investment had driven real improvements in participation, with enrolments for 600 hours increasing from around 12 per cent in 2008 to 96 per cent in 2018.

Arrangements from 2022 are a matter for all governments and will be informed by the UANP Review as well as the Preschool Attendance Strategies Project being conducted by The Smith Family.

Schools

The department works to deliver the Australian Government's national policy agenda to lift school performance and maximise student outcomes. This is being supported by record levels of Australian Government school funding distributed to schools on the basis of need.

Funding

In the 2019 calendar year, the Government provided, under the *Australian Education Act 2013*, approximately \$8 billion in recurrent funding for state and territory government schools, and, through state and territory governments, approximately \$12.4 billion to non-government schools. These funding arrangements are informed by the Schooling Resource Standard, which includes a base amount for every primary and secondary school student plus additional loadings to target disadvantage.

Over the course of the year the department progressed the implementation the Government's new Direct Measure of Income methodology to improve the fairness of the way the Government allocates funding for non-government schools. Development of the new measure has been supported through collaboration with the Multi-Agency Data Integration Project and key stakeholder groups. It will ensure funding flows to the schools that need it the most.

The department also delivered the Government's Local Schools Community Fund, a \$30.2 million initiative that provided funding for small-scale projects in government and non-government schools. The Government also provided \$160.9 million to block grant authorities for capital projects in non-government schools.

Reform

A highlight for the year was all education ministers signing a new education declaration – the *Alice Springs (Mparntwe) Education Declaration*. Mparntwe is the Arrernte name for Alice Springs where the declaration was agreed. The declaration sets out the vision for education in Australia and the commitment to improving educational outcomes for young Australians. It was developed in consultation with stakeholders through 2019 and builds on past declarations signed in Hobart, Adelaide and Melbourne that have guided Australia's education journey over three decades.

Over the course of the year, the department continued to work closely with states and territories in the delivery of the eight national policy initiatives under the National School Reform Agreement. Signed by First Ministers in 2018, the agreement sets out three national reform directions to support:

- students, student learning and achievement
- teaching, school leadership and school improvement
- enhancing the national evidence base.

Some significant milestones were achieved in 2019–20:

- The *Review of Senior Secondary Pathways into Work, Further Education and Training* was delivered to the Education Council
- Education Ministers appointed the inaugural director of the national evidence institute, Dr Jenny Donovan
- The learning progressions and online formative assessment initiatives progressed to the 'alpha' phase of development.

Schools-related performance targets are based on national targets agreed with states and territories under the National School Reform Agreement and as measured under the national Measurement Framework for Schooling in Australia.

Bilateral agreements with states and territories under the national agreement include activities that align with national reform directions to support improved outcomes for specific cohorts of students, including Aboriginal and Torres Strait Islander students.

The Australian Government provided approximately \$40 million to non-government representative bodies in 2019 to support implementation of national reforms in non-government schools as part of the Non-Government Reform Support Fund.

COVID-19

School education in Australia was significantly disrupted by COVID-19. Through the collaborative efforts of all governments, and with the dedication of school systems, leaders and teachers, delivery of school education continued with a shift to online learning and learning from home for many students.

An early priority for National Cabinet was to establish COVID-19 National Principles for School Education to ensure all students could continue their education and progress through their year level. The Australian Health Protection Principal Committee provided practical guidance for school leaders to help reduce the relatively low risk of COVID-19 transition in schools during the pandemic.

On 9 April 2020, the Minister for Education varied the conditions of approval for independent non-government schools under Section 81(1)(c) of the *Australian Education Act 2013* to require that these approved authorities must provide an option for students to attend school on campus unless advised otherwise by health or education authorities.

With extensive learning from homes across Australia at the time, education ministers took a decision to cancel National Assessment Program – Literacy and Numeracy (NAPLAN) for 2020, the annual assessment of literacy and numeracy for students in Years 3, 5, 7 and 9. To support understanding of the potential impact of extended periods of remote learning on disadvantaged students, the department commissioned six pieces of research from experts in the field.

There were significant concerns about the impact of the pandemic on students in their final year of school. The department worked with state and territory education departments and the Australasian Curriculum, Assessment and Certification Authorities to ensure that Year 12 students were not disadvantaged, senior secondary assessments would continue and students would receive a Senior Secondary Certificate.

The department delivered the Government's commitment of \$10 million of Special Circumstances funding to non-government schools to help them put appropriate hygiene protections in place to help slow the spread of COVID-19. The department also worked with the non-government sector to help schools manage their cash flow and financial viability during this time.

COVID-19 has also impacted the delivery of bushfire recovery support programs. Suppliers such as Beyond Blue moved their support to phone and online delivery, and included additional resources to help already traumatised bushfire affected communities deal with the additional challenges of COVID-19.

Higher Education, Research and International

A number of key policy reviews were finalised in the first half of 2019–20 to inform changes to the higher education sector.

The department implemented the findings of the *Wellings Review* and introduced performance-based funding to universities, commencing from the 2020 academic year. This model provides up to an additional \$80 million a year to universities that improved student outcomes and achieved greater participation of Indigenous, low socioeconomic status, and rural and remote students.

Under the Rural and Regional Enterprise Scholarships Program, 1,100 scholarships were made available for those students commencing in the 2020 academic year, with special consideration provided for students affected by bushfires and drought.

The *Guidelines to Counter Foreign Interference in the Australian University Sector* were launched in November 2019. Developed jointly between universities and government agencies, the guidelines help safeguard universities from the risks of foreign interference, while maintaining the freedom universities need to conduct their research.

The *Global Convention on the Recognition of Qualifications concerning Higher Education 2019* was established in November 2019. It recognises higher education qualifications and promotes mobility for providers and graduates. It also supports fair and transparent recognition for individuals—irrespective of the mode of delivery of their qualifications—and supports Australian providers to grow their services, protecting Australia's global reputation for high-quality education.

COVID-19

The Higher Education Relief Package supported universities and other higher education providers to continue teaching, including through subsidised online, short higher education courses designed to support workers displaced by COVID-19. This included the addition of an undergraduate certificate to the Australian Qualification Framework, which provides opportunities for Australians affected by the pandemic to reskill, upskill and improve their future employability.

The department established a dedicated team to support the education sector, including a global reputation taskforce of key international education stakeholders, which met weekly. A contact centre for students and education providers was introduced, and arrangements were made for affected Year 11 and 12 international students from mainland China to enter Australia to continue their studies. Regulatory costs to education providers were reduced by \$47.5 million across the portfolio, alongside a broad range of regulatory flexibility to support affected international students and education providers.

Job-ready Graduates

The Job-ready Graduates Package was announced on 19 June 2020 and is designed to deliver more job-ready graduates in the disciplines and regions where they are needed most. The package of reforms to Higher Education will create 100,000 new university places by 2030 and provide additional support for students in regional and remote Australia. The Government already provides more than \$18 billion a year to fund Australia's universities and this will increase to \$20 billion by 2024. Subject to the passage of legislation, the package will commence on 1 January 2021.

The package will produce job-ready graduates that reflect Australia's expected economic, industry and employment growth, which is why there is an increased focus on areas of industry and community priority as well as work relevant qualifications. The new arrangements aim to encourage prospective students to consider adding skills sought by employers, as well as their own preferences. The reforms will also support higher education providers to work closely with industry to ensure graduates have the job-ready skills and experience they need in a challenging labour market.

The department has established a taskforce to support the Minister for Education to develop this package, including supporting the Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020 through Parliament, and will prioritise implementation in 2020–21.

International, regional and remote students

The impact of the COVID-19 pandemic was felt early and strongly in Australia's \$40.3 billion international education sector. As the pandemic progressed—and border measures came into place—the effects on international education providers and students emerged, with education providers switching to online delivery to enable students to continue learning. These challenges persist, with uncertainty about when students may again be able to enter Australia to commence or resume their on-campus studies.

There was an immediate impact on the research sector, with the closure of many campuses pausing research and restricting access to field sites. Two temporary measures were announced to support university research and higher degree by research students during the pandemic:

- extending the current safety net arrangements for research block grants by 12 months
- providing extensions of up to six months for students supported by Research Training Program scholarships.

To improve higher education participation and attainment rates for regional and remote students, a national regional, rural and remote tertiary education strategy will be implemented. A 2021 national research roadmap is also being prepared as a new 10-year vision for Australia's national research infrastructure landscape.

The department's International Division is working to ensure Australia remains at the forefront of international education so Australian and international students can benefit.

In 2020–21, there will be a strong focus on recovery and renewal across the international education sector following COVID-19. The re-opening of international borders—subject to strict health requirements—will be an important step to re-establish education pathways for international students. The department will work with state and territory governments on plans for small-scale pilots for the return of international students.

A new National Strategy for International Education 2025 is being developed to reflect:

- the new global and domestic conditions for international education brought about by COVID-19
- longer-term shifts in global market dynamics.

The department is also supporting the sector to diversify the mix of international students in Australia.

Skills and Training

A skills system that delivers accessible, relevant and quality training remains essential to the jobs of today and tomorrow. A strong skills system has been critical to the immediate response to COVID-19 and will support economic recovery in the longer term. Modelling by Deloitte Access Economics suggests that improving the accessibility, quality and relevance of our skills system could boost Gross Domestic Product by as much as \$76 billion over the next 30 years.

Skills Package

In 2019–20, the department implemented key elements of the Australian Government's \$585 million Skills Package and laid the foundations for reforms identified in *Strengthening Skills: Expert Review of Australia's Vocational Education and Training System (Joyce Review)*, led by the Hon Steven Joyce. To meet the skills and labour market challenges arising from the impact of COVID-19, key elements of the package were accelerated.

The NSC was established, under the leadership of the interim National Skills Commissioner, Adam Boyton. Work also commenced to provide skills demand forecasting, labour market analysis and national efficient pricing. The NSC will help ensure the skills system can:

- anticipate and rapidly adapt to address critical skills shortages
- respond to the needs of industries and businesses
- support workers to upskill or reskill in areas of demand across the economy.

The NCI was established as Australia's single, authoritative source of careers and training information, informed by the data and analytical expertise of the NSC. The NCI is playing a critical role in the COVID-19 pandemic to assist job seekers and school leavers to navigate a new economic environment by supporting them with the information they need to make informed decisions about their work, education and career options.

Skills Organisation Pilots were established in digital technology, human services and the mining sector, to trial new, industry-led approaches to qualifications development. This new approach is helping to develop critical skill sets that industry has identified in response to COVID-19 and to ensure that students have access to training and qualifications that meet the current and future needs of business. During the early stages of the COVID-19 pandemic, the Human Services Care Skills Organisation led development of the 'Entry into Care Roles' skill set. This will provide job seekers and displaced workers with entry level skills to work in the aged care and disability support sectors where there are critical workforce shortages.

Reform

Reforms to the Australian Skills Quality Authority (ASQA) were significantly progressed in 2019–20. The *National VET Regulator Amendment Act 2020* passed the Australian Parliament on 13 February 2020 taking the first steps to improve ASQA's regulation of the Vocational Education and Training (VET) sector. A rapid review of the authority's regulatory practices, governance and culture and processes was completed in March 2020, and recommended a shift in the authority's regulatory approach to focus on provider self-assurance and excellence in training. Work is under way to bolster the regulator's capabilities and practices, including through legislative amendments to revise its governance arrangements.

Consultation with peak bodies, jurisdictions and relevant stakeholders during the year informed the development of the Foundation Skills for your Future Program. This initiative addresses the gap in the provision of free language, literacy, numeracy and digital literacy (LLND) skills training for Australians who are employed or recently unemployed (less than nine months).

Australians with low LLND skills may be:

- locked into insecure employment, with limited capacity for advancement
- unable to successfully engage in further training to reskill and upskill, making them vulnerable during periods of economic slowdown.

The department also established a panel of 13 providers that will deliver the program over the next three years with initial project proposals received in June 2020.

COVID-19

Helping workers who lost their jobs during COVID-19 to get back to work quickly—or to connect with training and opportunities that strengthen their pathway to work—is a key priority for economic recovery. Another priority is to ensure young people exiting school now and over the coming years have access to high-quality training that provides a career pathway as the economy rebuilds. In response to these challenges, the department has delivered two key initiatives to increase capacity in the training system, and to support job seekers, school leavers and apprentices to engage or stay engaged in training to build the workforce needed for economic recovery.

- In the early stages of COVID-19, the department implemented the Supporting Apprentices and Trainees wage subsidy (\$1.3 billion), including an apprentice and trainee re-engagement register. This is supporting small businesses to retain their apprentices in work and training. A further \$1.5 billion was announced on 16 July 2020 to expand the subsidy to include medium-sized businesses, and to extend the measure to March 2021.
- The department led negotiations with the states and territories to deliver the JobTrainer Fund. This is providing up to 340,700 additional training places for job seekers and school leavers to reskill or upskill in growth sectors and to enable businesses to access the skilled workers they need. The department secured agreement from all states and territories to match funding and deliver training under JobTrainer, with training places available from September and October 2020. All states and territories have signed the Heads of Agreement for Skills Reform, required to access the JobTrainer Fund. The Heads of Agreement commits all governments to:
 - immediate reforms to support improved quality and industry engagement
 - a pathway to agree a new long-term Skills Agreement that will support a high-quality, relevant and accessible skills system into the future.

The VET system is a shared responsibility of the Australian and state and territory governments. The department worked closely with states and territories under the former Council of Australian Governments (COAG) Skills Council to address the impacts of COVID-19 across the sector, and to ensure that it could continue to deliver critical skills training and keep students engaged.

To meet the critical skills needs created by COVID-19, the department has worked with industry and states and territories to establish the Australian Industry and Skills Committee Emergency Response Sub-Committee to rapidly identify the critical skill sets needed, and to deliver fast and agile processes for industry-led development of national training products.

The sub-committee has commissioned and approved training products to support rapid upskilling in essential services including developing:

- infection control skill sets for customer-facing workers to improve public confidence that it was safe to go back to shops, restaurants and to other public places when restrictions were eased. This skill set was supported by a joint funded \$80 million Infection Control Training Fund that the department negotiated with states and territories to deliver 80,000 fee-free or low-cost training places in infection control
- a new entry-into-care roles skill set to provide job seekers entry level skills to start working immediately in the aged care and disability support sectors
- seven new fast-tracked training packages in the information and communications technology (ICT) sector. These focus on cloud, data, cyber, and internet development.

The department also implemented a range of measures to address the impacts of COVID-19 on the training sector, including:

- regulatory flexibility and fee relief to training providers, including advice to support providers to adapt through flexible approaches such as remote or online delivery, through ASQA. ASQA is waiving certain fees and charges between 1 January 2020 and 30 June 2021 and reimbursing already paid fees and charges. This measure will provide up to \$22.6 million in fees and charges relief for the VET sector
- support to students to find online VET options so they can continue to train for the future through a repurposed MySkills website. About 2,000 courses are available through the site
- fee exemptions for voluntary student loans (\$8.9 million) between 1 April and 30 September 2020.

The accelerated implementation of key reforms to the VET system identified through the Joyce Review—combined with quick actions to deliver additional capacity and flexibility across the sector—has ensured the VET system is well placed to adapt to the challenges posed by COVID-19. The sector is well placed to contribute to economic recovery, and has established the foundation for long-term improvements.

Employment

The Australian Government's employment and pre-employment programs help people prepare for, find and take up employment. In 2019–20, the department continued managing, adapting and improving these programs to ensure job seekers and participants can access the support they need, particularly during the bushfires crisis and COVID-19 pandemic.

Support programs

The department's support programs include jobactive—the Government's mainstream employment service—and a range of specialist services and complementary programs to support specific groups, such as ParentsNext, TtW and Career Transition Assistance.

The department implemented enhancements to existing programs announced by the Government in 2019–20. The Career Transition Assistance program rolled out nationally on 1 July 2019 to assist mature age job seekers. To allow a greater number of mature age job seekers to benefit from this assistance, an additional \$41.7 million in funding was allocated to the program from 4 May 2020.

The department also helped more young people connect with education and employment through enhancements to TtW, which provides intensive support to assist disadvantaged young people overcome barriers to enter the labour market or undertake training. On 1 January 2020, eligibility for TtW was expanded to include participants aged up to 24. From 1 July 2020, participants were able to take part in the service for up to 18 months. To further support youth employment, nine industry-led Youth Jobs Prepare, Trial, Hire (PaTH) Industry Pilots commenced in 2020, which aim to increase employer engagement with employment services—in particular, take-up of the Youth Jobs PaTH program—and inform future pathway into industry specific employment.

The Government announced reforms to the Harvest Labour Scheme in the 2019–20 Budget to support the agriculture sector and encourage more Australian job seekers to take up seasonal work. The new Harvest Trail Service also included an expansion of harvest areas from 11 to 16, and greater financial incentives for providers to place Australian job seekers into harvest work. The new Harvest Trail Service commenced on 1 July 2020 and will contribute to Australia's post-COVID-19 economic recovery.

The department provides a range of assistance to regions, workers and businesses in their employment and workforce needs. This includes maintaining a network of 15 employment facilitators who connect local stakeholders in 13 employment regions to existing programs, services and resources. The Regional Employment Trials program is also active in 10 disadvantaged regions to help develop projects with local stakeholders, and improve regional employment outcomes.

COVID-19

COVID-19 resulted in an unprecedented increase in the number of job seekers accessing employment services—the jobactive caseload more than doubled to over 1.4 million people by the end of the financial year. In response, the department has worked closely with stakeholders to continue adapting and modifying policies and programs. This includes:

- changes to streamline job seeker registration and referral processes with Services Australia
- adapting program settings and requirements such as mutual obligations
- revising service delivery arrangements
- providing access to tools and support through online employment services to assist the most job-ready job seekers self-manage their requirements
- expanding the National Customer Service Line to help with the response.

The department launched the Jobs Hub platform on 2 April 2020 to help connect job seekers and organisations who are hiring. Employers can also contact the department for assistance with their recruitment needs.

As Australian borders closed to new overseas arrivals, the Government announced new visa arrangements on 4 April 2020 extending the stay of critical workers, including those in the Seasonal Workers Programme, to ensure the agricultural sector had the labour force it needed. The department worked with Seasonal Worker Programme employers to help move workers (with their agreement) to areas of high harvest labour demand, and to extend the current placement or redeployment of workers.

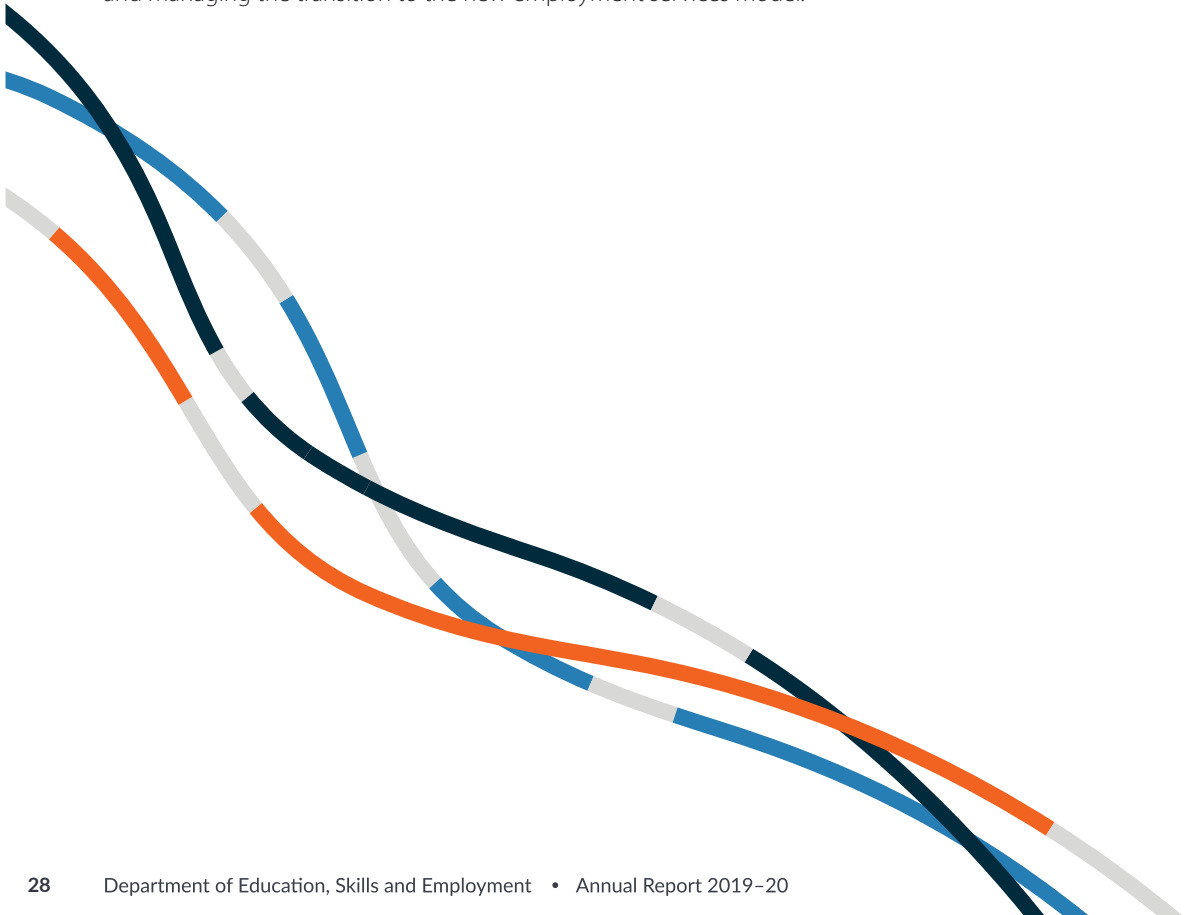
Employment services

The department is focused on the future of employment services, including delivering the new employment services model from July 2022. Elements of this are being tested in two employment regions: Adelaide South in South Australia and the Mid North Coast in New South Wales.

The New Employment Services Trial (NEST) was phased in with the Digital First service commencing on 1 July 2019 for new job seekers who were most job ready. In addition, the Digital Plus service commenced on 1 October 2019 alongside a Digital Services contact centre to support job seekers who need help using digital services. Enhanced services, which refer more disadvantaged job seekers to an employment services provider, commenced on 4 November 2019.

Co-design and consultation have been key to developing and delivering the trial and the new model. An external reference group was established to advise the department and has met seven times. Working groups in both NEST regions have also been established to test policy and operational aspects with local stakeholders.

As COVID-19 restrictions ease and the economy re-opens, employment and pre-employment services will play a critical role in helping job seekers prepare for and find work, including training to upskill or reskill for critical vacancies. The department will continue adapting and managing these programs, including strengthening linkages with the skills and training sector, and managing the transition to the new employment services model.



Results

This section reports on our results against the key performance criteria relating to our purpose of helping to create an inclusive and prosperous Australia by maximising opportunity through national leadership on education, training and employment policy, as published in the department's Corporate Plan 2019–20.

Outcome 1: Key performance results

The department measures its progress towards achieving Outcome 1 against the criteria published in the department's 2019–20 PBS and Corporate Plan. The performance tables indicate the programs as published in the Education, Skills and Employment Portfolio Additional Estimates Statements 2019–20 that relate to each criterion.

Criteria – Child care support is targeted to vulnerable and disadvantaged families and communities

Measure	Proportion of Child Care Safety Net that supports vulnerable and disadvantaged families and communities
Target	100%
Result	<p>Program and payment design, including assessment and eligibility criteria, is designed to ensure that all funding and assistance is allocated to vulnerable and disadvantaged families and communities.</p> <p>The department has been unable to make an assessment and identified that the methodologies that underpin measurement and reporting of this measure should change for future reporting periods.</p>
Analysis	The ACCS, CCCF and the Inclusion Support Program (ISP), together known as the Child Care Safety Net, continued to support vulnerable and disadvantaged children and communities.

Measure	Proportion of Child Care Safety Net that supports vulnerable and disadvantaged families and communities
Analysis (continued)	<p>Additional Child Care Subsidy</p> <p>To meet eligible criteria for ACCS (child wellbeing), applicants must provide recent supporting evidence, which is less than six months old, from a third party such as a health or social work professional to meet the eligibility criteria. In quarter 2 of 2019–20, 18,630 children received ACCS (child wellbeing) payments, an increase of 67 per cent compared to the same quarter in 2018.</p> <p>ACCS (temporary financial hardship) payments supported families affected by the bushfires and who lost income due to COVID-19. Applications for these payments must also be supported by evidence, such as a fire report or employment separation certificate. In quarter 3 of 2019–20, children in receipt of this support more than doubled compared to the same quarter the previous year.</p> <p>Community Child Care Fund</p> <p>Under the CCCF more than \$126 million was paid to support child care services and early childhood measures for vulnerable and disadvantaged or Indigenous communities. More than 1,000 services are funded under CCCF for up to five years (from July 2018). CCCF Special Circumstances funding increased in 2019–20 from \$4 million to approximately \$31 million.</p> <p>Inclusion Support Program</p> <p>The ISP provided more than \$113 million to support CCS approved early childhood education and care services. Under the program seven Inclusion Agencies are contracted to support services and review applications for ISP. An Inclusion Development Fund (IDF) manager is also contracted to provide nationally consistent and equitable management of the IDF, assess all IDF applications against the eligibility criteria, and undertake regular compliance checks to ensure funding is being used in accordance with the approved application.</p> <p>During COVID-19, a number of changes were made to the program to ensure continued access to ISP funding to include children with additional needs.</p>
Methodology	The department has identified that the methodologies that underpin measurement and reporting should be changed.
Source	DESE, Program administrative data and other data sources relevant to determining disadvantage.
Contributing Program	1.1 Support for the Child Care System

Criteria – Ensuring accurate child care payments

Measure	Proportion of accurate child care payments to all services
Target	90% or higher
Result	<p>ACHIEVED</p> <p>The overall CCS payment accuracy in 2019–20 was 96.1%.</p>
Analysis	<p>Strong performance in ensuring accurate child care payments has resulted from a broad-ranging compliance program. The Child Care Financial Integrity Framework governs the department’s approach to maintaining the financial integrity of child care funding to all service types. It guides the monitoring, education, compliance and enforcement activities the department has in place to ensure child care funding is administered properly, and includes governing principles to ensure the department’s actions are appropriate and defensible. In 2019–20, it delivered payment accuracy rates in centre-based care of 97.5 per cent, and 92.3 per cent in outside school hours care.</p> <p>Since 2017–18, the Family Day Care Payment Integrity Measure implemented targeted activities to address serious non-compliance and complex fraud in the sector. In addition to the specific Family Day Care Payment Integrity Measure, a broad range of prevention and deterrence activities are undertaken focused on protecting the integrity of child care payments.</p> <p>These include:</p> <ul style="list-style-type: none"> • strengthening the assessment process for new applicants • educating services about their legal obligations • publishing the Child Care Enforcement Action Register • continuing enhancement of the CCS System • refining operational policy and procedures to maximise legislative and IT controls. <p>Across a range of measures, the department imposed sanctions and penalties on 87 services in 2019–20, including cancelling 32 services, and suspending six services. Latest actuarial estimates show the department prevented around \$3.1 billion from being inappropriately paid to non-compliant and fraudulent child care providers between January 2014 and March 2020, noting that the fourth quarter of 2019–20 was impacted by COVID-19 responses. CCS was replaced by the Relief Package for the period 6 April to 12 July 2020. Despite this, the result is in line with expected performance.</p>

Measure	Proportion of accurate child care payments to all services
Methodology	<p>The result is calculated using the number of accurate sampled CCS payments over the total participants in the random sample parent check interviews.</p> <p>The child care attendance times reported by parents (primary data source) were compared with the session times reported by child care services via the CCS System (secondary data source).</p>
Source	DESE, Program administrative data: interviews, an online survey and the CCS System.
Contributing Program	1.2 Child Care Subsidy

Criteria – Universal access to quality early childhood education

Measure	Proportion of Indigenous children enrolled in early childhood education in the year before full-time school who are enrolled for 600 hours a year
Target	95%
Result	<p>ACHIEVED</p> <p>In 2019, 96% of Indigenous children who were enrolled in early childhood education in the year before full-time school were enrolled for 600 hours a year.</p>
Analysis	<p>The UANP Review highlighted that National Partnership arrangements have driven significant reform in the preschool sector since they were introduced in 2008 and noted this achievement was the result of a strong collaborative effort by the Commonwealth and state and territory governments. Performance against this indicator exceeded the target in 2019–20, attributed by the review to this collaborative effort. Driving further improvements in participation and outcomes for Indigenous children remains a focus for the Australian Government going forward.</p>
Methodology	The result is calculated using the number of Indigenous children receiving 600 hours a year in preschool over the total population of all Indigenous children enrolled in preschool.
Source	Australian Bureau of Statistics (ABS), Preschool Education, Australia, cat. no. 4240.0.
Contributing Program	1.5 Early Learning and Schools Support

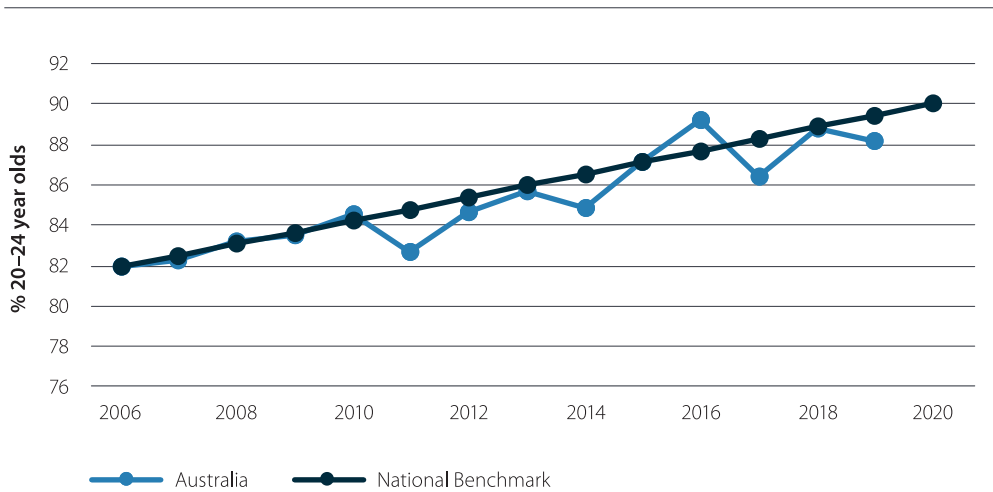
Measure	Proportion of vulnerable and disadvantaged children enrolled in the year before full-time school who are enrolled for 600 hours a year
Target	95%
Result	NOT ACHIEVED In 2019, 94.4% of vulnerable and disadvantaged children who were enrolled in the year before full-time school were enrolled for 600 hours a year. The result was less than one percentage point below the target of 95%.
Analysis	The strong performance against the target achieved in 2019–20 is largely attributable to collective efforts over many years and Australia Government funding provided under the UANP. Driving further improvements in participation and outcomes for vulnerable and disadvantaged children remains a focus for the Australian Government.
Methodology	The result is calculated using the number of vulnerable and disadvantaged children receiving 600 hours a year in preschool over the total population of all vulnerable and disadvantaged children enrolled in preschool.
Source	ABS, Preschool Education, Australia, cat. no. 4240.0.
Contributing Program	1.5 Early Learning and Schools Support

Criteria – Lifting outcomes in Australian schools – student attainment

Measure	Increase the Year 12 (or equivalent) or Certificate III attainment rate by 2020
Target	Annual increase to 90% by 2020
Result	NOT ACHIEVED For the 2019 calendar year, the attainment rate for 20–24 year-olds that had attained at least Year 12 (or equivalent) or Certificate III was 88.2 %. This is a decrease from the 2018 calendar year attainment rate of 88.8%.

Measure	Increase the Year 12 (or equivalent) or Certificate III attainment rate by 2020
Analysis	Educational attainment has been steadily increasing in Australia for several decades. In 1990, the apparent retention rate was 64 per cent. In recognition of the long term economic and social benefits of obtaining a Year 12 (or equivalent) qualification, all Australian governments have worked to increase student attainment. While obligations vary across states and territories, since the Compact with Young Australians commenced in 2010, young Australians have been required to participate in full time education, training or employment until at least the age of 17. While the 2019 result shows a slight decline from 88.8 per cent in 2018, the 2020 target is considered 'on track' based on the overall trend, noting that sample surveys often have small variations from year to year. See Figure 2.1.
Methodology	The result is calculated using the number of 20–24 year olds who have attained Year 12 (or equivalent) or Certificate Level III or above, over the total population aged 20–24 years.
Source	ABS, Education and Work Australia 6227.0.
Contributing Programs	1.3 Government Schools National Support 1.4 Non-Government Schools National Support 1.5 Early Learning and Schools Support

Figure 2.1: Lift the Year 12 or equivalent or Certificate III attainment rate



Source: ABS Survey of Education and Work

Criteria – Closing the Gap for Aboriginal and Torres Strait Islander students in schools

Measure	Reduce the gap for Indigenous students in Year 12 (or equivalent) by 2020
Target	Increase in attainment rate
Result	<p>ON TRACK</p> <p>Based on the 2019 NATSIHS survey, the Indigenous attainment rate increased marginally from 65% in 2016 to 66%.</p> <p>The gap has been progressively narrowing—from around 40 percentage points in 2008 to 25 percentage points in 2018–19.</p>
Analysis	<p>Over the past decade, the Year 12 attainment rate for Indigenous Australians increased by around 21 percentage points, from around 45 per cent in 2008 to 66 per cent in 2018–19. The proportion of non-Indigenous students attaining Year 12 or equivalent also increased, but by a smaller amount (around 5 percentage points).</p> <p>The 2020 Closing the Gap Report notes year 12 attainment is associated with a range of complex and multi-faceted factors. Enablers and barriers include prior educational experience, academic ability, access to secondary schools (particularly for those in remote communities), and financial and other support from parents. Students thrive at schools that engage with communities, provide a culturally inclusive curriculum with appropriate support, and have skilled teachers with high expectations.</p>
Limitations	<p>The main data source for this measure is the ABS Census conducted every five years (last figures are from 2016). However, results from other surveys, such as the National Aboriginal and Torres Strait Islander Health Survey (NATSIHS) conducted in 2019–20, or the previous National Aboriginal and Torres Strait Islander Social Survey (NATSIS) conducted in 2014–15, provide data for some of the years between each census.</p>
Methodology	<p>The 2019–20 result is based on the 2019 NATSIHS survey.</p> <p>The result is calculated using the number of Indigenous 20–24 year olds who have attained Year 12 (or equivalent) or Certificate Level II or above, over the total population of Indigenous aged 20–24 years as compared to the total population aged 20–24 years.</p>
Source	ABS, NATSIHS, 2018–19 4715.0.
Contributing Programs	<p>1.3 Government Schools National Support</p> <p>1.4 Non-Government Schools National Support</p> <p>1.5 Early Learning and Schools Support</p>

Outcome 2: Key performance results

The department measures its progress towards achieving Outcome 2 against the criteria published in the department’s 2019–20 PBS and Corporate Plan. The performance tables indicate the programs as published in the Education, Skills and Employment Portfolio Additional Estimates Statements 2019–20 that relate to each criterion.

Criteria – Creating a highly skilled workforce and educated community

Measure	Proportion of the 20–34 year old population with a tertiary qualification
Target	Equal to or higher than 2018–19
Result	ACHIEVED 66.7% of the population had a tertiary qualification compared to 65.6% in 2018.
Analysis	There is a long-term trend towards higher educational attainment within Australian society, in response to the increased skill levels required in the economy. This trend is most apparent within younger age groups who are more likely to be actively participating in non-school education. In recognition of economic and social benefits of increasing levels of education, particularly improved labour market outcomes, there are a range of government programs which encourage participation in both vocational and higher education. The skilled migration program also favours settlement by migrants with tertiary qualifications.
Methodology	The result is calculated using the number of 20–34 year olds with a tertiary qualification over the total number of 20–34 year olds compared to previous year.
Source	ABS, Education and Work, Australia, May 2018, cat. no. 6227.0, Table 24.
Contributing Program	2.1 Commonwealth Grant Scheme

Measure	The rate of attrition for domestic bachelor students
Target	Lower than 15%
Result	ACHIEVED The rate of attrition among commencing domestic students was 14.55%.
Analysis	The attrition rate is dependent on general economic and labour market conditions. From the low point in 2009 during the Global Financial Crisis the attrition rate has risen by around three percentage points as the economy and labour market have improved. The inclusion of the attrition rate in the performance-based funding for the Commonwealth Grant Scheme calculations will incentivise universities to focus on teaching and support services to lower the attrition rate.
Methodology	The result is calculated using the number of commencing domestic students who do not complete or who do not return to study in year (x+1) over the total number of commencing domestic students enrolled in year (x). The result is based on students that commenced in 2018 and did not return in 2019.
Source	DESE, Program administrative data, Higher Education Statistics Collection.
Contributing Program	2.1 Commonwealth Grant Scheme

Measure	Proportion of undergraduates who are employed within four months of completing degree
Target	Equal to or higher than 85%
Result	ACHIEVED 86.8% of undergraduates were employed within four months of completing degree.
Analysis	Graduate employment outcomes are highly dependent on general economic and labour market conditions. Overall employment rates, as measured in this indicator, have been relatively stable over the past three years. Improvements in labour market conditions have been more evident in improving rates of full-time employment, that is, in a reduction in under-employment. The inclusion of graduate employment outcomes in the performance-based funding for the Commonwealth Grant Scheme calculations will further incentivise universities to focus on graduate employment outcomes, although the impact of COVID-19 on the labour market is likely to see an overall fall in employment rates for the 2020–21 reporting year.

Measure	Proportion of undergraduates who are employed within four months of completing degree
Methodology	The result is calculated using the number of undergraduates employed within four months of completing a degree over the total number of graduates available for work in that four months.
Source	Quality Indicators for Learning and Teaching (QILT), Graduate Outcomes Survey.
Contributing Program	2.1 Commonwealth Grant Scheme

Criteria – Eligible current and former university employees receive support for certain superannuation expenses

Measure	Proportion of eligible universities that are able to meet specified superannuation expenses
Target	100%
Result	ACHIEVED All 27 eligible universities met specified superannuation expenses.
Analysis	The department has provided funding based on information provided by the universities and their superannuation funds. This has allowed eligible universities to meet the payments required to fund specified superannuation expenses.
Methodology	The result is based on payments made by the department for the estimates of superannuation expenses for each university. The final payment is acquitted and adjusted (if required) in the following calendar year. All claims are certified by an authorised university officer and are verified by the department against supporting documentation before processing in Unipay.
Source	DESE, Program administrative data.
Contributing Program	2.2 Higher Education Superannuation Program

Criteria – Improving participation in higher education for students from previously disadvantaged groups

Measure	Proportion of domestic undergraduates who are from a low socioeconomic background (based on postcode)
Target	Equal to or higher than 18%
Result	<p>ACHIEVED</p> <p>The result has remained steady at 18.6% in the 2019 calendar year with a marginal (0.1%) decrease in the proportion of students from low socioeconomic backgrounds based on postcode in the 2018 calendar year (18.7%).</p>
Analysis	<p>Low socioeconomic background students were more responsive to the improvement in labour market conditions during 2019, resulting in a slight decrease in participation rates in higher education. The Higher Education Participation and Partnerships Program contributes to the participation and retention of low socioeconomic background students in higher education by funding on-campus support programs and outreach activities in schools and communities to widen aspiration and capability to attend university.</p>
Methodology	<p>The result is calculated using the number of undergraduates from a low socioeconomic background over the total of domestic undergraduate students registered. Socioeconomic background is measured at the postcode level, as defined by the ABS.</p> <p>The number of undergraduates is based on student enrolment data—as reported by Table A and Table B universities (as listed under the <i>Higher Education Support Act 2003</i>)—through the department’s Higher Education Information Management System.</p>
Source	DESE, Program administrative data, Higher Education Statistics Collection.
Contributing Program	2.3 Higher Education Support

Measure	Proportion of domestic undergraduates who are from a low socioeconomic background (based on Statistical Area level 1)
Target	Equal to or higher than 16%
Result	<p>ACHIEVED</p> <p>The proportion of undergraduate students from low socioeconomic backgrounds (based on Statistical Area Level 1 (SA1)) has remained steady in 2019 at 16.8%, with a marginal (0.2%) decrease in the proportion of students from low socioeconomic backgrounds based on SA1 from 2018 (17%).</p>
Analysis	<p>Low socioeconomic background students were more responsive to the improvement in labour market conditions during 2019, resulting in a slight decrease in participation rates. The Higher Education Participation and Partnerships Program contributes to the participation and retention of low socioeconomic background students in higher education by funding on-campus support programs and outreach activities in schools and communities to widen aspiration and capability to attend university.</p>
Methodology	<p>The result is calculated using the number of undergraduates from a low socioeconomic background over the total of domestic undergraduate students registered at the disaggregated survey level of SA1, as defined by the ABS.</p> <p>The number of undergraduates is based on student enrolment data—as reported by Table A and Table B universities (as listed under the <i>Higher Education Support Act 2003</i>)—through the department’s Higher Education Information Management System.</p>
Source	DESE, Program administrative data, Higher Education Statistics Collection.
Contributing Program	2.3 Higher Education Support

Measure	Proportion of higher education students who are Indigenous
Target	2%
Result	ACHIEVED The result of 2% is a marginal increase from 1.9% in the 2018 calendar year.
Analysis	<p>The marginal increase continues the trend of steady improvement in Indigenous higher education access and participation, albeit at a slower rate. Targeted initiatives that contribute to the participation and retention of Indigenous students include the Indigenous Student Success Program (ISSP) and Away from Base program, managed by the National Indigenous Australians Agency (NIAA).</p> <ul style="list-style-type: none"> • The ISSP funds universities to provide targeted support services, including scholarships, tutorial assistance, mentoring, providing safe cultural spaces and other personalised support services • The Away from Base program assists Aboriginal and Torres Strait Islander students to study through mixed mode or distance education with travel and associated costs for attending their course via block study. <p>The Higher Education Participation and Partnerships Program also contributes to this measure, by funding campus support programs for Indigenous students who are also from a low socioeconomic background, and outreach activities to widen aspiration and capability to attend university.</p>
Methodology	<p>The result is calculated using the number of students who identify as Indigenous in enrolment data over the total of domestic undergraduate students registered.</p> <p>The number of undergraduates is based on student enrolment data—as reported by Table A and Table B universities (as listed under the <i>Higher Education Support Act 2003</i>)—through the department’s Higher Education Information Management System.</p>
Source	DESE, Program administration data, Higher Education Statistics Collection.
Contributing Program	2.3 Higher Education Support

Criteria – Maintaining the quality of higher education

Measure	At least 80% of undergraduate students rate the teaching quality at their institution positively
Target	80%.
Result	ACHIEVED 81% of undergraduate students rated the teaching quality at their institution positively.
Analysis	Over the past five years, this measure has varied within the range of 80–82 per cent. This indicates a consistently high performance among higher education providers, serving as a benchmark for assuring systemic and provider performance. Publication of results by institution on the ComparED website provides public accountability and informs student choice, providing an incentive for providers to focus on maintaining high-quality learning and teaching practices. Inclusion of this metric in the performance-based funding for the Commonwealth Grant Scheme calculations will further incentivise universities in this area.
Methodology	The result is calculated using the number of students rating the teaching received as positive over the total number of students with valid survey responses.
Source	QILT, Student Experience Survey.
Contributing Program	2.3 Higher Education Support

Measure	Proportion of employers who are satisfied with the skills of graduates (overall across all skills)
Target	85%
Result	NOT ACHIEVED 84% of employers were satisfied with the skills of graduates (overall across all skills).
Analysis	Since the inception of this survey in 2016, the overall employer satisfaction indicator has been essentially stable, varying only within the bounds of survey error. The survey indicates that in general employers have high levels of satisfaction with graduates produced by the Australian higher education system. The inclusion of graduate employment outcomes in the performance-based funding for Commonwealth Grant Scheme calculations will further incentivise universities to improve their engagement with employers, which should help them to continue to meet the evolving skills needs of employers.

Measure	Proportion of employers who are satisfied with the skills of graduates (overall across all skills)
Methodology	Annual results are benchmarked against previous results as a quality assurance measure and to identify trends.
Source	QILT, Employer Satisfaction Survey.
Contributing Program	2.3 Higher Education Support

Criteria – Tertiary education is affordable for students and the community

Measure	The proportion of HELP debt not expected to be repaid
Target	Equal to or lower than 2018–19
Result	ACHIEVED 14.69% of all Higher Education Loan Program (HELP) loans issued in the 2019–20 year are not expected to be repaid (unchanged from 2018–19).
Analysis	<p>The proportion of HELP ‘debt not expected to be repaid’ (DNER) for new loans incurred in 2019–20 is 14.69 per cent. The amount of DNER has not changed from 30 June 2019 as there has been no significant changes to policy or the Australian Government Actuary’s (AGA) income modelling methodology or associated assumptions used to calculate DNER and total HELP debt.</p> <p>The AGA’s estimate is based on data to 30 June 2019 and the AGA’s model does not take into account the July 2020 Economic and Fiscal Update or model the long term effects of COVID-19 on the repayment of new debt.</p>
Methodology	<p>The result is calculated by estimating the HELP ‘debt not expected to be repaid’ over the total HELP debt.</p> <p>The actuarial determined ‘debt not expected to be repaid’ and total HELP debt is based on modelling of longitudinal data including loan recipient age, repayment and default history. This estimate only includes debts incurred through higher education.</p>
Source	AGA, Reporting of the HELP Receivable report.
Contributing Program	2.4 Higher Education Loan Program

Criteria – Australian universities continue to rank highly in research excellence

Measure	Australia's share of the world's top 10% most highly cited research publications
Target	Above the Organisation for Economic Co-operation and Development (OECD) average
Result	ACHIEVED Australia's share of the world's top 10% most highly cited research publications is 5.3% and remains above the 2.9% average for OECD countries.
Analysis	Australia ranks fourth among OECD countries behind the United States, the United Kingdom and Germany. While Australia's ranking has remained relatively stable over the past five years, the result is an increase in the rankings from the previous year from fifth to fourth.
Methodology	The result is calculated using the number of Australian research publications in the top 10% most cited over the total number of publications in the top 10% most cited, compared to the average share of OECD countries. Methodology can be validated by Excellence in Research for Australia results (triennially).
Source	SciVal /Scopus (bibliometric abstract and citation database).
Contributing Program	2.5 Investment in Higher Education Research

Criteria – Research postgraduates continue to have high employability

Measure	Proportion of research postgraduates who are employed within four months of completing their degree
Target	90% or higher
Result	ACHIEVED 90.7% of research postgraduates are employed within four months of completing their degree.
Analysis	Research postgraduate employment outcomes are highly dependent on general economic and labour market conditions. Overall employment rates, as measured in this indicator, have been relatively stable over the past three years. Improvements in labour market conditions have been more evident in improving rates of full-time employment, that is, in a reduction in under-employment. However, the impact of COVID-19 on the labour market is likely to see an overall fall in employment rates for the 2020–21 reporting year.

Measure	Proportion of research postgraduates who are employed within four months of completing their degree
Methodology	The result is calculated using the number of research postgraduates employed within four months of completing their degree over the total number available for work in that four months.
Source	QILT, Graduate Outcomes Survey.
Contributing Program	2.5 Investment in Higher Education Research

Criteria – More Indigenous Australians attain higher degrees by research

Measure	Indigenous Higher Education Research completions as a proportion of all domestic Higher Education Research completions
Target	Increase from previous year
Result	ACHIEVED Indigenous Higher Degrees by Research (HDR) completions, as a proportion of all domestic HDR completions in 2019, is 1.1%, which is an increase from 0.9% in 2018.
Analysis	The main reason for this increase is that growth in the number of Indigenous HDR enrolments over 10 years to 2018 (61.8 per cent) is higher than for domestic non-Indigenous students (8.9 per cent). Recent growth in Indigenous HDR enrolments can be attributed to the doubling of financial incentives implemented by the Government through the Research Training Program from 2017.
Methodology	A comparison of the number of Indigenous higher education research completions to the previous year.
Source	DESE, Program administrative data, Higher Education Statistics Collection.
Contributing Program	2.5 Investment in Higher Education Research

Criteria – Investments are prioritised to ensure researchers have access to the resources needed to undertake world-class research

Measure	Proportion of research conducted by Australian universities and related to priority investment areas is rated as world standard or above
Target	85% or higher
Result	2019–20 survey results are unavailable.
Analysis	<p>The 2019–20 survey results have been delayed following agreement with Universities Australia to minimise reporting during COVID-19.</p> <p>The most recent available data (2019 NCRIS Census Survey collecting 2017–18 data) shows that 86 per cent of research (NCRIS facilities) conducted by Australian universities and related to priority investment areas is rated as world standard or above.</p>
Methodology	<p>The annual survey collects data based on the previous financial year.</p> <p>The result is calculated as the number of publications rated as world standard or above over the total number of publications that have used a NCRIS facility.</p>
Source	NCRIS Census Survey.
Contributing Program	2.6 Research Capacity

Measure	Proportion of researchers report access to National Collaborative Research Infrastructure Strategy facilities, and projects improved research quality and outputs
Target	90% or higher
Result	2019–20 survey results are unavailable.
Analysis	<p>The 2019–20 survey results have been delayed following agreement with Universities Australia to minimise reporting during COVID-19.</p> <p>The most recent available data collected in early 2019 shows that 92 per cent of users who responded to the survey believe NCRIS research infrastructure improved research quality and outputs.</p>
Methodology	<p>The annual survey collects data based on the previous financial year.</p> <p>The result is calculated using the number of respondents that report NCRIS has improved research quality and outcome over total number of survey respondents.</p> <p>The department conducted an NCRIS user satisfaction survey between February and March 2019. A total of 1,342 NCRIS users responded.</p>

Measure	Proportion of researchers report access to National Collaborative Research Infrastructure Strategy facilities, and projects improved research quality and outputs
Source	NCRIS user survey.
Contributing Program	2.6 Research Capacity

Criteria – Sustainably grow Australia’s international education sector by maintaining quality and increasing diversity

Measure	Average annual growth rate in international education export earnings
Target	3–5% annual growth
Result	ACHIEVED Export earnings grew from \$35.2 billion in 2018 to \$40.3 billion, or 14%, in 2019. The figure incorporates both tuition fees and student spending on non-capital living expenses in Australia.
Analysis	International education export earnings have grown by 14 per cent, consistent with trends over the past five years where growth has averaged 15 per cent. Education remained Australia’s fourth-largest export industry and largest services export. This average growth rate is likely to contract from 2020 given the impact of COVID-19 and associated travel restrictions.
Methodology	The increase of international education export earnings for the particular year over the international education export earnings from the previous year. The methodology used to calculate international education export earnings is defined by the ABS. See Table 2.1.
Source	ABS, International Trade in Goods and Services, Australia, June 2020, cat. No 5368.0.
Contributing Program	2.7 International Education Support

Table 2.1: International education export earnings

Sector	2018	2019	% change
Higher Education	24,337	27,783	14%
Vocational	6,347	7,922	25%
Schools	1,445	1,460	1%
English Language Intensive Courses for Overseas Students	1,585	1,638	3%
Non-Award	1,052	1,079	3%
Other (includes New Zealand and Foreign Affairs or Defence sponsored students)	467	454	-3%
Total	35,234	40,336	14%

Measure	Proportion of international students who are satisfied or very satisfied with studying and living in Australia
Target	85% or higher
Result	ACHIEVED The department's 2018 International Student Survey showed that 89% of students were satisfied or very satisfied with studying and living in Australia.
Analysis	The 2018 survey results are consistent with trends for the previous results, and improve on the average satisfaction rating of 88 per cent since this biennial survey was first conducted by the department in 2010. More than 80,000 students responded to the survey. Scores from several questions (arrival, living, learning and support satisfaction) are aggregated across the different education sectors (higher education, VET and English language) to give an overall measure of satisfaction for all international tertiary students.
Methodology	The methodology is defined by the survey consultant (Tribal/i-graduate) in consultation with the department. The survey is undertaken every two years. The next survey is late 2020. The result is calculated using the number of international students who are satisfied or very satisfied with studying and living in Australia over the total number of international students with valid survey responses.
Source	International Student Survey.
Contributing Program	2.7 International Education Support

Measure	Proportion of international students employed or enrolled in further study after graduation
Target	60%
Result	ACHIEVED 89% (8,124 of 9,091) of international graduates were employed or enrolled in further study.
Analysis	<p>The department's 2018 International Graduate Outcomes Survey is a new survey seeking to establish outcomes for international students. It shows that 89 per cent of international graduates were employed or enrolled in further study. Detailed analysis shows 82 per cent were employed and 7 per cent were enrolled in further study. This is consistent with broader research identifying positive employability outcomes and the strong representation of Australian universities ranked in the top 100 in the world for graduate employability (QS Global Graduate Employability 2019).</p> <p>From 2020, international graduate outcomes will form part of the annual QILT survey.</p>
Methodology	The 2018 International Graduate Outcomes Survey result reported for the latest annual report is the proportion of graduate survey respondents (between the years 2013 and 2017 – that is in the 2010–2019 decade) available for work who were employed plus those studying.
Source	2018 International Graduate Outcomes Survey.
Contributing Program	2.7 International Education Support

Measure	Growth in the number of students enrolled in offshore and transnational education and training delivered by Australian providers
Target	Annual increase
Result	NOT ACHIEVED
Analysis	<p>The measure is determined as students enrolled in Australian higher education courses whose term residence is outside Australia.</p> <p>The department's research snapshot shows that from 2017 to 2018 there was a decline in offshore and transnational education and training delivered by Australian education providers. This apparent decline follows a growth spurt (+6 per cent) in 2017. Annual growth has tracked at around +2 per cent in recent years, so growth is expected to normalise in the next year without remedial action.</p>

Measure	Growth in the number of students enrolled in offshore and transnational education and training delivered by Australian providers
Methodology	The result is calculated using the number of overseas students studying Australian higher education offshore courses compared to previous year.
Source	DESE, Program administrative data, Higher Education Statistics Collection.
Contributing Program	2.7 International Education Support

Measure	The proportion of students surveyed that report studying for business or job related reasons remains stable or increases from the previous year
Result	<p>As part of the Machinery of Government changes announced on 26 May 2019, VET Student Loans transferred from Program 2.4 Higher Education Loan Program in the former Department of Education and Training to Program 2.2 Building Skills and Capability in the former Department of Employment, Skills, Small and Family Business.</p> <p>As part of the development of the 2019–20 Department of Employment, Skills, Small and Family Business Corporate Plan, this performance criteria and measure was replaced in the 2019–20 Corporate Plan with the new criteria <i>‘Reduce the financial student barriers to undertaking quality higher-level VET Training’</i> and two performance measures and targets to better support the outcome of the revised program structure.</p> <p>The two measures are:</p> <ul style="list-style-type: none"> • Proportion of VET Student Loans students who are satisfied with quality of their training provider (Refer page 57) • Proportion of VET Student Loans students who complete units of study. (Refer page 58)
Analysis	Not applicable
Methodology	Not applicable
Source	DESE program administrative data.
Contributing Program	2.4 Higher Education Loan Program

Outcome 3: Key performance results

The department measures its progress towards achieving Outcome 3 against the criteria published in the department’s 2019–20 PBS and Corporate Plan. The performance tables indicate the programs as published in the Education, Skills and Employment Portfolio Additional Estimates Statements 2019–20 that relate to each criterion.

Criteria – Maintain the quality of vocational education and training

Measure	Proportion of employers that report use of the VET system ¹
Target	50%
Result	ACHIEVED In 2019, 50.9% of employers reported that they used the VET system.
Analysis	<p>The latest result shows that VET remains a training system of choice for a substantial proportion of employers.</p> <p>About one in three employers (34.2 per cent) reported that they had jobs requiring vocational qualifications. Employers using the VET system were generally satisfied – 78.8 per cent of employers were satisfied with their use of nationally recognised training and 77.6 per cent of employers with apprentices and trainees were satisfied.</p> <p>The proportion of employers reporting use of VET has exceeded 50 per cent since the survey commenced in its current form in 2005 (as shown in Table 2.2). In the past 10 years, there has been a decline in the proportion of employers using VET. In response, the department is supporting initiatives to design industry-relevant training products and to streamline and simplify existing national qualifications to make the VET system more relevant to industry and employer needs.</p>
Limitations	The measure is derived from a sample survey; estimates are subject to sampling error.
Methodology	<p>The indicator measures employers’ self-reported use of the VET system. The survey is conducted by the National Centre for Vocational Education Research (NCVER) and in 2019 around 7,000 employers responded.</p> <p>The 2019 survey sample was designed to maximise overlap with respondents to the 2017 survey to increase the precision in estimates of change over time.</p> <p>The result is calculated using the number of businesses with employees that—in the previous 12 months—used nationally recognised training, have apprentices/trainees, or have jobs that require a vocational qualification, over the total number of businesses with employees.</p>

Measure	Proportion of employers that report use of the VET system¹
Source	NCVER, Employers' Use and Views of the VET System, 2019.
Contributing Program	3.1 Building Skills and Capability

1. The 2019–20 Department of Education and Training PBS published a target of 53% for this measure. During the development of the Department of Employment, Skills, Small and Family Business 2019–20 Corporate Plan, this target was rebased to 50% following receipt of new 10-year average data.

Table 2.2: Proportion of employers that report use of the VET system (%)

Year	2005	2007	2009	2011	2013	2015	2017	2019
%	57.9	55.6	58.0	56.1	51.9	52.8	54.4	50.9

Source: NCVER 2019, Employers' use and Views of the VET system collection 2019, NCVER, Adelaide.

Measure	Proportion of graduates who are satisfied with the overall quality of the training
Target	85%
Result	ACHIEVED 88.1% of 2018 VET graduates (almost 9 in 10) were satisfied with the overall quality of their training.
Analysis	Students undertaking vocational education and training continue to report high levels of satisfaction with the training they receive. This measure has exceeded the target of 85 per cent since 2016 (the first year where the scope of the survey included all VET graduates). The measure increased by 1.3 percentage points between 2018 and 2019, with an overall increase of 2.1 percentage points since 2016. See Table 2.3 for survey outcomes from 2016–2019. To build on these consistently strong results, in 2020–21 the department will continue to deliver a range of initiatives focused on enhancing the quality of vocational education and training. For example, the department will work with states and territories and ASQA to move the system of regulation from its focus on compliance to focus on excellence in training. The department is also developing a new in-training survey of current students, which will add to the evidence base by providing targeted and timely data to assist ASQA monitor the performance of training providers.

Measure	Proportion of graduates who are satisfied with the overall quality of the training
Limitations	The result is derived from responses to a sample survey; estimates are subject to sampling error.
Methodology	<p>The results are based on the annual survey consistent with previous reporting. The latest survey results for 2019–20 are from the 2019 National Student Outcomes Survey.</p> <p>The result is calculated using the number of VET graduates who were satisfied or very satisfied with the overall quality of their training, over the total number of VET graduates.</p>
Source	NCVER, National Student Outcomes Survey, 2019.
Contributing Program	3.1 Building Skills and Capability

Table 2.3: Proportion of graduates who are satisfied with the overall quality of the training (%)

Year	2016	2017	2018	2019
%	86.0	87.3	86.8	88.1

Source: NCVER 2019, Australian vocational education and training statistics: VET student outcomes 2019, NCVER, Adelaide.

Criteria – Respond to industry and employers through access to VET graduates with the required skills

Measure	Positive growth in apprenticeship completion rate from the previous year
Target	An increase in the completion rate from the previous year
Result	NOT ACHIEVED Individual completion rate for apprentices and trainees who commenced in 2015 was 56.8% a decrease from 57.2% for the 2014 commencing cohort.
Analysis	The Fair Work Commission published a report in 2017 which states, strong economic and labour conditions may encourage people to commence apprenticeships. According to the report, some research suggests that it has the opposite effect on the retention of apprentices, as apprentices take advantage of other opportunities. (Research Report 3/2017: <i>Factors affecting apprenticeships and traineeships</i> , pp. 28–29).

Measure	Positive growth in apprenticeship completion rate from the previous year
Methodology	The result is based on completion rates between the 2015 and 2014 commencing cohort. This is because it can take up to four years for apprentices to complete.
Source	NCVER 2020, Australian vocational education and training statistics: completion and attrition rates for apprentices and trainees 2019, NCVER, Adelaide.
Contributing Program	3.1 Building Skills and Capability

Measure	Growth in the number of apprenticeship and traineeship commencements
Target	An increase from current financial year to previous financial year
Result	NOT ACHIEVED March quarter data from the NCVER data – Apprentices and trainees 2020, provides an early indication of the negative impact on commencement numbers from the 2019–20 bushfires crisis and the COVID-19 pandemic. Data for the 2019–20 financial year will be published by the NCVER in late 2020.
Analysis	Apprenticeships and traineeships are a key educational pathway for developing people’s careers. The number of commencements will be used as an indicator of the number of people undertaking this combined education and employment pathway. While commencements have been relatively stable, 2018–19 recorded a 3 per cent decline on the previous financial year. This trend has continued with the decline in commencement numbers likely exacerbated by the 2019–20 bushfires crisis and COVID-19. To support and encourage new commencements in 2020–21, the department will continue to provide the Additional Identified Skills Shortage Payment—introduced on 1 July 2019—to promote apprenticeships in areas of national skills shortage, and will help businesses retain their apprentices through the Supporting Apprentices and Trainees wage subsidy.
Limitations	An apprenticeship has both an educational and employment component and as such it is influenced by a range of factors such as the overall strength of the economy and employer confidence, wages, industry growth and decline, and students’ individual choices of education and career pathways.
Methodology	The result is calculated using the number of apprenticeship commencements in the current financial year compared to the number of commencements for the previous financial year.

Measure	Growth in the number of apprenticeship and traineeship commencements
Source	NCVER (2019), Australian vocational education and training statistics: apprentices and trainees.
Contributing Program	3.1 Building Skills and Capability
Measure	Proportion of VET graduates who are employed or enrolled in further study after training
Target	80%
Result	ACHIEVED In 2019, 85.6% of 2018 VET graduates were employed or enrolled in further study.
Analysis	Vocational education and training graduates continue to report strong labour market and further study outcomes. This measure has exceeded the target of 80 per cent since 2016 (the first year where the scope of the survey included all VET graduates). The 2019 result (85.6 per cent) is in line with the results since 2016. See Table 2.4 for outcomes from 2016–2019. These results have been reasonably consistent for a period, despite short-term fluctuations in the labour market. We also know that 65.8 per cent of 2018 graduates had improved their employment status after training – for example, got a job, were employed at a higher skill level, or received job-related benefits.
Limitations	The result is derived from responses to a sample survey; estimates are subject to sampling error.
Methodology	The result is calculated using the number of VET graduates who had a labour force status of ‘employed’ or were enrolled in further study at the time of the survey, over the total number of VET graduates.
Source	NCVER, National Student Outcomes Survey, 2019. The measure combines the outcomes for graduates ‘employed after study’ and ‘enrolled in further study’.
Contributing Program	3.1 Building Skills and Capability

Table 2.4: Proportion of VET graduates who are employed or enrolled in further study after training (%)

Year	2016	2017	2018	2019
%	86.8	86.1	85.4	85.6

Source: NCVER 2019, Australian vocational education and training statistics: VET student outcomes 2019, NCVER, Adelaide.

Criteria – Improve language, literacy and numeracy for target groups

Measure	Proportion of participants assessed in targeted program who increase one or more levels on the Australian Core Skills Framework
Target	80%
Result	<p>ACHIEVED</p> <p>During 2019–20, 22,917 people participated in the Skills for Education and Employment (SEE) program. Of those, 96% undertook a progressive assessment that showed an increase of one or more levels against the Australian Core Skills Framework (ACSF). The ACSF is a tool to describe an individual’s performance in the five core skills of learning, reading, writing, oral communication and numeracy.</p>
Analysis	<p>The SEE program provides language, literacy and numeracy training of up to 650 hours to eligible job seekers. It aims to help job seekers participate more effectively in training or the labour force.</p> <p>SEE clients are assessed against the ACSF at the commencement of the program, and after every 200 hours of training, to track progress.</p> <p>During 2019–20, the majority of SEE participants were successful in making improvements against the ACSF. Analysis has shown that client progression has remained unchanged despite the impact of COVID-19. From mid-March, training was delivered remotely by most SEE providers and client progression continued to remain stable with a comparable trend to previous years.</p>
Methodology	The result is calculated using the number of clients assessed as achieving an increase in one or more indicators after completing 200 hours or more of training, over the total number of assessed program participants.
Source	DESE, SEE program administrative data.
Contributing Program	3.1 Building Skills and Capability

Criteria – Reduce financial student barriers to undertaking quality higher-level VET training

Measure	Proportion of VET Student Loans students who are satisfied with the quality of their training provider
Target	80%
Result	<p>ACHIEVED</p> <p>80.4% of VET Student Loans students (more than 8 in 10) were satisfied with the quality of their training provider.</p>

Measure	Proportion of VET Student Loans students who are satisfied with the quality of their training provider
Analysis	<p>Students undertaking vocational education and training continue to report high levels of satisfaction with their training provider, and this measure has exceeded the target of 80 per cent since 2017 (the first year it was introduced). Although the measure has been exceeded for the past three years, it has shown a downward trend. See Table 2.5 for survey outcomes from 2017–2019. Care should be taken when comparing results across years as the mix of students surveyed has varied over time, with increasing numbers of continuing students being included in the results.</p> <p>The department will continue:</p> <ul style="list-style-type: none"> • influencing providers to improve through provider discussions and performance reviews • taking student satisfaction into account when determining provider fee limits (i.e. the maximum amount the department will pay in loans for a given provider), approved courses, and re-approvals of providers as their respective periods of approval approach expiry. <p>It is also planned to share provider information through a portal being developed as part of the project to enhance the Performance Information for VET (PIVET), enabling providers to assess engagement with students.</p>
Limitations	Results are reliant on students answering and submitting survey data.
Methodology	The result is calculated using the number of students who were satisfied or very satisfied with the overall quality of their training provider, over the total number of students.
Source	Students' surveys submitted through the electronic Commonwealth assistance form for the 2019 calendar year.
Contributing Program	3.1 Building Skills and Capability

Table 2.5: VET Student Loans students satisfied with the quality of their training provider

Year (annual)	2017	2018	2019
%	85.6%	83.5%	80.4%

Measure	Proportion of VET Student Loans students who complete units of study
Target	70%
Result	ACHIEVED In 2019, 81.6% of study undertaken by VET Student Loans students was successfully completed.
Analysis	VET students continue to have strong unit of study completion rates. This measure has exceeded the target of 70 per cent since 2017 (the first year it was introduced). Results in Table 2.6 show a small amount of variation over time but have consistently fallen into the 81–82 per cent range. To foster these consistently strong outcomes the department will continue its focus on approving/re-approving only high-quality providers for participation in the VET Student Loans program, encouraging good providers (e.g. allowing higher provider fee limits up to the maximum amount the department will pay in loans for a given provider), monitoring provider outcomes, and initiating provider discussions and performance reviews as relevant.
Limitations	The completion rate relies on the providers' submissions of unit of study completions for the 2019 calendar period.
Methodology	The results for student completion rates for each reporting year are based on data extracted in the August of the year following the reporting year. The timing of the data extraction allows for providers to complete their submissions of units of study data. The result is calculated using the number of reported Equivalent Full-Time Study Load (EFTSL) units of study completed, over the total number of EFTSL units of study.
Source	Student completions data submitted by VET Student Loans approved course providers through the department's Higher Education Information Management System for the 2019 calendar year.
Contributing Program	3.1 Building Skills and Capability

Table 2.6: VET Student Loans students completion rates

Year	2017	2018	2019
%	82.1	81.2	81.6

Outcome 4

The department measures its progress towards achieving Outcome 4 against the criteria published in the department's 2019–20 PBS and Corporate Plan. The performance tables indicate the programs as published in the Education, Skills and Employment Portfolio Additional Estimates Statements 2019–20 that relate to each criterion.

Criteria – Job seekers find and keep a job

Measure	Proportion of job placements sustained to 26 weeks
Target	30% overall 30% Indigenous
Result	<p>ACHIEVED</p> <p>Overall, 40.4% of in-scope job placements were sustained to a 26-week outcome in 2019–20, exceeding the target of 30%.</p> <p>For Indigenous participants, this proportion was 31.4%, also exceeding the parity target of 30%.</p>
Analysis	<p>Performance against this measure declined slightly from 2018–19, both overall and for Indigenous participants specifically, after improving each year previously under jobactive. However, it remains higher than the results achieved in the first two years of the program.</p> <p>COVID-19 has had a significant impact on the rate at which placements were converted to 26-week outcomes from mid-March 2020, as participants who had started a new job before the onset of the COVID-19 pandemic lost work or had their hours reduced below the income support eligibility threshold. This is in line with the broader labour market decline.</p>
Methodology	<p>This measure tracks sustainable employment gained through jobactive, reporting on the proportion of job placements that converted into a 26-week outcome. The measure also reflects the department's commitment to the Closing the Gap initiative. To drive continuous improvement in Indigenous employment, the department set a specific parity target for achieving sustainable outcomes for Indigenous participants.</p> <p>A jobactive provider receives a 26-week outcome payment if the participant remains employed for 26 weeks and reduces their reliance on income support by 100%. Adjustments are made for participants with modified mutual obligation requirements.</p> <p>The results are based on the 12-month period from 6 November 2018 to 5 November 2019.</p> <p>The result is calculated using the number of job placements that sustained to a 26 week employment outcome over the total number of job placements that can achieve a 26 week outcome, in a 12-month period.</p>

Measure	Proportion of job placements sustained to 26 weeks
Source	DESE's administrative system—ESSWeb—is used to administer employment services. This data is made publicly available each year.
Contributing Program	4.1 Employment Services

Measure	Proportion of job seekers employed three months following participation in employment services
Target	<p>Overall 45%</p> <p>Stream A 55%</p> <p>Stream B 40%</p> <p>Stream C 25%</p>
Result	<p>ACHIEVED</p> <p>46.1% of participants were employed three months following participation in jobactive.</p> <p>The results for each stream were:</p> <ul style="list-style-type: none"> • 56.4% for Stream A – ACHIEVED • 39.7% for Stream B – NOT ACHIEVED • 25.9% for Stream C – ACHIEVED. <p>The overall target and targets for Stream A and C were met. The Stream B result of 39.7% is 0.3 percentage points below the target.</p> <p>Stream A participants are the most job-ready, and receive services to help them meet employer needs and navigate the local labour market. Stream B participants have some employment barriers, such as disability or lower levels of educational attainment, and need their provider to play a greater role to help them find work. Stream C participants require the most assistance, often having a combination of vocational and non-vocational barriers that need to be addressed before they are ready for employment. These barriers may include reduced work capacity, physical or mental health issues or substance abuse. Stream C job seekers receive case management support to help them take up and keep a job.</p>

Measure**Proportion of job seekers employed three months following participation in employment services****Analysis**

The overall figure of 46.1 per cent exceeded the target but was lower than the result achieved in 2018–19 (48.6 per cent). The most significant change was the result for Stream B participants, which fell marginally below the target.

The major drivers of this trend were an increase in the proportion of:

- participants in employment services with multiple and complex barriers to employment
- exits (particularly Stream B participants) transferring to Disability Employment Services. Transfers of this nature are associated with lower employment rates than exits by participants for other reasons.

COVID-19 had some effect on performance against this measure, as many people who participated in jobactive assistance in November and December 2019 responded to the post-program monitoring survey over the period March to May 2020. Employment outcome rates for this cohort were markedly lower than for the months preceding the labour market decline associated with COVID-19.

Methodology

The department's post-program monitoring survey samples jobactive participants on their employment (labour market) status, around three months after participation. The survey data provides additional information not available from administrative data, such as the employment and education status of exited participants. It provides a fuller picture of employment outcomes, as not all employment undertaken by jobactive participants is recorded in the department's job placement records.

The results are based on the 12-month period between 1 January 2019 and 31 December 2019.

The result is calculated by estimating the number, of a representative sample, of job seekers employed three months following participation in jobactive over the total number of job seekers who participated in jobactive during the reference period (a rolling 12-month period).

Source

DESE, Program administrative data. Employment rates are sourced from the post-program monitoring survey.

The department has published the Employment Services Outcomes Report, which includes the results from the post-program monitoring survey.

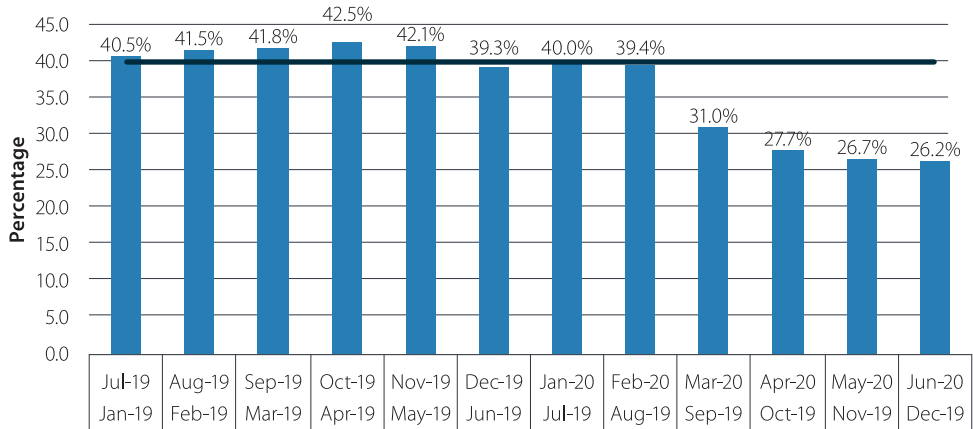
Contributing Program

4.1 Employment Services

Criteria – Help job seekers move from welfare to work

Measure	Proportion of job seekers moving off income support, or with reduced reliance on income support, six months after participation in jobactive
Target	40%
Result	NOT ACHIEVED 36.8% of job seekers moved off income support, or reduced their reliance by at least 60%, six months after participation in jobactive.
Analysis	<p>This result is for job seekers in jobactive from 1 January 2019 to 31 December 2019, with their income support status measured six months later up until 30 June 2020. The result of 36.8 per cent is the lowest rate recorded under jobactive.</p> <p>There has been a significant decline in the proportion of jobactive job seekers moving off or reducing their reliance on income support. It is likely that the impact of COVID-19 on employment has affected this measure, as fewer job seekers have exited income support since March 2020. This is in line with the broader labour market decline.</p> <p>Changes in policy settings in response to COVID-19 have had an impact on trends in income support, particularly temporary changes to JobSeeker Payment means test arrangements from April 2020. These changes include increases to the partner income limit and waiving the assets test. While it is difficult to quantify the overall effect of the variety of changes, it is likely that this meant fewer job seekers exited income support from April to June 2020.</p> <p>See Figure 2.2.</p>
Methodology	<p>A snapshot of the income support status of all job seekers on the jobactive caseload is taken at the end of each month between 1 January 2019 to 31 December 2019 (the reference period). Each job seeker’s income support status is then compared with their income support status six months later.</p> <p>The result is calculated using the number of job seekers off income support, or with reduced reliance on income support (defined as a reduction of 60% or more), six months after participating in jobactive over the total number of job seekers on income support who participated in jobactive during the reference period.</p>
Source	DESE’s administrative system—ESSWeb—which is used to administer employment services. Income support data is collected by Services Australia.
Contributing Program	4.1 Employment Services

Figure 2.2: Proportion of job seekers moving off income support—or with reduced reliance on income support—six months after participation in jobactive



Criteria – Help job seekers meet their mutual obligation requirements

Measure	Proportion of Work for the Dole participants who report increased motivation to find a job
Target	75%
Result	<p>ACHIEVED</p> <p>In 2019–20, the proportion of Work for the Dole (WfD) participants reporting improved motivation to find a job was 76.8%, exceeding the 75% target for 2019–20 and in line with the results for 2018–19 (76.7%). The majority of participants also reported an improvement in their desire to find a job, ability to work with others, self-confidence, work-related skills and chances of getting a job.</p> <p>Results are published online in the Employment Services Outcome Report.</p>

Measure	Proportion of Work for the Dole participants who report increased motivation to find a job
<p>Analysis</p>	<p>Participants who initially enter the WfD program may have limited to no experience in the workplace and may have reduced confidence in their abilities to secure employment. As WfD is a work experience and activation program, it is expected the program will increase a job seeker's motivation and self-confidence, as it provides an opportunity for job seekers to enhance their skills, develop positive work habits, obtain work references, while meeting and working with new people in a workplace and identifying new prospects for employment.</p> <p>The result is similar to previous years, reflecting that the experiences of participants in WfD are mostly unaffected by labour market conditions.</p> <p>WfD participants were generally satisfied with their experiences in the program, as evidenced by 76.8 per cent reporting improvement in their desire to find a job. In addition:</p> <ul style="list-style-type: none"> • 79.8 per cent of participants reported an improvement in their ability to adapt to a new environment • 75.7 per cent reported an improvement in their ability to work with others • 75.3 per cent reported an improvement in their understanding of the workplace • 75.1 per cent reported an improvement in their communication skills.
<p>Methodology</p>	<p>The results are based on participant responses to the post-program monitoring survey who commenced in WfD between 1 February 2019 and 31 January 2020. Participants are surveyed six weeks after commencement in a WfD activity.</p> <p>The survey measured the impact of WfD participation on job seekers' soft skills and outlook and, in particular, the proportion of participants reporting an improvement in their desire to find a job six weeks after commencing in a WfD activity.</p> <p>The result is calculated using a representative sample of job seekers surveyed six weeks after participating in WfD who reported participation in the activity improved their desire to find a job over the total number of job seekers who responded to the survey following participation in WfD.</p>
<p>Source</p>	<p>DESE, Program administrative data and the post-program monitoring survey.</p>
<p>Contributing Program</p>	<p>4.1 Employment Services</p>

Measure	Proportion of provider appointments attended by activity-tested job seekers
Target	90%
Result	NOT ACHIEVED 77.9% of provider appointments were attended, below the target of 90%, and 0.8 percentage points lower than in 2018–19 (78.7%).
Analysis	The suspension of mutual obligation requirements due to COVID-19 from mid-March 2020 onwards positively impacted the attendance rate by disproportionately reducing the denominator for the measure (refer methodology below). This impact was partially offset over 2019–20 by lower attendance rates between January 2020 and mid-March 2020, likely a result of seasonal factors and job seeker disengagement after mutual obligation requirements were suspended, and then more flexible arrangements applied, due to the bushfires crisis.
Methodology	jobactive participants must regularly attend appointments with their provider to monitor progress against their requirements and to discuss strategies to find work. The extent to which job seekers attend these appointments—the attendance rate—is an established measure of job seeker engagement. The result is calculated using the number of provider appointments attended over the sum of attended appointments, appointments not attended for an invalid reason and appointments where misconduct occurred.
Source	DESE, Program administrative data.
Contributing Program	4.1 Employment Services

Measure	Proportion of job seekers (with mutual obligation requirements) who are actively looking for work
Target	90%
Result	<p>NOT ACHIEVED</p> <p>86% of job seekers met their job search requirements, below the target of 90%, however the result is 15.8 percentage points higher than in 2018–19 (70.2%).</p>
Analysis	<p>The suspension of mutual obligation requirements implemented for the bushfires crisis and COVID-19 positively impacted the measure results in the second half of 2019–20. Mutual obligations were lifted and no penalties applied for not meeting requirements from December 2019 in bushfire affected employment regions and from March–June 2020 nationally.</p> <p>Encouragingly, the results for this measure in the first half of 2019–20 (which were not affected by the suspension of mutual obligations) were in line with the first half of 2018–19.</p>
Methodology	<p>To help sustain engagement, most job seekers are required to look for work and report efforts as part of their job plan. A job plan is unique to the job seeker and outlines their mutual obligation requirements, such as appointment attendance and job search, as well as any education, skills training and other activities they need to undertake to improve their employability.</p> <p>The result is calculated using the number of active job seekers meeting their job search requirement or have no job search requirement set, or it is no longer required to be met, over the total number of job seekers who may be required to undertake job search as part of their mutual obligation requirement.</p>
Source	DESE, Program administrative data: job search assessment results.
Contributing Program	4.1 Employment Services

Criteria – jobactive organisations deliver quality services

Measure	Proportion of jobactive organisations that meet their service delivery commitments
Target	80%
Result	ACHIEVED In 2019–20, 94% of jobactive providers met their service delivery commitments.
Analysis	jobactive providers are meeting their service commitments to job seekers, employers and other stakeholders as outlined in their individual service delivery offers. This reflects a continuing improvement in the results since 2017–18 with providers improving delivery against their service commitments. This happened at the same time as assessments against this performance measure were revised following feedback from the Australian National Audit Office (ANAO).
Methodology	<p>jobactive providers are monitored to ensure they are making available to job seekers, employers and other stakeholders the services to which they have committed in their tailored service delivery offers. The department continues to monitor these commitments through the contract management process, which assesses 25% of each provider's commitments each six-month period and determines whether they have been met. Each commitment is assessed as either not met, partially met, or met.</p> <p>The result is calculated using the number of jobactive providers that meet at least 80% of their assessed service delivery commitments over all jobactive providers. In each six-month period, department account managers review 25% of each provider's service delivery commitments, with all commitments reviewed over two years.</p>
Source	DESE, Program administrative data sourced from Provider 360 – the Contract Management System.
Contributing Program	4.1 Employment Services

Measure	Proportion of employers satisfied with the assistance provided by a jobactive organisation
Target	80%
Result	ACHIEVED The proportion of employers who were satisfied with assistance provided by a jobactive provider was 84% in the 2019 calendar year, above the 80% benchmark.
Analysis	<p>In the 2019 calendar year, the department surveyed 14,000 employers through the Survey of Employers' Recruitment Experiences. About 84 per cent of employers were satisfied with the assistance provided by a jobactive provider, above the target of 80 per cent.</p> <p>In late 2019, the methodology of the survey changed to improve quality and sample representation. In addition, the survey was temporarily discontinued in early 2020 to focus on collecting information related to the impact of COVID-19 on businesses. The combination of these factors means it will be some time before an accurate measure of satisfaction can be determined with jobactive providers beyond the 2019 calendar year.</p> <p>Once the Survey of Employers' Recruitment Experiences is reinstated, priority will be given to collect an accurate measure of satisfaction with jobactive providers.</p> <p>As the department introduces a new employment service model in the coming years, the survey will be adjusted to account for changes in how employers use providers.</p>
Methodology	The result is calculated using the number of employers who used an employment service provider, and who said they were satisfied with the assistance provided, over all employers who used an employment services provider who were surveyed in the same 12-month period.
Source	DESE, Survey of Employers' Recruitment Experiences.
Contributing Program	4.1 Employment Services

Criteria – Overall program measure

Measure	Cost per employment outcome
Target	\$2,500
Result	NOT ACHIEVED The cost per employment outcome was \$2,503. This was marginally above the target of \$2,500.
Analysis	<p>The result is marginally above the target of \$2,500 but below the 2018–19 figure (\$2,587¹).</p> <p>The key drivers of jobactive expenditure are outcome payments, administration fees and the Employment Fund. The jobactive payment model has a strong focus on outcomes, and during periods where jobactive providers have performed well, outcome payments will be the key driver of jobactive expenditure.</p> <p>Over the reference period, fewer job seekers have found employment than previous years, and as a result, expenditure on outcome fees has decreased. However, this is offset by the decline in the denominator, which is the number of job seekers estimated to be employed.</p>
Methodology	<p>The cost per employment outcome is a measure of efficiency and is the average sum of money spent per employment outcome. The total expenditure on jobactive includes expenditure such as administration fees, outcome payments and support provided from the Employment Fund. Employment outcomes are estimated as the number of participants employed three months after participating in jobactive as measured by the post-program monitoring survey. Note that this is not the same as the number of employment outcomes paid to providers.</p> <p>The reference period for this measure is participants in jobactive from 1 January 2019 to 31 December 2019.</p> <p>The result is calculated using the total expenditure on jobactive job seekers within the relevant reference period, over the estimated number of job seekers who are employed three months after participating in jobactive.</p>
Source	DESE's financial data, program administrative data, and responses to the post-program monitoring survey.
Contributing Program	4.1 Employment Services

1. The 2018–19 Cost per employment outcome result has been amended in Appendix F – Corrigendum.

Criteria – Help people create their own job through self-employment

Measure	Proportion of NEIS participants off income support or working 20 hours a week three months after participating in and then exiting NEIS
Target	68%
Result	NOT ACHIEVED 65% of New Employment Incentive Scheme (NEIS) participants were off income support, or working 20 hours a week three months after participating in and then exiting NEIS.
Analysis	The bushfires crisis and COVID-19 pandemic in the second half of 2019–20, as well as the suspension of mutual obligation requirements during this time, has impacted the number of people participating in and completing the NEIS program. For COVID-19 specifically, income support eligibility was relaxed (such as asset and income tests) allowing more people access to income support when they would not have been previously eligible while running their business.
Methodology	The results are based on administrative data for the period between 1 July 2015 and 30 June 2020. To determine whether participants achieved sustainable work, the measure samples all NEIS participants who exited NEIS at least three months ago. The result is calculated using the number of NEIS participants off income support or working 20 hours a week three months after exiting NEIS.
Source	DESE, Program administrative data.
Contributing Program	4.1 Employment Services

Criteria – Support parents to build their work readiness

Measure	Proportion of ParentsNext participants who increase their work readiness
Target	80% overall 80% Indigenous
Result	NOT ACHIEVED Overall, 67.9% of participants increased their work readiness—and 66% of Indigenous participants improved their work readiness—in the period. While targets were not achieved, the results are a marginal improvement on those recorded over the first six months of 2019–20 (1 percentage point overall and 2 percentage points for Indigenous participants).

Measure	Proportion of ParentsNext participants who increase their work readiness
Analysis	<p>ParentsNext provides personalised support to parents to help them plan and prepare for employment while caring for young children. It aims to increase their work prospects by the time their children start school.</p> <p>A number of factors can affect work readiness assessment results, including the accuracy of each assessment and the length of time the participant is receiving assistance in the program. Participants are more likely to improve their work readiness the longer they are engaged with their provider, and once they move past their third and fourth assessments.</p> <p>While the targets were not met for this measure, the increase in work readiness for the disadvantaged cohorts supported by ParentsNext is encouraging, and demonstrates that the program is helping parents prepare for employment. ParentsNext also exceeded the targets for all measures under the objective to support parents on a pathway to education or work. These results contribute to Outcome 4, to assist job seekers into work.</p>
Methodology	<p>Using the Star Online Work Star assessment tool, providers undertake an initial assessment with participants, and conduct subsequent assessments every six months. To be included in the population for analysis, a participant must have had at least two work readiness assessments, with at least one of these in the current 2019–20 performance period.</p> <p>The result is calculated using the number of participants who increase their work readiness based on their results in the Work Star assessment tool, over the total number of participants who have had more than one work readiness assessment using the tool.</p> <p>A number of factors can impact the success of this measure including:</p> <ul style="list-style-type: none"> • reliance on correct use of the tool by providers • assessment accuracy • rapport between the provider and participant • the amount of assessments being undertaken by providers, as this is not a mandatory requirement with all participants.
Source	DESE’s Star Online system: Work Star Online Service User Report.
Contributing Program	4.1 Employment Services

Criteria – Support parents on a pathway to education or work

Measure	Number of participants who improve their education (completion of an education course higher than the participant’s previous education level) or find employment
Target	5,000 overall 1,000 Indigenous
Result	ACHIEVED In 2019–20, 13,733 ParentsNext participants improved their education or found employment. This result exceeds the target of 5,000 participants. The result for Indigenous participants (1,949) also exceeded the target.
Analysis	<p>ParentsNext has exceeded the targets for all measures under the objective to support parents on a pathway to education or employment.</p> <p>In the 2019–20, performance period, of those participants who achieved this measure, 90 per cent found employment and 14 per cent completed accredited education higher than their previous level of education.</p> <p>These results demonstrate that ParentsNext is achieving the objective of increasing parents’ participation in education and employment. This result contributes to Outcome 4, to assist job seekers into work.</p>
Methodology	<p>Program administrative data is used to:</p> <ul style="list-style-type: none"> • establish participants who were commenced on the caseload from 1 July 2019 to 30 June 2020 (performance period) • determine whether participants found employment within the performance period from either declared earnings data, exits with stable employment, or approved or pending employment outcome claims • determine whether participants increased their education from completed activity commencements or approved/pending education outcome claims within the period • establish education level and Indigenous status as captured at referral date. <p>The result is calculated using the number of participants who improved their education or found employment within the performance period.</p>
Source	DESE, Program administrative data, including declared earnings data.
Contributing Program	4.1 Employment Services

Measure	Proportion of early school leavers who are in or have completed education or training
Target	25%
Result	ACHIEVED The proportion of early school leavers who are in, or have completed, education and training was 33.8%, exceeding the target.
Analysis	This measure has exceeded the target demonstrating that ParentsNext is achieving the objective of increasing participation in education for early school leavers.
Methodology	<p>The result is calculated using the number of participants who are referred to the program due to being an early school leaver, who:</p> <ul style="list-style-type: none"> • commences, or is expected to commence, in an accredited education course, or • completes an accredited education course higher than their previous level of education, or • achieves an education outcome over the total number of participants who are referred to the program as an early school leaver. <p>Participation in education and training is affected by:</p> <ul style="list-style-type: none"> • availability of appropriate courses • enablers or barriers to access • ParentsNext participants' interest in and aptitude for further study.
Source	DESE, Program administrative data.
Contributing Program	4.1 Employment Services

Criteria – Support Indigenous prisoners to prepare for and find employment, and reintegrate into the community

Measure	Proportion of eligible prisoners who participate in the Time to Work Employment Service
Target	50%
Result	<p>NOT ACHIEVED</p> <p>Out of the prisoners estimated to be eligible for the Time to Work Employment Service (TWES) in non-remote prisons (where the service was offered), 27% volunteered to be involved. This is well below the target of 50% of eligible TWES prisoners volunteering to participate in the program.</p>
Analysis	<p>TWES provides a voluntary in-prison employment service to adult Aboriginal and Torres Strait Islander sentenced prisoners to facilitate access to the support they need upon release. The objective of the support is to better prepare participants to find employment and reintegrate into the community.</p> <p>During the year, the proportion of eligible prisoners who commenced in TWES was below the target of 50 per cent of eligible prisoners. Several factors affected the performance of this measure:</p> <ul style="list-style-type: none"> • TWES became available in more prisons across Australia over the year, increasing the potential population of eligible prisoners • lower than anticipated commencement numbers attributed to: <ul style="list-style-type: none"> – visiting restrictions in prisons to limit the transmission of COVID-19 – different approaches between states and territories and prisons to promote the service – the voluntary nature of the service – limited prison resources such as rooms and phones to conduct meetings. <p>The department is working with providers and prisons to promote the service and encourage eligible prisoners to volunteer.</p>
Methodology	<p>The department provides guidance to corrections departments in state and territory governments on the data parameters.</p> <p>The result is calculated using the number of participants over the number of eligible prisoners where providers have commenced delivering services in a prison.</p>
Source	DESE, Program administrative data. Corrections data for estimated number of eligible prisoners is provided by state and territory governments.
Contributing Program	4.1 Employment Services

Measure	Proportion of participants who exit the service with an approved transition plan
Target	25%
Result	ACHIEVED 41% of participants who exited the service had an approved transition plan.
Analysis	Performance against this measure exceeded the target. It demonstrated that where eligible prisoners volunteer to participate in the service, they are being supported by the provider to complete the service and to better prepare themselves to find employment on release.
Methodology	This measure assesses whether participants, who volunteered for the service and exited the program, received an approved transition plan before leaving the program. The result is calculated using the number of participants who exit the service with an approved transition plan over the total number of participants who have exited the service.
Source	DESE, Program administrative data and transition plans from providers.
Contributing Program	4.1 Employment Services

Criteria – Help young people move into work or education

Measure	Proportion of Transition to Work placements sustained to a 12-week employment outcome, hybrid outcome, or an education outcome
Target	65%
Result	ACHIEVED 72.1% of TtW placements achieved a 12-week employment or hybrid outcome, or a 26-week education outcome. This exceeded the 2019–20 target of 65% and is higher than in 2018–19 (71.7%).
Analysis	TtW participants continued to achieve employment, education and hybrid outcomes at rates consistent with previous years. This is in line with expectations, as the placements in scope for this measure occurred before the impact of COVID-19 on the labour market. Reduced outcomes are anticipated for the 2020–21 reporting year, as fewer young people are expected to have opportunities to sustain work due to the significant impact of the pandemic on employment opportunities for young people.

Measure	Proportion of Transition to Work placements sustained to a 12-week employment outcome, hybrid outcome, or an education outcome
Methodology	<p>The result is based on placements occurring between 14 August 2018 and 13 August 2019 that achieve an employment or education outcome in the 12 months to 30 June 2020.</p> <p>The result is calculated using the number of job placements that led to a 12-week employment outcome, or a hybrid employment outcome, or a 26-week education outcome being achieved over all job placements recorded in a 12-month period.</p>
Source	DESE, Program administrative data from the ESSWeb system, which is used to administer employment services.
Contributing Program	4.1 Employment Services

Measure	Proportion of placements that are converted to sustainability outcomes
Target	40%
Result	<p>ACHIEVED</p> <p>In 2019–20, 46.3% of TtW job placements converted to sustainability outcomes, exceeding the results for 2018–19 (45%).</p>
Analysis	TtW participants continued to achieve sustainability outcomes at rates consistent with previous years. This is in line with expectations, as the placements in scope for this measure occurred before the impact of COVID-19 on the labour market. Reduced outcomes are anticipated for the 2020–21 reporting year, as fewer young people are expected to have opportunities to sustain work due to the significant impact of the pandemic on employment opportunities for young people.
Methodology	<p>This measure reports the proportion of TtW placements that converted to sustainable outcomes. Sustainable outcomes are where the participant continued in their employment or education placement for an additional 14 consecutive weeks following the completion of their 12-week employment or hybrid outcome.</p> <p>The reference period for job placements is a placement occurring between 8 May 2018 and 7 May 2019 with outcomes achieved in the 12 months to 30 June 2020.</p> <p>The result is calculated using the number of job placements converted to a 26-week sustainability outcome, overall job placements that can achieve a 26-week sustainability outcome over a 12-month period.</p>

Measure Proportion of placements that are converted to sustainability outcomes

Source DESE, Program administrative data from the ESSWeb system, which is used to administer employment services.

Contributing Program 4.1 Employment Services

Measure Proportion of Transition to Work participants moving off income support, reducing their reliance on income support, or moving on to Youth Allowance (student) six months after participating in the service

Target 30%

Result NOT ACHIEVED

In 2019–20, 28% of participants moved off income support, reduced their reliance on income support or were on Youth Allowance (Student) six months after participating in TtW. This is below the target of 30%.

Analysis There has been a significant decline in the proportion of TtW participants moving off or reducing their reliance on income support. It is likely the impact of COVID-19 on employment has affected this measure, as fewer participants have exited income support since March 2020. This is in line with the broader labour market decline.

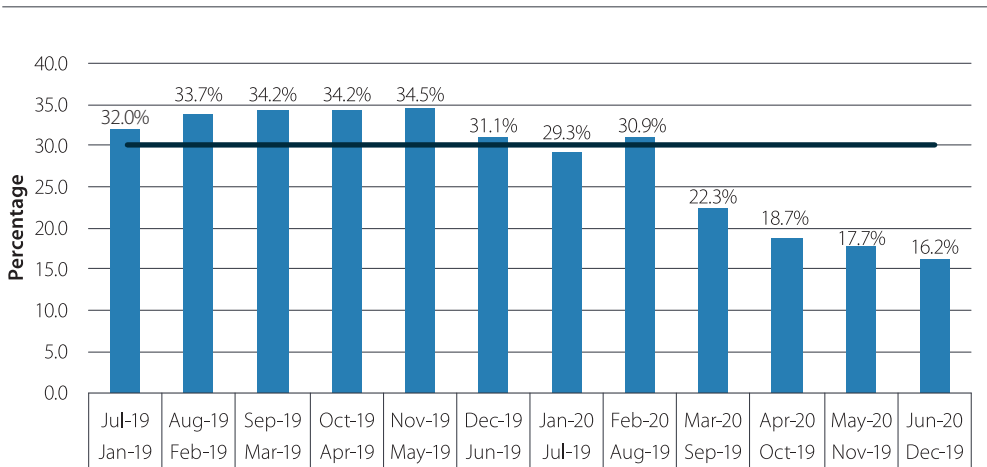
Changes in policy settings have also had an impact on trends in income support, particularly temporary changes to JobSeeker payment means test arrangements from April 2020, including increases to the partner income limit and waiving of the assets test. While it is difficult to quantify the overall effect of these changes, it is likely that this meant fewer participants exited income support from April to June 2020.

In past recessions, there has been an increase in young people remaining in, or moving into, full-time study. It is too early for a similar pattern to have emerged in the COVID-19 pandemic, and many may be affected by the restrictions to face-to-face learning that were not present in previous economic downturns. However, if there is an increase in young people taking up study in 2020–21, this could influence the result for this measure next year.

See Figure 2.3.

Measure	Proportion of Transition to Work participants moving off income support, reducing their reliance on income support, or moving on to Youth Allowance (student) six months after participating in the service
Methodology	<p>The reference period for participants in the TtW service is 1 January 2019 to 31 December 2019. The income support status of these participants is determined six months later, up to 30 June 2020.</p> <p>The result is calculated using the number of TtW participants who, six months after participating in the service, had:</p> <ul style="list-style-type: none"> • moved off income support • reduced their reliance on income support (defined as a reduction of 60% or more) • moved on to Youth Allowance (Student). <p>This is then represented as a percentage of all TtW participants on income support who participated in the program during the reference period.</p>
Source	DESE, Program administrative data from the ESSWeb system—used to administer employment services—and income support data collected by Services Australia.
Contributing Program	4.1 Employment Services

Figure 2.3: Proportion of TtW participants moving off income support, reducing their reliance on income support, or moving on to Youth Allowance (Student) six months after participating in the service





03

Management and accountability

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Corporate Governance

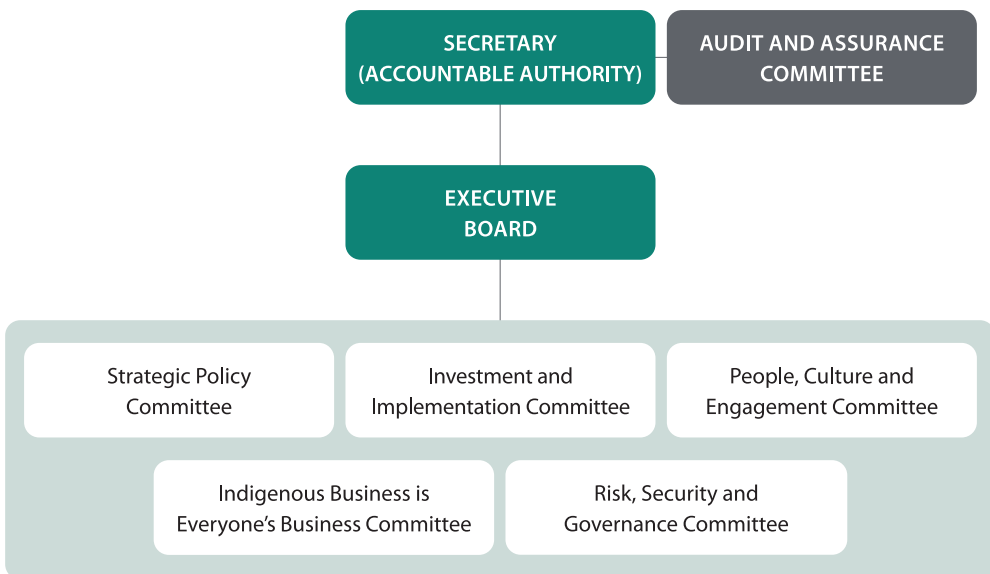
Governance framework

Our governance arrangements assist the department to deliver outcomes consistent with our legal, accountability and policy obligations.

The Executive Board, chaired by the Secretary, is responsible for setting the department’s strategic direction, meeting the Government’s objectives, and ensuring compliance with the department’s obligations under the *Public Governance, Performance and Accountability Act 2013*. Membership consists of the Secretary and deputy secretaries.

The department’s governance committees (Figure 3.1) provide direction and organisational stewardship, and support the department to meet its priorities and objectives. All committees—except the Investment and Implementation Committee, which makes decisions related to capital budgets—are advisory bodies and report to the Executive Board or the Secretary.

Figure 3.1: The department’s governance structure, at 30 June 2020



Audit and Assurance Committee

The department's Audit and Assurance Committee (AAC) provides independent advice and assurance to the Secretary on the appropriateness of the department's:

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

The AAC's roles and responsibilities are clearly set out in section 45 of the *Public Governance Performance and Accountability Act 2013* (PGPA Act) and section 17 of the *Public Governance Performance and Accountability Rule 2014* (PGPA Rule), and the AAC's charter is at www.dese.gov.au/aac. The AAC met five times during the year.

At 30 June 2020, the AAC had six external members and one departmental member. Table 3.1 provides details of the AAC members' roles on current and former audit committees. Table 3.2 provides details of the AAC members' remuneration (inclusive of Goods and Services Tax [GST]), qualification and experience, and Table 3.3 provides details of members' remuneration (inclusive of GST), qualification and experience for the former departments' audit committees.

Table 3.1: Members' roles on current and former audit committees

Membership and roles	Attendance ¹
Mrs Jenny Morison (External member) – Chair of AAC Performance Reporting Subcommittee – member	6/6
Ms Nadine Williams (Departmental member) – Deputy Chair	6/7
Mr Tim Youngberry (External member) Financial Statement Subcommittee – Chair	6/6
Mr Jeff Lamond PSM (External member) Performance Reporting Subcommittee – Chair Former Department of Employment, Skills, Small and Family Business' – Chair	7/7
Dr David Bryant (External member)	5/6
Ms Donna Moody (External member)	6/6
Mr Peter McKeon (External member)	6/6
Ms Vanessa Graham (External member) Former Department of Employment, Skills, Small and Family Business	3/3
Ms Jackie Wilson (Departmental member) – Deputy Chair Former Department of Education	2/2
Ms Janine Pitt (Departmental member) Former Department of Employment, Skills, Small and Family Business	1/3

Membership and roles	Attendance ¹
Mr John Baker (Departmental member) Former Department of Education	1/2
Mr Damian Coburn (Departmental member) Former Department of Education	1/2

1. Prior to the Machinery of Government changes, the Department of Education's Audit and Assurance Committee met once and the Department of Employment, Skills, Small and Family Business' Audit Committee met twice.

Table 3.2: Members' remuneration (inclusive of GST), qualification and experience for the department's Audit and Assurance Committee

Remuneration	Qualification and experience
Mrs Jennifer Morison \$66,726	<ul style="list-style-type: none"> Bachelor of Economics (Sydney University), Fellow Chartered Accountants Australia & New Zealand Held senior positions in major international accounting firms and as a national board member of the Chartered Accountants of Australia and New Zealand Held roles as chair of Commonwealth audit and risk committees, and financial statement subcommittees for large and small government entities, including Chief Financial Officer (CFO) of a public listed company Experience in accounting, commerce and government
Ms Nadine Williams \$Nil*	<ul style="list-style-type: none"> Executive Masters of Public Administration Held senior government positions, currently Deputy Secretary Skills and Training with the department Deputy Secretary of the former Department of Employment, Skills, Small and Family Business Experience in leading complex reform agendas in both Commonwealth and state government with extensive experience in micro-economics, regulatory policy and government
Mr Tim Youngberry \$20,680	<ul style="list-style-type: none"> Bachelor of Business (major in accounting), Fellow Certified Practising Accountant (CPA) Australia, Fellow Chartered Accountants of Australia New Zealand, Member of the Chartered Institute of Public Finance and Accountancy (UK) and International Public Sector Accounting Standards Board (2010–2015) Held senior positions – including CFO – in large Commonwealth entities, and at the National Australia Bank, Ernst and Young, ANAO and Department of Finance Experienced in designing and implementing public finance management and system reforms in Australia and overseas, and with the International Monetary Fund and OECD

Remuneration	Qualification and experience
<p>Mr Jeff Lamond PSM \$24,650</p>	<ul style="list-style-type: none"> • Bachelor of Economics (ANU) with formal economics and accounting qualifications, graduate qualification in legal studies • Held senior positions, including a APS Merit Protection Commissioner, and internal ombudsman in two agencies • Held roles as chair of Commonwealth audit and risk committees, and financial statement subcommittees for large and small government entities • Experience in the government sector including employment, values and ethics and, personnel
<p>Dr David Bryant \$23,350</p>	<ul style="list-style-type: none"> • Bachelor of Information Technology, MBA in Technology Management, Doctor of Philosophy in Management Information Systems, Australian Computer Society Certified Professional and Certified Practising Project Director (Australian Institute of Project Management) • ICT sector experience, including ICT governance, risk management, ICT projects and services delivery in the public sector
<p>Ms Donna Moody \$20,000</p>	<ul style="list-style-type: none"> • Bachelor of Business (Accountancy) • Held senior finance and management roles in large Commonwealth agencies, including the Australian Taxation Office (as CFO) and departments of Health and Social Services • Experience in the government sector, including implementing large scale organisational and program changes, managing large grant programs and geographically dispersed staff networks
<p>Mr Peter McKeon \$Nil**</p>	<ul style="list-style-type: none"> • First Assistant Secretary and Chief Information Officer (CIO) at the Attorney-General's Department (AGD) • Held senior positions with the United Nations (Italy), IBM Global Services and the Australian Government, including CIO and chief security officer roles • Experience in the ICT sector, ICT governance, risk management, security management, ICT projects, and services delivery in the public sector

* Deputy Secretaries remuneration is included in Appendix E at Table E.1.

** External SES officer – services provided at no cost to the department.

Table 3.3: Members' remuneration (inclusive of GST), qualification and experience for the former departments' audit committees

Remuneration	Qualification and experience
Ms Vanessa Graham \$Nil**	<ul style="list-style-type: none"> Bachelor of Business (major in accounting) and Fellow CPA Australia Chief Operating Officer of Comcare Held senior positions in large Commonwealth agencies across finance and corporate, including Chief Operating Officer and CFO Experience in finance and corporate services delivery models
Ms Jackie Wilson \$Nil*	<ul style="list-style-type: none"> Bachelor of Science (statistics, mathematics, sociology), Member of the Australian Institute of Company Directors Held several Deputy Secretary positions across government departments
Ms Janine Pitt \$Nil***	<ul style="list-style-type: none"> First Assistant Secretary, Employment Programs and Activation Division Australia's representative to the International Labour Organization Held senior positions in Employment, Education and Human Services portfolios, including Minister-Counsellor (Employment) to the OECD Experienced in legislation and policy development, national procurement, national program management and delivery across a broad range of employment, training, skills and Indigenous-specific programs
Mr John Baker \$Nil***	<ul style="list-style-type: none"> Assistant Secretary – School Funding Branch, Funding and Data Collection Division, Schools Group
Mr Damian Coburn \$Nil***	<ul style="list-style-type: none"> Assistant Secretary – HELP and Provider Integrity Branch, Higher Education Division, Higher Education, Research and International Group

* Deputy Secretaries remuneration is included in Appendix E Workforce statistics at Table E.1.

** External SES officer – services provided at no cost to the department.

*** Departmental employee.

Also attending the AAC as observers were the Deputy Secretary Corporate and Enabling Services (Chief Operating Officer), CFO, CIO, Chief Risk Officer, and the Chief Internal Auditor. Representatives from the ANAO attended as observers.

The AAC has two subcommittees: the Financial Statements Subcommittee and the Performance Reporting Subcommittee. These subcommittees assist the AAC to meet its financial and performance reporting obligations under the PGPA Rule.

The AAC works closely with the Risk, Security and Governance Committee (RSGC), which further assists the AAC to meet its obligation to review the appropriateness of the department's systems of risk oversight and management.

Corporate and business planning

Our 2019–20 Corporate Plan reflects the department's formation on 1 February 2020. Our corporate plan combined the content from the two former departments' plans.

The corporate plan is the department's primary planning document and sets the direction for how we work, build our capability, and engage with risk to deliver on our purpose. The corporate plan is a key component of our performance framework. It reflects the requirements of the Commonwealth Performance Framework, and the structures (environment, risk, and capability) that help support the department to achieve its purpose.

The corporate plan also outlines our key activities and performance criteria for the next four years. These performance criteria form the basis for the annual performance statement reporting in Part 2 of this report.

As part of the annual business planning cycle, the department's divisions and branches develop business plans that align with the corporate plan's outcomes, and also detail strategies, initiatives and deliverables to achieve these outcomes. Our business planning helps the department:

- action strategic priorities
- define delivery strategies
- ensure accountability
- enhance approaches to create better outcomes.

Risk management

The department manages risk in accordance with the Commonwealth Risk Management Policy, and our Risk Management and Framework and Policy.

The department's Risk Management Framework and Policy:

- governs how we identify, manage and communicate strategic and operational risks
- sets out our risk governance and accountability arrangements
- defines our risk appetite and tolerance approach.

Our Executive Board has overarching responsibility for risk and is supported by the Chief Risk Officer, a centralised enterprise risk function, and governance committees, including the RSGC and AAC.

Responsibility for key strategic and operational risks are assigned to individual senior executive officers to monitor and manage against the delivery of relevant outcomes. Risk management is further embedded by senior risk officers who are responsible for managing risk at the project and activity levels. Risk officers report to governance committees and ensure a line of sight between operational risk management and the department's strategic risks.

The RSGC oversees the department's risk management arrangements, is chaired by an independent external expert, and reports to the Executive Board. An external member of the AAC attends as an observer.

In 2019–20, our Risk Management Framework and Policy was updated following the Machinery of Government changes to adopt the methodologies of the two former departments and to ensure that we were meeting our obligations under section 16 of the PGPA Act.

Fraud control

As a Commonwealth entity, the department must ensure public resources are used appropriately to achieve its purpose and promote financial sustainability.

In 2019–20, the department's Fraud Control Framework was updated. The framework complements other arrangements in place to prevent, detect, investigate, and report fraud against the department's programs and other interests.

The department continued exploring solutions to manage fraud risk and incidents of fraud. This approach has been supported by improving legislative frameworks, refining data and analytical capability, strengthening existing controls and implementing processes to reduce fraud risk.

During the year, a Child Care Financial Integrity Framework was developed to support the financial integrity of the child care system. This guides the department's child care financial integrity program, including fraud detection, monitoring, and response activities. The Family Day Care Payment Integrity measures respond to sophisticated and systemic fraud, and serious non-compliance in the family day care sector.

Two investigation teams were responsible for investigating incidents of fraud during the year, the:

- Child Care Fraud Investigations team in the Early Childhood and Child Care Group, which investigated family assistance law cases, primarily fraud in child care. This team also helps detect and prevent fraud in child care and other payment programs through strategic collaboration with other Australian Government agencies
- Fraud Control and Intelligence team in Corporate and Enabling Services Group, which conducted fraud investigations across the department's activities.

As well as fraud investigation activities, the Fraud Control and Intelligence team:

- implements and maintains the fraud control framework, and undertakes enterprise fraud risk assessments
- promotes awareness of individuals' roles and responsibilities to prevent and detect fraud through targeted communication and employee training
- advises employees on reporting suspected fraud, the investigations process, and other general fraud-related matters
- advises business areas on considering fraud risks when designing, implementing and managing new policies and programs
- provides annual reporting against the Commonwealth Fraud Control Framework 2017
- provides the departmental response to the annual Australian Institute of Criminology fraud census.

In addition to the department's centralised fraud functions, there are assurance and compliance frameworks across the department's programs. Where assurance and compliance activities lead to the suspicion of fraud, this is referred to the Fraud Control and Investigations team.

Shared services arrangements

The department has memorandums of understanding in place for services provided by the Department of Finance (Finance) and the Department of Social Services (DSS) and Services Australia.

Finance's Service Delivery Office provides transactional services such as payroll and payroll system administration, accounts payable and receivable.

DSS provides grants administration services through the Community Grants Hub.

Services Australia is responsible for the delivery of payments and services in the child care and employment programs. The department also has a joint initiative arrangement with Services Australia to improve the collection of data and to manage data exchange.

The department provides technology and some corporate services to other government agencies under separate arrangements. These include application hosting, network access, end-user computing, service desk support, records management, Learnhub and financial viability assessments.

The department also provides application services to the National Indigenous Australians Agency for Indigenous employment services, the DSS for disability employment services and the Department of Home Affairs for the SkillSelect application.

People management

Our people

Following Machinery of Government changes in February, the department commenced redesigning its People Strategy to ensure it builds and sustains a workforce that supports the work and priorities of the department and the broader APS.

COVID-19 Human Resource (HR) Taskforce

In March 2020, the department established an HR Taskforce to coordinate a corporate response to managing COVID-19 risks. Its particular focus was work health and safety, personnel administration, and employee support. The taskforce worked quickly to establish a baseline of support services and products to successfully transition employees to working from home.

The department developed a Courage-Care-Connect campaign as a way of keeping in touch and communicating to staff about requirements as they transitioned back into the office. In addition, the department provided both staff and managers with a range of tools and guidance documentation to assist with safe work practices, supporting individual requirements and flexible work, mental health, IT equipment and individual workstations.

Secondments in response to COVID-19 pandemic

The department provided 272 employees to Services Australia to help deliver critical services to the community. These employees—approximately 8 per cent of the department's total headcount—were seconded to Services Australia throughout March to June 2020. While employees were predominately redeployed to Services Australia in the Australian Capital Territory, employees located in Queensland, South Australia and Victoria were also involved in the redeployment.

The department also provided six staff to the Department of Health, Department of the Treasury and the Department of the Prime Minister and Cabinet.

Seconded employees returned to the department in four phases in late May and early June 2020.

Managing the way we work

The department reviewed its flexible work framework during the year and consulted with employees through its consultative committee on issues including delivering critical business operations during difficult times. This framework supported changing working requirements for employees, first through the bushfires in early 2020, and then through the COVID-19 pandemic.

The framework successfully supported employees to continue working and delivering critical business operations through flexible work options. The framework continues to support ongoing flexible work requirements.

Entry-level programs

The department continues to provide entry-level program opportunities, including the graduate program and Indigenous Australian Government Development Program (IAGDP) to build capacity and support succession planning.

The graduate program consists of two work placements over 10 months, on-the-job training and a structured learning and development program. IAGDP participants study at the diploma level across a range of areas while working full-time over a 15-month period.

The department also participates in whole-of-government entry-level programs, including the Department of Finance Career Starters Program, the Indigenous Apprenticeships Program (IAP) and the Science Fellowships Program. IAP participants undertake either a Certificate IV or Diploma in Government while working full-time over a 12-month period and Career Starters undertake a Certificate IV in Government. The department also works collaboratively with other agencies to recruit talented individuals through other speciality graduate programs such as the Digital Transformation Agency (DTA) Digital Emerging Talent Program, the APS Human Resources Graduate Development Program, the APS Data Graduate Program and the Australian Public Service Commission (APSC) Indigenous Recruitment Pathways Program.

For the 2020 graduate program cohort that commenced in the department in February 2020, there were 51 participants. In the 2019 graduate program cohort that commenced in February 2019, there were 49 (combined across both former agencies). In February 2020, two IAP participants, one IAGDP participant, two science fellow participants and two Career Starter participants were employed. The department was recognised as one of the top 100 graduate employers in the government sector at the 2019 GradAustralia Awards.

Remuneration

The Secretary's remuneration is set by the Remuneration Tribunal under section 13 of the *Remuneration Tribunal Act 1973*.

Remuneration and conditions for SES officers are covered by section 24(1) determinations made by the Secretary under the *Public Service Act 1999*. These determinations provide for a total remuneration approach to SES remuneration and conditions. Salary levels for SES employees are generally set at rates within a salary band applicable to each SES classification. SES arrangements do not provide performance pay. Governance arrangements for SES remuneration include an annual review of performance overseen by the Executive Board, with movements in salary determined by the Secretary based on a range of criteria, including employee performance. Table 3.4 shows the number of SES covered by section 24(1) determinations and Table E.2 in Appendix E shows the salary ranges for SES employees. Additional statistics on remuneration for key management personnel, senior executives and other highly paid employees are provided in tables E.1 to E.3 in Appendix E.

After consultation with employees and in-line with the APSC's Workplace Bargaining Policy 2018, on 21 December 2018 the department issued a section 24(1) determination for non-SES employees. The determination provides for pay rises of 2 per cent in 2019, 2020 and 2021. All terms and conditions for employees of the former departments are provided under the Department of Education and Training Enterprise Agreement 2016–2019.

Table 3.4 shows the number of non-SES employees covered under the Enterprise Agreement as their primary employment instrument, and Table E.18 in Appendix E details their salary ranges under the section 24(1) determination. The department also uses individual flexibility arrangements to secure expertise or specialist skills that are critical to business needs. At 30 June 2020, 54 employees had individual flexibility arrangements in place. Non-SES arrangements do not provide for performance pay.

Appendix E provides statistics on employees by Indigenous status, classification, employment status and location, including breakdowns by gender.

Table 3.4: Number of SES and non-SES employees by employment arrangement, 30 June 2020

	Section 24(1) determination	Enterprise agreement	Total
SES	120	–	120
Non-SES	–	3,451	3,451
Total	120	3,451	3,571

Note: Includes employees on leave without pay. Excludes the Secretary as remuneration arrangements for departmental secretaries are determined by the Remuneration Tribunal.

Diversity and inclusion

The department is committed to diversity and inclusion, and building a workplace culture that embraces the unique skills and qualities of all our employees.

Our Workplace Diversity and Inclusion Strategy and associated action plans are being updated in 2020. The department has a number of highly active and engaged employee networks, including the:

- Ability and Carers Network
- Aboriginal and Torres Strait Islander Employee Network
- Culturally and Linguistically Diverse Network
- Gender/Women's Network
- Pride Network.

These networks continue to play an important role in promoting diversity and inclusion initiatives, providing support and resources to employees, and recognising diversity days of significance.

The department monitors and evaluates its progress against diversity and inclusion targets through the:

- Executive Board
- People, Culture and Engagement Committee
- Indigenous Business is Everyone's Business Committee.

A number of senior-level champions are also in place to:

- represent the department at external diversity forums
- raise awareness of diversity issues
- promote initiatives that support inclusive practices for people from diversity groups.

Indigenous business is everyone's business

The department supports the Government's priority to work with Aboriginal and Torres Strait Islander peoples, communities and businesses to improve opportunities and build a better future. Policies and programs are developed and delivered by working with Aboriginal and Torres Strait Islander peoples, respecting their cultures and building our own cultural capability. We proudly support the Government's Indigenous Procurement Policy, through which we are fostering Aboriginal and Torres Strait Islander businesses, creating jobs and employing more Indigenous Australians. Our employees are encouraged to embrace and value the important contribution Aboriginal and Torres Strait Islander peoples make to our department and wider Australian society.

In December 2019, the department released its new Aboriginal and Torres Strait Islander Employment Action Plan 2019–2020. This supports the department's philosophy that Indigenous business is everyone's business, and complements the current Reconciliation Action Plan.

The priority areas identified in the plan provide a framework to build on successes to date and highlight our commitment to improving the lived experience of our Aboriginal and Torres Strait Islander employees. The three priority areas are:

- increase representation of Aboriginal and Torres Strait Islander employees at all levels, including a focus on higher classifications (APS 6 – SES Band 1)
- provide career development for Aboriginal and Torres Strait Islander employees
- promote a culturally responsive work environment that supports Aboriginal and Torres Strait Islander employees and acknowledges their cultures.

Reconciliation Action Plan

The department's Reconciliation Action Plan 2018–2020 commits to practical actions that build respectful relationships and create opportunities for Aboriginal and Torres Strait Islander peoples. Our plan is in the 'Stretch' category of Reconciliation Australia's 'Reflect, Innovate, Stretch, Elevate' framework. It supports our people to deepen their cultural understanding by building an environment based on respect, trust, positive relationships, equality and opportunities for all.

The department's plan has five key initiatives designed to inject more vitality into our work culture, build our capability and advance reconciliation. These initiatives support a strong Stretch status, and demonstrate a significant, broader contribution to reconciliation that reflects our distinctive position as the Australian Government agency with primary responsibility for education and training.

Learning and development

During the year, the department offered a number of professional development activities including:

- access to e-learning across a variety of technical and management areas
- face-to-face cultural appreciation training
- pilot Executive Level 2 (EL2) and SES Band 1 leadership development training
- face-to-face workshops on better mental health in the workplace
- secondment and mobility opportunities through the Jawun Indigenous Corporate Leadership Program and Executive Level mobility rounds, as well as community secondments with local Indigenous organisations
- training programs to build policy, data and writing capability
- the opportunity to gain insights and learn from the experience of others in the department through a structured mentoring program (Amplify)
- mandatory fraud awareness and security training.

The department continues to develop its people capability through learning activities aligned to our vision, corporate plan and leadership development priorities. There were 1,083 participants in face-to-face learning and development activities during 2019–20 (see Table 3.5).

Table 3.5: Number of participants in face-to-face learning and development programs, 2019–20

	2019–20
Number of participants	1,083
Number of programs available	16

Table 3.6: Participation in self-paced learning activities, 2019–20

	2019–20
Number of self-paced activities completed*	16,713

* A range of self-paced learning tools is available to employees through the department's learning management system, Learnhub. These include APS and department-specific e-learning modules and a large collection of resources available through third-party providers such as LinkedIn Learning.

The effectiveness of learning and development activities was assessed through individual program evaluations and more broadly through outcomes from APS Employee Census results.

The department supports leadership development for SES and EL2 employees through a range of externally delivered executive education programs. In 2019–20, 38 EL2 and eight SES employees attended development programs offered through providers including the Melbourne Business School, the APSC, and Australia and New Zealand School of Government. These high-calibre programs are selected for their alignment to individual development and the department's vision to create a workforce for the future.

As well as managing and coordinating corporately funded learning and development for employees, the department continued to manage the Learnhub system on behalf of other government agencies. Forty-six agencies are subscribed to Learnhub.

Work health and safety

The department provides a safe and healthy workplace for all employees and takes a proactive approach to managing health and safety. Through consultation, communication, systematic identification, assessment and control measures, we are minimising and mitigating risks.

The primary mechanism for this is through the department's Work Health and Safety Committee, which was established under the *Work Health and Safety Act 2011*. The committee meets each quarter and is the principal consultative mechanism to ensure the department has effective measures in place to support workers' health and safety. It also ensures accountability and transparency of all work health and safety matters, and reports quarterly to the Executive Board.

The department has a national network of health and safety representatives, and a national employee support officer network that underscores our strong safety culture. We promote a positive work health and safety culture—and reinforce our philosophy that the responsibility for health, safety and wellbeing rests with every one of us—through the department’s:

- annual national influenza program
- resilience workshops, which were implemented during the 2019–20 bushfires and pre-Machinery of Government changes
- mental health workshops
- flexible working arrangements, particularly throughout the COVID-19 pandemic
- work station assessments
- confidential counselling services
- National Work Health Safety Month activities
- R U OK Day activities
- men’s health seminars during Men’s Health Week.

In 2019–20, the department had eight notifiable incidents in accordance with section 38 of the *Work Health and Safety Act 2011*. There were no investigations or actions taken under Part 10 of the *Work Health and Safety Act 2011*.

Commonwealth Child Safe Framework

The department supported the Commonwealth Redress Scheme and implemented requirements under the Commonwealth Child Safe Framework during the year. This included developing a Child Safe Framework Risk Plan and training for employees. The department had ongoing engagement with other Commonwealth agencies and the National Office for Child Safety to help implement the National Principles for Child Safe Organisations. Our Child Safe Policy, launched on the department’s website (dese.gov.au/document/dese-child-safe-policy) in March 2020, demonstrates our commitment to the safety and wellbeing of all young Australians and our ongoing implementation of the Commonwealth Child Safe Framework.

It is mandatory for all employees to complete training on the Commonwealth Child Safe Framework and the department’s Child Safe Policy.

Information and communications technology (ICT)

The department's technology capability is delivered by an infrastructure and services division, and an applications development division. Technology investment is governed by the Investment and Implementation Committee which is supported by the Information and Technology Subcommittee.

The Technology and Services Division is managed by the CIO and provides ICT infrastructure, end-user computing, and support functions. The Digital Services Division is managed by the Chief Digital Officer and develops and enhances a range of education, employment and skills applications. The divisions work together to provide ICT solutions that support effective delivery of the department's programs.

The department also provides ICT services to other Australian Government agencies, including desktop and mobile computing support, application and website hosting services, and a security classified, PROTECTED environment under memorandum of understandings.

In response to COVID-19, the department supported more than 3,500 individuals to work from home. To improve remote working, new collaboration and call centre technology was deployed so employees could continue to support the delivery of our programs. The department also implemented multiple system changes to support the Australian Government's COVID-19 stimulus responses, and other measures to support job seekers, apprentices and employers.

Both technology divisions are responsible for maintaining the department's cyber security maturity. The department's cyber security capability is focused on maintaining the confidentiality, integrity and availability of information in accordance with the Protective Security Policy Framework and Information Security Manual. The security and integrity of our ICT systems and data holdings is a key priority.

The department will update its ICT strategy in 2020–21 to reflect the Machinery of Government changes in February 2020. The updated strategy will mandate technology solutions that are modular, less complex, and more responsive to business requirements. It will also support major business transformation projects and build our technology capabilities.

The department is also transitioning systems to cloud computing where it is cost effective and appropriate, and is working with our users to co-design and enhance online services, modernise technology and build our data and analytics capability.

Financial performance

During 2019–20, the AAO resulted in changes to the department’s responsibilities and an increase in the size of the department and associated appropriation funding. For the full financial year, the department reported a departmental surplus of \$4.3 million after adjusting for unfunded expenses. This result compares to a surplus of \$2.8 million reported in 2018–19 for the Department of Education, and a \$7.8 million deficit reported in 2018–19 for the Department of Employment, Skills, Small and Family Business. The department’s financial position also reflects the material impact of the introduction of the new Australian Accounting Standards Board (AASB) 16 Leases.

Over 2019–20, the department administered \$47.2 billion of expenses on behalf of the government, of which \$32.4 billion represented grants to schools and higher education facilities. In response to COVID-19, the additional funding was provided to programs such as employment services, Non-government Schools National Support, and Building Skills and Capability.

Information on the department’s 2019–20 financial performance is available in Part 4 Financial Statements of this report.

Purchasing and consultancies

Purchasing

The department’s procurement policies and practices are consistent with all relevant Commonwealth laws, the Commonwealth financial framework (including the Commonwealth Procurement Rules) and other relevant policies.

The department publishes its procurement activities over \$10,000 (GST inclusive) and business opportunities of \$80,000 and above (GST inclusive) on the AusTender website (www.tenders.gov.au). The department’s procurement activities are communicated and accessible to all business enterprises. No contracts were exempt from reporting on AusTender in 2019–20.

Procurement initiatives to support small business

The department supports small business participation in the Commonwealth procurement market. Small and medium enterprise (SME) and small enterprise participation statistics are available on the Department of Finance's website (www.finance.gov.au).

The department's procurement practices are consistent with the Commonwealth Procurement Rules. They provide opportunities for SMEs to compete, and ensure there is no discrimination. For example, the department uses the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000. Many small businesses do not have sufficient scale, skills or resources to prepare complex tender documents. Using this suite, which has simple and consistent contract terms and insurance requirements, simplifies the process and makes it easier for SMEs to bid for business opportunities.

The department recognises the importance of ensuring small businesses are paid on time. Changes have been made to how the department manages incoming invoices. This change has led to a more efficient process for businesses when submitting invoices for payment and greater assurance that businesses are paid on time. The results of the survey of Australian Government Payments to Small Business are available on the Treasury's website (www.treasury.gov.au).

Indigenous Procurement Policy

The department, through the Indigenous Procurement Policy, is committed to growing its engagement with Indigenous businesses. For 2019–20, the department had 206 contracts in place with majority Indigenous-owned businesses valued at \$20,203,105. This exceeded the Commonwealth Indigenous Procurement target of \$11,209,000 as set by the National Indigenous Australians Agency for the department.

Consultancies

The department engages consultants to provide independent and expert advice or services, taking into account the:

- skills and resources required for the task
- skills available internally
- the cost-effectiveness of these options.

The decision to engage a consultant is made in accordance with the PGPA Act and related regulations.

The methods of selection for consultancies are open tender, limited tender and panel arrangements (initially selected through either an open tender or prequalified tender process). Consultants are typically engaged to:

- investigate or diagnose a defined issue or problem
- carry out defined research, reviews or evaluations
- provide independent advice, information or creative solutions to assist the department in decision-making.

During 2019–20, 99 new consultancy contracts were entered into involving total actual expenditure of \$23,350,537. In addition, 57 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$21,671,761.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website (www.tenders.gov.au).

Grant programs

Information on grants awarded by the department during 2019–20 is available on the Grant Connect website (www.grants.gov.au).

Advertising and marketing

No advertising campaigns were conducted in 2019–20.

The department undertook exploratory research and creative development to:

- test target audiences' responses to creative concepts for Australian Government programs and financial incentives to hire employees
- better understand target audience responses towards the vocational education and training sector
- inform and validate a communication approach among target audiences for the national evidence institute.



Details of payments for this exploratory research and creative development to advertising, market research and media advertising organisations are provided in tables 3.7 to 3.9. Payments that are less than the value threshold contained in section 311A of the *Commonwealth Electoral Act 1918* are excluded.

Table 3.7: Payments to advertising agencies, 2019–20

Organisation	Service provided	Total paid in 2019–20 (\$ including GST)
BMF Advertising	Creative concept development for Australian Government programs and financial incentives to hire employees	263,321

Table 3.8: Payments to market research organisations, 2019–20

Organisation	Service provided	Total paid in 2019–20 (\$ including GST)
JWS Research	Research to test the response of target audiences to creative concepts for Australian Government programs and financial incentives to hire employees	85,800
JWS Research	Research to better understand awareness, attitudes, knowledge and behaviour of target audiences towards the VET sector	243,870
ORIMA Research	Market research to inform and validate a communication approach among target audiences to support the national evidence institute	95,553

Table 3.9: Payments to media advertising organisations, 2019–20

Organisation	Service provided	Total paid in 2019–20 (\$ including GST)
Universal McCann	Advertising for Study Assist	14,930

Environmental sustainability and performance

The department reports on the environmental impacts of its activities under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*. This includes:

- how the department accords with and contributes to the principles of ecologically sustainable development
- the environmental performance of the department, including the impact of its activities on the natural environment, how these are mitigated and how they will be further mitigated.

Ecologically Sustainable Development

The department does not administer any legislation that has a direct impact on ecologically sustainable development, and the principles relating to scientific certainty and biological diversity are generally of limited application to our activities.

The department continues to focus on optimising the occupancy rates of its property portfolio and improving energy efficiency including through the use of standard Commonwealth lease clauses requiring compliance with energy efficiency requirements.

National Office buildings at 10, 12 and 14 Mort Street, 140–180 City Walk, and 50 Marcus Clarke Street in Canberra have maintained a high overall occupancy rate. Tenancies in the states and territories continue to be reviewed and rationalised as leases expire. Any vacant space is made available to other Commonwealth agencies wherever possible.

Environmental performance

The department's environmental performance is summarised in tables 3.10 to 3.13. Due to the transfer of functions from the former Department of Employment, Skills, Small and Family Business to the department, the 2019–20 figures represent a significant increase to the size of the portfolio, its tenancies, and environmental footprint. Accordingly, comparisons to the 2018–19 annual report data is not meaningful.

Office and building energy use

Overall greenhouse emissions in 2019–20 include the addition of the former Department of Employment, Skills, Small and Family Business' tenancies to the department from 1 February 2020. Improvements to the lighting at 140–180 City Walk in Canberra, and ongoing rationalisation of the department's property portfolio, have continued to contribute to energy savings. The shift towards working from home arrangements during the department's COVID-19 response has further reduced energy consumption throughout the year.

Table 3.10: Summary of office and building energy use, 2019–20

Indicator	2019–20
Office tenant light and power energy use per full-time equivalent (MJ/FTE)	5095.00
Office tenant light and power energy use per square metre (MJ/m ²)	194.99
Greenhouse emissions attributed to office tenant light and power energy use (tonnes CO _{2-e})	4005.49
Green power purchased, as a percentage of total electricity consumption	8%

CO_{2-e} = carbon dioxide equivalent; kWh = kilowatt hour; MJ = megajoule; FTE = full time equivalent (the most appropriate indicator of staff numbers)

Information and communications technology

The number of desktop devices (desktop computers and dockable laptops) per end user was 1.90. This ratio includes new stock that is replacing existing computers. By December 2020, this will reduce to 1.6 with a further reduction to 1.3 by 30 June 2021 as remaining computers are removed and replaced. The ratio of computers to printers was 14:1.

Table 3.11: Summary of ICT sustainability, 2019–20

Indicator	2019–20
Desktop computers to printer ratio	14:1
Desktop devices per end user	1.90

Vehicle fleet and air travel

The total number of fleet vehicles is 45 vehicles and includes additions from the former Department of Employment, Skills, Small and Family Business' fleet. A significant proportion of the former Department of Employment, Skills, Small and Family Business' fleet is newer and includes more economical vehicles. Average fuel consumption is expected to improve over time as older vehicles are retired or replaced at lease-end.

Total flight distance and emissions reduced due to COVID-19 travel restrictions and a greater shift towards the use of virtual meeting platforms during the latter part of 2019–20.

Table 3.12: Summary of vehicle fleet and air travel, 2019–20

Indicator	2019–20
Total number of fleet vehicles	45
Average fuel consumption of vehicle fleet (litres/100 km)	7.97
Total direct greenhouse emissions of fleet (tonnes CO _{2-e})	40.61
Total distance of flights (km)	8,785,228
Greenhouse emissions attributed to flights (tonnes CO _{2-e})	856.42

Resource efficiency and waste

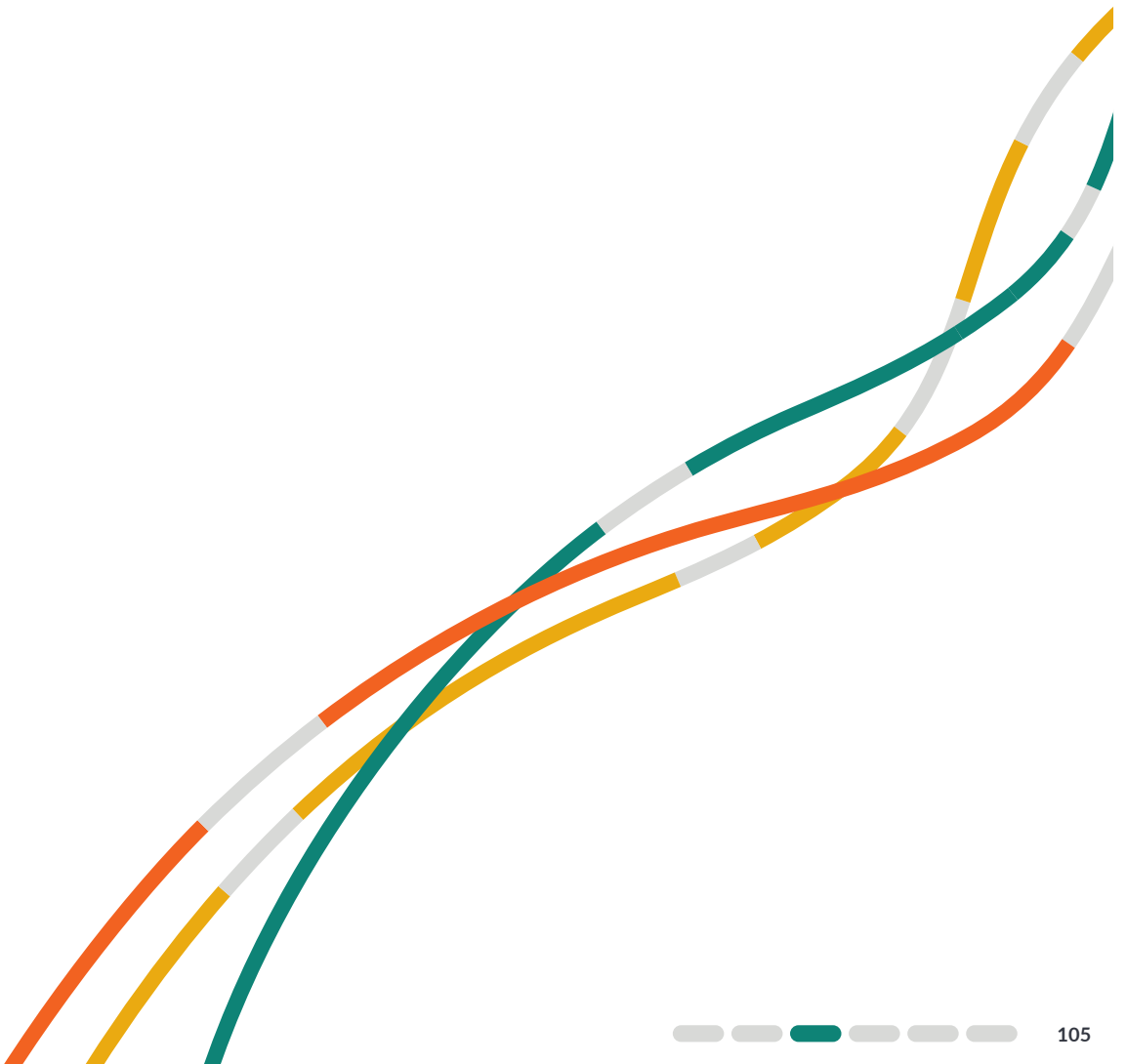
A continued shift towards digital platforms versus paper-based, as well as an increase in employees working from home arrangements, resulted in 4.35 A4 reams of office paper purchased per FTE. In addition, 77 per cent of paper purchased was either 100 per cent post-consumer recycled stock or carbon neutral.

In 2019–20, more than 8 kg of organic material per person was diverted from landfill to vermiculture, reducing emissions and producing beneficial worm castings and compost. This was likely impacted by the significant reduction to employee numbers working in the office during COVID-19, and it is anticipated that this will increase as more staff return to the workplace.

Table 3.13: Summary of resource efficiency and waste, 2019–20

Indicator	2019–20
Office paper purchased by FTE (A4 reams/FTE)	4.35
Percentage of paper purchased with recycled content	76.72%
Office paper recycled (kilograms per FTE)*	68.94
Total landfill waste produced (kilograms per FTE)*	46.55
Total comingled recycling (kilograms per FTE)*	28.48
Total organic recycling (kilograms per FTE)*	8.35

* Waste and recycling data only available for Australian Capital Territory (ACT) sites



External scrutiny

Reports by the Auditor-General

In 2019–20, the Auditor-General tabled the following audit reports on the operations of the Department of Education, Skills and Employment; the former Department of Education; and the former Department of Employment, Skills, Small and Family Business:

- Auditor-General Report No. 7 – Government Advertising: June 2015 to April 2019
- Auditor-General Report No. 10 – Design and Governance of the Child Care Package
- Auditor-General Report No. 27 – Australian Government Procurement Contract Reporting Update
- Auditor-General Report No. 33 – Tertiary Education Quality and Standards Agency’s Regulation of Higher Education
- Auditor-General Report No. 34 – Aboriginal and Torres Strait Islander Participation Targets in Intergovernmental Agreements
- Auditor-General Report No. 46 – Implementation of ANAO and Parliamentary Committee Recommendations – Education and Health Portfolios.

These reports can be found on the ANAO’s website (anao.gov.au).

Reviews by the Joint Committee of Public Accounts and Audit

No inquiries into the above ANAO reports were made by the Joint Committee of Public Accounts and Audit.

Reports of Parliamentary Committees

The department provided evidence and/or submissions to a number of parliamentary committee inquiries in 2019–20 as outlined in Table 3.14.

Table 3.14: Evidence and submissions to parliamentary committee inquiries, 2019–20

Committee	Inquiry
Joint Committee of Public Accounts and Audit	The Administration of Government Grants: Inquiry into Auditor-General's Reports 5, 12 and 23 (2019–20)
Joint Standing Committee on Foreign Affairs, Defence and Trade	Inquiry into Australia activating greater trade and investment with Pacific Island countries
Joint Standing Committee on Migration	Inquiry into migration in regional Australia
Joint Standing Committee on Trade and Investment Growth	Inquiry into supporting Australia's exports and attracting investment
Senate Standing Committees on Community Affairs	Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia
Senate Select Committee on COVID-19	COVID-19
Senate Standing Committee on Education and Employment	<ul style="list-style-type: none"> • Australian Education Amendment (Direct Measure of Income) Bill 2020 [Provisions] • Education Legislation Amendment (Tuition Protection and Other Measures) Bill 2019, VET Student Loans (VSL Tuition Protection Levy) Bill 2019, and the Higher Education Support (HELP Tuition Protection Levy) Bill 2019 [Provisions] • Family Assistance Legislation Amendment (Building on the Child Care Package) Bill 2019 [Provisions] • Student Identifiers Amendment (Enhanced Student Permissions) Bill 2019 [Provisions] • Inquiry into General Motors Holden Operations in Australia
House of Representatives Standing Committee on Employment, Education and Training	Education in Remote and Complex Environments
House of Representatives Standing Committee on Regional Australia	Inquiry into Regional Australia

Judicial decisions

In 2019–20, there were no decisions of any court that have had, or may have had, a significant impact on the operations of the department.

Decisions of administrative tribunals

In 2019–20, there were no decisions of administrative tribunals that have had, or may have had, a significant impact on the operations of the department, former or present.

Decisions by the Australian Information Commissioner

In 2019–20, there were no decisions by the Australian Information Commissioner that have had, or may have had, a significant impact on the operations of the department, former or present.

Reports on the operations of the entity by the Commonwealth Ombudsman

In 2019–20, the Commonwealth Ombudsman published *Lessons in good complaint handling – Findings from the 2019 Complaint Assurance Project*. The report followed the Ombudsman's assessment of the complaint handling processes of the National Customer Service Line of the then Department of Employment, Skills, Small and Family Business. The project also assessed the complaint handling processes of two other agencies, the Australian Federal Police, ACT Policing, and the Commonwealth Ombudsman.

Information Publication Scheme

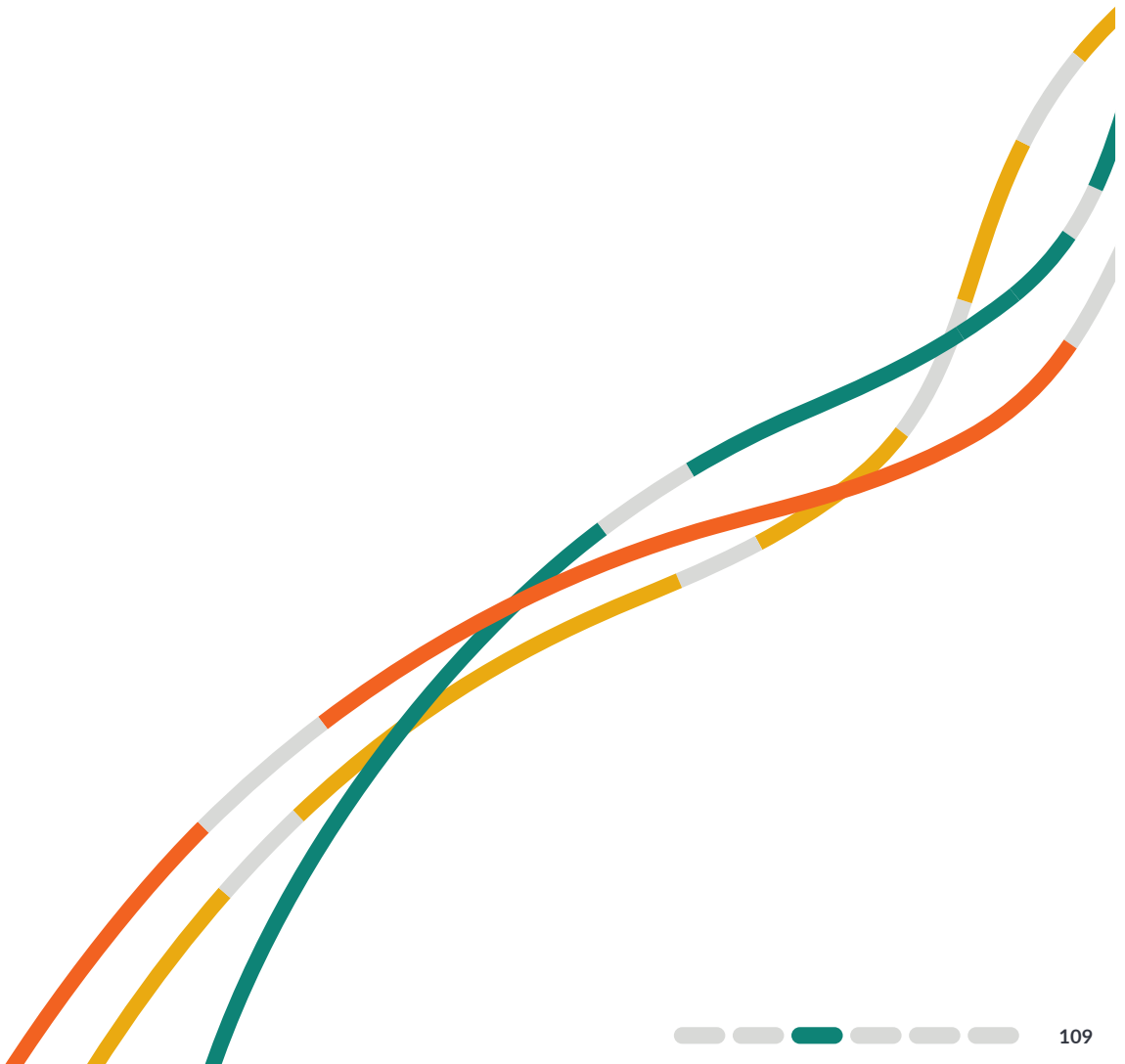
Agencies subject to the *Freedom of Information Act 1982* are required to publish information as part of the Information Publication Scheme. This requirement is in Part II of the *Freedom of Information Act 1982* and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the Information Publication Scheme requirements. The department's plan is available at [dese.gov.au](https://www.dese.gov.au).

Disability reporting

The *National Disability Strategy 2010–2020* is Australia's overarching framework for disability reform. It acts to ensure the principles underpinning the United Nations *Convention on the Rights of Persons with Disabilities* are incorporated into Australia's policies and programs that affect people with disability, their families and carers.

All levels of government will continue to be held accountable for the implementation of the strategy through biennial progress reporting to the COAG. Progress reports can be found at dss.gov.au.

Disability reporting is included in the APSC's State of the Service reports and the *APS Statistical Bulletin*. These reports are available at www.apsc.gov.au.





04

Financial statements

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INDEPENDENT AUDITOR'S REPORT

To the Minister for Education

To the Minister for Employment, Skills, Small and Family Business

Opinion

In my opinion, the financial statements of the Department of Education, Skills and Employment (the Entity) for the year ended 30 June 2020:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cashflows;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Key audit matter**Valuation of the Higher Education Loan Program (HELP) receivable**

Refer to Note E1.6 'Fair value losses, and Note G1.2 Receivables – Advances and Loans'

I focused on the Entity's HELP receivable as the valuation of the receivable involves significant and complex judgements about the timing and recoverability of HELP debts.

These judgements include assumptions about discount factors, future employment and salary rates and future collectability of repayments that contain a significant degree of uncertainty and are influenced by the economic environment.

The receivable is subject to an actuarial assessment and relies on the completeness and accuracy of taxation data and information provided by a number of universities.

During 2019–20 the Entity recognised a HELP receivable of \$46.3 billion, and fair value losses of \$2.6 billion.

How the audit addressed the matter

To address this key audit matter, I:

- evaluated the design and operating effectiveness of key actuarial controls, including data reconciliations and the Entity's review and approval of the estimate;
- evaluated the reasonableness of the Entity's actuarial methodology. This included considering the work and findings of the external actuarial expert engaged by the Entity; and
- assessed the reasonableness of key actuarial assumptions by comparing them with accepted industry benchmarks for discount rates and salary growth rates in a range of occupations.

Key audit matter**Valuation of Higher Education Superannuation Program (HESP) provision**

Refer to Note E1.6 'Fair value losses', and Note G5 'Provisions'

I focused on the HESP liability as the valuation of the provision is complex and involves significant judgement about the value of the Commonwealth's superannuation liability in respect of current and former university employees. These judgements include the selection of discount rates and estimation of salary increase rates.

The provision is subject to an actuarial assessment and relies on the completeness and accuracy of data provided by a number of universities and their individual actuaries.

A cost sharing arrangement that includes recovery of a proportion of funds from participating States underpins the proportion of the provision that is reported by the Entity which adds to the complexity of the calculation.

For the year ended 30 June 2020, the provision was reported as \$7.1 billion, and the fair value losses were \$43.2 million.

How the audit addressed the matter

To address this key audit matter, I:

- evaluated the design and operating effectiveness of key actuarial controls, including data reconciliations and the Entity's review and approval of the estimate;
- evaluated the appropriateness of the Entity's actuarial methodology. This included assessing the work and findings of the external actuarial expert engaged by the Entity;
- assessed the reasonableness of key actuarial inputs including, demographic inputs and discount rates by comparing them against accepted industry benchmarks related to bond, salary and pension rates; and
- assessed the reasonableness of the allocation of the total unfunded liability against the funding agreements between the Commonwealth and participating States.

Key audit matter

Accuracy and valuation of 'Assistance to families with children' personal benefit expenses, receivable and provision.

Refer to Note E1.2 'Personal benefits – Assistance to families with children', Note G1.2 'Receivables – Personal benefits receivable' and Note G5 'Provisions – Personal benefits'

I focused on the personal benefit expense, receivable and provision because:

- the expenses are based on information provided by the payment recipients and the accurate recording of expenses may be significantly impacted by the provision of inaccurate information; and
- the receivable and the provision are large balances underpinned by significant judgements and uncertainties, including selection of discount rates and estimations of future claims. They are determined based upon a complex actuarial assessment and rely on the accuracy of information submitted by claimants.

During 2019–20 the Entity recognised personal benefits expenses of \$8.1 billion, a receivable of \$390.3 million and a provision of \$405.6 million.

How the audit addressed the matter

To address this key audit matter, I:

- assessed the design and operating effectiveness of key internal controls related to the accreditation and registration of child care providers that submit claims for personal benefit payments;
- assessed, on a sample basis, the registration and eligibility of parents for child care fee assistance;
- assessed the compliance framework including testing a sample of attendance checks to verify information provided to the Entity that is used as a basis for payment calculations;
- assessed the information used in the estimation process for accuracy and completeness;
- evaluated the methodology and model used by the Entity in estimating the child care personal benefits receivable and provision balances; and
- assessed the reasonableness of key actuarial assumptions, including discount rates, against accepted industry benchmarks and estimating future claims against historical trends.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary of the Department is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Peter Kerr
Executive Director
Delegate of the Auditor-General

Canberra
4 September 2020

**Department of Education, Skills and Employment
STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

Signed *Michele Bruniges*

Dr Michele Bruniges AM

Secretary

3 September 2020

Signed *C. Boyd*

Craig Boyd FCPA

Chief Financial Officer

3 September 2020

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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Department of Education, Skills and Employment
STATEMENT OF COMPREHENSIVE INCOME¹
for the year ended 30 June 2020

Departmental Primary Statements

		2020	Education ²	Employment ³
	Notes	\$'000	2019 \$'000	2019 \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	D1.1	441,333	224,126	240,909
Supplier	D1.2	216,616	157,032	158,707
Grants		14,560	383	-
Finance costs	D1.3	4,445	-	1
Depreciation and amortisation	F2.1	131,798	22,175	44,489
Impairment loss on financial assets	J2.2	109	47	3
Write-down and impairment of other assets	D1.4	5,448	1,339	711
Losses from asset sales		82	-	34
Act of grace		10,912	3,500	5
Total expenses		825,303	408,602	444,859
Own-Source Income				
Own-source revenue				
Revenue from contracts with customers	D2.1	50,646	9,379	55,678
Rental income	D2.2	12,246	8,239	825
Resources received free of charge	D2.3	4,758	5,207	408
Total own-source revenue		67,650	22,825	56,911
Gains				
Other gains	D2.4	322	364	560
Total gains		322	364	560
Total own-source income		67,972	23,189	57,471
Net cost of services		(757,331)	(385,413)	(387,388)
Revenue from Government	D2.5	672,966	365,006	334,956
Deficit on continuing operations		(84,365)	(20,407)	(52,432)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Change in asset revaluation reserves		-	1,014	158
Total other comprehensive income		-	1,014	158
Total comprehensive loss	B1	(84,365)	(19,393)	(52,274)

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

¹Incorporates the Department of Employment, Skills, Small and Family Business (Employment) for the period 1 July 2019 to 31 January 2020.

²The full year comparatives for the 2018-19 financial year represent the Department of Education (Education).

³The full year comparatives for the 2018-19 financial year represent Employment.

Department of Education, Skills and Employment
STATEMENT OF FINANCIAL POSITION¹
as at 30 June 2020

		2020	Education ²	Employment ³
	Notes	\$'000	2019 \$'000	2019 \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	F1.1	8,961	4,477	6,673
Trade receivables	F1.2	217,436	76,687	129,290
Accrued revenue		1,833	469	1,480
Total financial assets		228,230	81,633	137,443
Non-financial assets⁴				
Leasehold improvements	F2.1	49,094	30,298	29,280
Buildings	F2.1	375,478	-	-
Infrastructure, plant and equipment	F2.1	33,998	1,083	27,072
Computer software	F2.1	198,328	51,417	130,460
Prepayments		14,500	3,979	22,639
Total non-financial assets		671,398	86,777	209,451
Total assets		899,628	168,410	346,894
LIABILITIES				
Payables				
Supplier payables	F3.1	41,838	24,148	31,029
Other payables	F3.2	14,085	13,576	14,457
Total payables		55,923	37,724	45,486
Interest bearing liabilities				
Leases	F4.1	381,222	-	-
Total interest bearing liabilities		381,222	-	-
Provisions				
Employee provisions	I1.1	155,402	75,677	84,253
Other provisions	F5.1	-	566	63
Total provisions		155,402	76,243	84,316
Total liabilities		592,547	113,967	129,802
Net assets		307,081	54,443	217,092
EQUITY				
Contributed equity		510,439	200,300	390,733
Reserves		1,911	1,912	10,410
Accumulated deficit		(205,269)	(147,769)	(184,051)
Total equity		307,081	54,443	217,092

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

¹Incorporates Employment as at 31 January 2020.

²The full year comparatives for the 2018-19 financial year represent Education.

³The full year comparatives for the 2018-19 financial year represent Employment.

⁴Right-of-use (ROU) assets are included in the following line items: Buildings and Infrastructure, plant and equipment.

Department of Education, Skills and Employment
STATEMENT OF CHANGES IN EQUITY¹
for the year ended 30 June 2020

	Notes	2020 \$'000	Education ² 2019 \$'000	Employment ³ 2019 \$'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		200,300	190,770	334,114
Adjustment		-	(1)	-
Adjusted opening balance		200,300	190,769	334,114
Transactions with owners				
Distribution to owners				
Lapsed capital ⁴	(3,068)	-	-	-
Equity return	-	(10,623)	-	-
Contributions by owners				
Equity injection - appropriations	51,965	9,210	22,096	
Departmental capital budget	51,291	14,996	30,434	
Restructuring	209,951	(4,052)	4,089	
Total transactions with owners		310,139	9,531	56,619
Closing balance as at 30 June		510,439	200,300	390,733
ACCUMULATED DEFICIT				
Opening balance				
Balance carried forward from previous period	(147,769)	(127,362)	(131,619)	
Adjustment for prior year error	(850)	-	-	
Adjustment on initial application of AASB 16	27,715	-	-	
Adjusted opening balance	(120,904)	(127,362)	(131,619)	
Comprehensive income				
Deficit on continuing operations	(84,365)	(20,407)	(52,432)	
Total comprehensive income	(84,365)	(20,407)	(52,432)	
Closing balance as at 30 June	(205,269)	(147,769)	(184,051)	
ASSET REVALUATION RESERVES				
Opening balance				
Balance carried forward from previous period	1,912	1,244	10,252	
Adjustment for rounding	(1)	-	-	
Write back of reserves	-	(346)	-	
Adjusted opening balance	1,911	898	10,252	
Comprehensive income				
Other comprehensive income	-	1,014	158	
Total comprehensive income	-	1,014	158	
Closing balance as at 30 June	1,911	1,912	10,410	
Total equity as at 30 June		307,081	54,443	217,092

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

¹Incorporates Employment for the period 1 July 2019 to 31 January 2020.

²The full year comparatives for the 2018-19 financial year represent Education.

³The full year comparatives for the 2018-19 financial year represent Employment.

⁴Appropriation Acts (No. 2) and (No. 4) 2016-17 were repealed with an effective date of 1 July 2019.

Department of Education, Skills and Employment
STATEMENT OF CASH FLOWS¹
for the year ended 30 June 2020

	2020	Education ²	Employment ³
Notes	\$'000	2019 \$'000	2019 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	719,751	370,589	414,615
Sale of goods and rendering of services	42,970	9,634	56,653
Net GST refunds	27,942	10,198	17,266
Special Account	7,320	-	-
Other	12,524	8,785	825
Total cash received	810,507	399,206	489,359
Cash used			
Employee benefits	421,066	218,410	234,538
Suppliers	264,705	159,660	181,059
Grants	14,560	383	-
Section 74 receipts transferred to the OPA	55,397	18,209	74,744
Interest payments on lease liabilities	4,364	-	-
Other operating cash used	32	4,089	-
Total cash used	760,124	400,751	490,341
Net cash from/(used by) operating activities	50,383	(1,545)	(982)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of infrastructure, plant and equipment	73	-	50
Total cash received	73	-	50
Cash used			
Purchase of property, plant and equipment	15,029	430	13,353
Purchase of leasehold improvements	2,873	2,005	6,037
Purchase/development of intangibles	79,237	19,874	47,276
Total cash used	97,139	22,309	66,666
Net cash from/(used by) investing activities	(97,066)	(22,309)	(66,616)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - restructure	-	-	5,431
Contributed equity - equity injection	37,826	9,191	-
Contributed equity - departmental capital budget	49,767	12,759	66,444
Total cash received	87,593	21,950	71,875
Cash used			
Principal payments of lease liabilities	43,099	-	-
Total cash used	43,099	-	-
Net cash from/(used by) financing activities	44,494	21,950	71,875
Net increase/(decrease) in cash held	(2,189)	(1,904)	4,277
Cash and cash equivalents at the beginning of the reporting period	11,150	6,381	2,396
Cash and cash equivalents at the end of the reporting period	8,961	4,477	6,673

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

¹Incorporates Employment for the period 1 July 2019 to 31 January 2020.

²The full year comparatives for the 2018-19 financial year represent Education.

³The full year comparatives for the 2018-19 financial year represent Employment.

Department of Education, Skills and Employment
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME¹
for the year ended 30 June 2020

Administered Schedules				
		2020	Education ²	Employment ³
	Notes	\$'000	2019 \$'000	2019 \$'000
NET COST OF SERVICES				
Expenses				
Grants	E1.1	32,441,597	29,525,339	69,769
Personal benefits	E1.2	8,141,904	7,472,214	245,569
Supplier	E1.3	1,732,060	690,547	1,417,965
Subsidies	E1.4	933,324	406,662	377,492
Interest	E1.5	108,046	177,000	-
Impairment loss on financial assets		110,593	44,014	132
Finance costs		11	-	-
Depreciation	G2.1	97	-	-
Payments to corporate Commonwealth entities		-	-	5,990
Fair value losses	E1.6	3,783,353	917,201	-
Act of grace payments		796	5,054	-
Employee benefits		153	-	-
Total expenses		47,251,934	39,238,031	2,116,917
Income				
Revenue				
Taxation revenue				
Levies		28	7,143	121,192
Total taxation revenue		28	7,143	121,192
Non-taxation revenue				
Commonwealth asset recoveries		-	-	59,225
Revenue from contract with customers	E2.1	38,033	23,078	-
Interest	E2.2	721,174	1,115,400	11,147
Other	E2.3	191,632	213,746	9,402
Total non-taxation revenue		950,839	1,352,224	79,774
Total revenue		950,867	1,359,367	200,966
Gains				
Fair value gains	E2.4	-	5,593,868	96,131
Reversal of previous asset impairment		2	-	-
Total gains		2	5,593,868	96,131
Total income		950,869	6,953,235	297,097
Net cost of services (Deficit)		(46,301,065)	(32,284,796)	(1,819,820)
OTHER COMPREHENSIVE INCOME				
Change in asset revaluation reserve		(112,115)	225,148	-
Total other comprehensive income		(112,115)	225,148	-
Total comprehensive loss		(46,413,180)	(32,059,648)	(1,819,820)

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

¹Incorporates Employment for the period 1 July 2019 to 31 January 2020.

²The full year comparatives for the 2018-19 financial year represent Education.

³The full year comparatives for the 2018-19 financial year represent Employment.

Department of Education, Skills and Employment
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES¹
as at 30 June 2020

	Notes	2020 \$'000	Education ² 2019 \$'000	Employment ³ 2019 \$'000
ASSETS				
Financial assets				
Cash	G1.1	85,696	85,041	37
Receivables	G1.2	52,128,521	50,574,995	1,071,822
Investments	G1.3	2,796,498	2,908,613	-
Total financial assets		55,010,715	53,568,649	1,071,859
Non-financial assets				
Buildings	G2.1	1,188	-	-
Prepayments (all current assets)		287,553	-	6,122
Total non-financial assets		288,741	-	6,122
Total assets administered on behalf of Government		55,299,456	53,568,649	1,077,981
LIABILITIES				
Payables				
Personal benefits		34,844	26,483	478
Supplier	G3.1	141,793	102,486	73,307
Subsidies	G3.2	24,443	-	37,734
Grants	G3.2	9,221	11,623	4,019
Other	G3.3	40,023	12,693	10,495
Total payables		250,324	153,285	126,033
Interest bearing liabilities				
Leases	G4.1	1,228	-	-
Total interest bearing liabilities		1,228	-	-
Provisions				
Personal benefits	G5	405,624	475,818	-
Higher Education Superannuation Program	G5	7,147,000	7,327,000	-
Total provisions		7,552,624	7,802,818	-
Total liabilities administered on behalf of Government		7,804,176	7,956,103	126,033
Net assets		47,495,280	45,612,546	951,948

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

¹Incorporates Employment as at 31 January 2020.

²The full year comparatives for the 2018-19 financial year represent Education.

³The full year comparatives for the 2018-19 financial year represent Employment.

**Department of Education, Skills and Employment
ADMINISTERED RECONCILIATION SCHEDULE¹
for the year ended 30 June 2020**

	2020 \$'000	Education ² 2019 \$'000	Employment ³ 2019 \$'000
Opening assets less liabilities as at 1 July	45,612,546	36,110,716	(1,975,480)
Net cost of services			
Income	950,869	6,953,235	297,097
Expenses			
Other than corporate Commonwealth entities	(47,251,934)	(39,238,031)	(2,110,927)
Corporate Commonwealth entities	-	-	(5,990)
Other comprehensive income			
Revaluations transferred to reserves	(112,115)	225,148	-
Transfers (to) from the Australian Government			
Appropriation transfers from the OPA			
Annual appropriations			
Payments to entities other than corporate Commonwealth entities	3,418,696	1,631,955	1,791,861
Payments to corporate Commonwealth entities	-	-	5,990
Special appropriations (unlimited)			
Payments to entities other than corporate Commonwealth entities	49,104,799	44,149,170	330,541
Payments to corporate Commonwealth entities	-	-	55,152
Appropriation transfers to the OPA			
Transfers to the OPA	(3,889,308)	(3,345,712)	(180,807)
GST transferred to OPA	(1,566,670)	-	-
Transfers to the OPA (withholdings)	(14,678)	(26,295)	-
Restructuring	1,331,551	(919,694)	2,744,511
Other movements	(88,476)	72,054	-
Closing assets less liabilities as at 30 June	47,495,280	45,612,546	951,948

Administered Cash Transfers to and from the Official Public Account

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

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

¹Incorporates Employment for the period 1 July 2019 to 31 January 2020.

²The full year comparatives for the 2018-19 financial year represent Education.

³The full year comparatives for the 2018-19 financial year represent Employment.

Department of Education, Skills and Employment
ADMINISTERED CASH FLOW STATEMENT¹
for the year ended 30 June 2020

	Notes	2020 \$'000	Education ² 2019 \$'000	Employment ³ 2019 \$'000
OPERATING ACTIVITIES				
Cash received				
Interest		-	171	-
Net GST refunds	1,566,740		1,011,965	171,592
Levies	-		7,143	122,814
Commonwealth asset recoveries	-		-	59,225
Other revenue	75,632		51,112	9,494
Total cash received		1,642,372	1,070,391	363,125
Cash used				
Suppliers	1,996,180		710,064	1,594,729
Subsidies	878,505		406,662	401,213
Personal benefits	8,790,082		7,901,664	230,846
Grants	32,634,976		31,049,341	79,180
Payments to corporate Commonwealth entities	-		-	5,990
Total cash used		44,299,743	40,067,731	2,311,958
Net cash from/(used by) operating activities		(42,657,371)	(38,997,340)	(1,948,833)
INVESTING ACTIVITIES				
Cash received				
Repayments of loans	3,800,528		3,357,560	85
Total cash received		3,800,528	3,357,560	85
Cash used				
Loans provided	6,840,773		6,790,064	53,535
Total cash used		6,840,773	6,790,064	53,535
Net cash from/(used by) investing activities		(3,040,245)	(3,432,504)	(53,450)
Net decrease in cash held		(45,697,616)	(42,429,844)	(2,002,283)
Cash from the Official Public Account				
Appropriations	50,943,201		45,781,123	2,183,544
GST appropriations	211,599		1,292,985	171,135
Special accounts	6,935		18,352	-
Total cash from the Official Public Account		51,161,735	47,092,460	2,354,679
Cash to the Official Public Account				
Administered Receipts	(3,889,308)		(3,345,712)	(180,807)
Return of GST appropriations	(1,566,670)		(1,298,554)	(171,592)
Special accounts	(7,523)		(24,046)	-
Total cash to the Official Public Account		(5,463,501)	(4,668,312)	(352,399)
Net increase/(decrease) in cash held		618	(5,695)	(3)
Cash at the beginning of the reporting period		85,078	90,736	40
Cash at the end of the reporting period	G1.1	85,696	85,041	37

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

There were no financing activities for the financial year.

¹Incorporates Employment for the period 1 July 2019 to 31 January 2020.

²The full year comparatives for the 2018-19 financial year represent Education.

³The full year comparatives for the 2018-19 financial year represent Employment.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Notes to the Financial Statements

A. About This Report

Objectives of the Department of Education, Skills and Employment

The Department of Education, Skills and Employment (the department) is an Australian Government controlled not-for-profit entity.

The department's purpose is to help to create an inclusive and prosperous Australia by maximising opportunity through national leadership on education, training and employment policy. The department works to ensure Australians can experience the social wellbeing and economic benefits that quality education, training and employment provide by actively supporting our Ministers to deliver Government policies and priorities.

The department's strategic priorities are:

- Improving learning outcomes by enabling quality, affordable and accessible early education and care for families and making it easier for families who want to work or have other responsibilities.
- Improving schooling outcomes for our children.
- Equipping the workforce of the future through globally competitive tertiary education, training and research sectors.
- Helping people find and keep a job, create their own job, change jobs, reskill and enjoy fulfilling careers.
- Developing a strong evidence base for effective policy that reflects and understands the varied needs of the Australian population, business and industry.

For the financial period ended 30 June 2020, the department was structured to meet the following outcomes:

Outcome 1: Improved early learning, schooling, student educational outcomes and transitions to and from school through access to quality child care, support, parent engagement, quality teaching and learning environments.

Outcome 2: Promote growth in economic productivity and social wellbeing through access to quality higher education, international education and international quality research.

Outcome 3: Promote growth in economic productivity and social wellbeing through access to quality skills and training.

Outcome 4: Foster a productive and competitive labour market through policies and programs that assist job seekers into work and meet employer needs.

Outcomes 3 and 4 were transferred to the department from the Department of Employment, Skills, Small and Family Business (Employment) to reflect the Administrative Arrangement Orders (AAO) of 5 December 2019.

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

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

A number of Machinery of Government changes through AAOs resulted in a realignment of the department's responsibilities:

- Skills and vocational education functions and the Australian Skills Quality Authority transferred to the Employment, Skills, Small and Family Business portfolio on 29 May 2019.
- Adult migration education functions were transferred to the Home Affairs Portfolio and industrial relations functions were relinquished to the Attorney-General's Department (AGD) effective 1 July 2019.
- *Higher Education Support Act 2003*, relating to VET FEE-HELP (VFH) assistance functions were relinquished to Employment, Skills, Small and Family Business portfolio as a result of an amendment on 8 August 2019.
- Skills, vocational education and the Australian Skills Quality Authority transferred back to the department, employment functions became part of the Education, Skills and Employment portfolio, and small business functions were relinquished to the Department of Industry, Science, Energy and Resources (DISER) effective from 1 February 2020.

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

The impact of the restructures on the financial statements have been disclosed at note K2 as at the date of effect. In accordance with section 17J of the PGPA Act Rule 2014 where the functions have been transferred to another entity and the old entity was abolished, the department, being the new entity must report on these functions. As a consequence of the abolishment of the Department of Employment, Skills, Small and Family Business under section 64 of the *Commonwealth of Australia Constitution Act* (the Constitution), the department has prepared a single set of financial statements for the entire reporting period. The financial statements include financial results attributable to Employment from 1 July 2019 to 31 January 2020, with 2018-19 comparatives reported separately. The appropriation notes have been prepared separately in accordance with the legal authority of the affected entities.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability (PGPA) Act 2013*. The financial statements have been prepared in accordance with Division 4 of Part 2-3 of the PGPA Act Rule 2014, PGPA (Financial Reporting) Rule 2015 (FRR) and the Australian Accounting Standards and Interpretations.

In accordance with the FRR and AASB 1053 *Application of Tiers of Australian Accounting Standards and other reporting requirements*, the department has applied tier 2 reporting requirements (as a minimum).

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

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

Reporting of Administered activities

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

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

Tier 1 reporting requirements have been applied to administered disclosures in respect of AASB 7 *Financial Instrument: Disclosure* and AASB 13 *Fair Value Measurement*.

Significant Accounting Judgements and Estimates

During the 2019-20 financial year, the department made a number of judgements and applied estimates that had an impact on the amounts recorded in the financial statements. Judgements and estimates that are material to the financial statements are found in the following notes:

- Employee Provisions (I1)
- Non-financial Assets (F2)
- Jobactive and Transition to Work accruals (E1.2)
- Personal benefits – Child Care Subsidy program (G1.2)
- Higher Education Loan Program (HELP) (E1.6)
- Higher Education Superannuation Program (HESP) (E1.6)
- VET Student Loans (VSL) (G1.2)
- VET FEE-HELP (VFH), noting that vocational student loans includes both VSL and VFH (G1.2)
- Trade Support Loans (TSL) (G1.2).

New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

All new, revised, amending standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period, unless otherwise stated, are not expected to have a material effect on the department's financial statements in 2019-20 or future years.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

AASB 16 Leases

AASB 16 *Leases* became effective on 1 July 2019, replacing AASB 117 *Leases*.

AASB 16 provides a single lessee accounting model, requiring recognition of assets and liabilities for all leases, together with options to exclude leases where the lease is short-term (12 months or less), or where the underlying asset is of low value (less than or equal to \$10,000). AASB 16 carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are in the relevant notes D1.2, F2.1, and F4 to the financial statements.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income for Not-for Profit Entities* became effective 1 July 2019.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and Interpretation 13 *Customer Loyalty Programmes*. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit provisions of AASB 1004 *Contributions* and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.

The department adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Comparatives have been reclassified where necessary for consistency.

Under the new income recognition model the department first determines whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the department applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, the department considers whether AASB 1058 applies.

In terms of AASB 1058, the department is required to recognise volunteer services at fair value if those services would have been purchased if not provided voluntarily, and the fair value of those services can be measured reliably.

The impact on transition for the department has been identified to be immaterial and therefore the impact on transition tables have not been included. Refer Note D2.1 and E2.1 for details.

Taxation

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

Changes in Accounting Policy

There have been no changes to accounting policies that impact on the 2019-20 financial results or position.

Shared Service Arrangements

The department has established a memorandum of understanding with the Department of Finance, Service Delivery Office, for the provision of shared services arrangements. The department receives core transactional services from the Department of Finance. The department also receives grant hub support from the Department of Social Services (DSS), child care debt management and payment support from Services Australia, and various application services from DISER.

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

Section 83 of the Constitution

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund (CRF) except under appropriation made by law.

The department has primary responsibility for administering legislation related to Education, Skills and Employment. The department made payments totalling \$49.1 billion against Special Appropriations during 2019-20. Payments are administered by both the department through the Service Delivery Office for the *Australian Education Act 2013*, *Higher Education Support Act 2003*, *VET Students Loans Act 2016*, and *Trade Support Loans Act 2014*, and via Services Australia for payments under *A New Tax System (Family Assistance) Administration Act 1999*.

If an overpayment occurs, a breach of section 83 could result despite future payments being adjusted to recover the overpayment. In addition, simple administrative errors can lead to breaches of section 83. Due to the number of payments made, the reliance that must be placed on other control frameworks outside the department, and the complexities of the legislation governing these payments, the risk of a section 83 breach cannot be fully mitigated.

Certain legislation administered by the department contains specific or objective criteria that rely on information from recipients and provides for the recovery of overpayments which are actively managed.

The department is committed to implementing measures to ensure that the possibility of unintentional breaches of section 83 has as low a financial risk and impact as possible.

The department has developed an approach for assessing the alignment of payment processes with legislation.

During 2019-20, the department has:

- utilised the assessment process identified in the Department of Finance guidance paper to determine the risk of potential section 83 breaches and undertaken an initial self-assessment of the legislation it administers and its payment processes;
- included consideration of processes to minimise the risk of section 83 breaches as part of any review of legislation or administrative processes; and
- developed an approach for the Internal Audit area, to review the appropriateness of the department's payment processes and the presence of residual risks of section 83 breaches as part of its internal audit program.

Special Appropriations

The department administers six pieces of legislation, as disclosed in Note H1.9, with Special Appropriations involving statutory requirements for payments. Of this legislation, some payments have been identified as having actual breaches of section 83 and the department will continue to review these.

The legislation where actual breaches occurred in the 2019-20 year was:

Australian Education Act 2013

In 2019-20 payments to non-government schools from special appropriation following a determination by the Delegate under the *Australian Education Act 2013* (AE Act) were made inclusive of GST for recipients.

The department has worked closely with the Department of the Treasury, the Australian Taxation Office and Australian Government Solicitor to determine the correct treatment of GST, and subsequently the department received a private ruling from the Australian Taxation Office that confirmed that the provision of funds to non-government schools was a taxable supply and should include funding to cover the GST that recipients are to remit through the GST process.

Following this, the department received advice from the Australian Government Solicitor that the AE Act did not provide legislative authority to draw down funds for the GST component of these payments. As a consequence, all payments of GST made to non-government schools since 2000-2001 are technically in breach of section 83, notwithstanding that the recipients received the correct amount of funds, properly remitted GST to the ATO and that there has been no loss of GST from the Commonwealth. The department worked with the Department of Finance to determine the correct appropriation source to support the payment of GST amounts.

The Parliament resolved this legislative deficiency by passing the *Australian Education Amendment (Direct Measure of Income) Act 2020*, which received Royal Assent on 26 March 2020.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

As any breach of section 83 results in a technical debt to the Commonwealth, the Finance Minister exercised his power under s63 of the PGPA Act to waive these debts. The waiver was for \$14.6 billion and covers all technical debt under the AE Act and previous legislation (*States Grants (Primary and Secondary Education Assistance) Act 1996, Schools Assistance (Learning Together – Achievement through Choice and Opportunity) Act 2004, States Grants (Primary and Secondary Education Assistance) Act 2000, Schools Assistance Act 2008*) concerning payments to non-government schools back to 1 July 2000 when GST inclusive payments commenced.

Continued Focus

The department will continue to review legislation and New Policy Proposals that create or modify payment eligibility and to ensure that business rules and processes are in place to minimise the risk of breaches of section 83 of the Constitution.

Events impacting the Australian Government in 2019-20

Australia has faced unexpected and significant events in 2019-20 resulting in impacts on the financial statements of the department.

The summer bushfires had a devastating impact on areas across Australia. In response to this the department delivered a range of government measures to support children attending child care, assist students, and the unemployed in bushfire-affected communities and their mental wellbeing.

The department also delivered drought assistance in the form of special circumstances grant payments of \$14.6 million to drought affected non-government schools. Refer to grant expenses in the Statement of Comprehensive Income.

In early 2020, the worldwide COVID-19 pandemic commenced. The growing impact on the department was experienced more in the final quarter of 2019-20, leading to a decline in some activities, changes in expectations of stakeholders and estimation uncertainty for some financial balances. The Australian Government announced a number of measures in response to COVID-19, providing additional funding to programs such as Employment Services, Non-government Schools National Support and Building Skills and Capability.

Further details of impacts on the financial statements are disclosed in the relevant notes (Refer to Notes C1, C2, E1.6, E2.1 and G1.2) including:

- change in costs for service delivery, and / or changes in demand and economic activity;
- change in composition of material payments, for example, from personal benefits to other expense from the Early Childhood Education and Care Relief package;
- change in fair value of assets, asset impairment and valuation of investments; and
- financial components which are subject to actuarial assessment or judgements.

The valuation advice provided to the department for the asset materiality review has acknowledged that the impact of COVID-19 has introduced "significant valuation uncertainty" due to the economic situation and lack of current transactional evidence. However, as consistent with the view of the department, this is not expected to have material impact on the fair values of the leasehold improvements, property, plant and equipment of the department, as at 30 June 2020.

Actuarial advice has considered the COVID-19 impacts on the actuarial assessments conducted for the department. The department acknowledges, the advice confirms that making assumptions about the impact of COVID-19 on the economy and future income levels is highly uncertain and will evolve over time. While there is expected to be a significant impact on future income levels and the expected level of repayments for administered programs like HELP, these impacts will become more evident in the course of 2020-21, and over the ensuing years as additional income data becomes available.

Events after the Reporting Period

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

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

B. Departmental Operating Result Reconciliation

B1: Net Cash Appropriation Arrangements

		Education	Employment
	2020	2019	2019
	\$'000	\$'000	\$'000
Total comprehensive (loss) - as per the Statement of Comprehensive Income	(84,365)	(19,393)	(52,274)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	73,602	22,175	44,489
Plus: depreciation ROU assets	58,196	-	-
Less: principal repayments - leased assets	<u>(43,099)</u>	<u>-</u>	<u>-</u>
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations	<u>4,334</u>	<u>2,782</u>	<u>(7,785)</u>

The inclusion of depreciation/amortisation expenses related to Right-of-Use (ROU) leased assets and the lease liability principal repayment amount reflects the cash impact on implementation of AASB 16 and does not directly reflect a change in appropriation arrangements.

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

C. Budgetary Variance Reporting

C1: Departmental Variance Reporting

Statement of Comprehensive Income
for the year ended 30 June 2020

	Actual 2020 \$'000	Budget Estimate		Variance to Original 2020 \$'000
		Education Original ¹ 2020 \$'000	Employment Original ¹ 2020 \$'000	
NET COST OF SERVICES				
Expenses				
Employee benefits	441,333	215,683	242,299	(16,649)
Supplier	216,616	208,443	150,255	(142,082)
Grants	14,560	-	-	14,560
Finance costs	4,445	-	-	4,445
Depreciation and amortisation	131,798	25,278	53,352	53,168
Impairment loss on financial assets	109	-	-	109
Write-down and impairment of other assets	5,448	-	-	5,448
Losses from asset sales	82	-	-	82
Act of grace	10,912	-	-	10,912
Total expenses	825,303	449,404	445,906	(70,007)
Own-Source Income				
Own-source revenue				
Revenue from contracts with customers	50,646	14,552	53,369	(17,275)
Rental income	12,246	8,627	465	3,154
Resources received free of charge	4,758	8,422	410	(4,074)
Total own-source revenue	67,650	31,601	54,244	(18,195)
Gains				
Other gains	322	-	-	322
Total gains	322	-	-	322
Total own-source income	67,972	31,601	54,244	(17,873)
Net cost of services	(757,331)	(417,803)	(391,662)	52,134
Revenue from Government	672,966	392,840	338,310	(58,184)
Deficit on continuing operations	(84,365)	(24,963)	(53,352)	(6,050)
Total comprehensive loss²	(84,365)	(24,963)	(53,352)	(6,050)

¹Budget reported in the 2019-20 Portfolio Budget Statements published on 2 April 2019.

²There is no Other Comprehensive Income for the year ended 30 June 2020.

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

Statement of Financial Position
for the year ended 30 June 2020

	Actual 2020 \$'000	Budget Estimate		Variance to Original 2020 \$'000
		Education Original ¹ 2020 \$'000	Employment Original ¹ 2020 \$'000	
ASSETS				
Financial assets				
Cash and cash equivalents	8,961	6,381	2,000	580
Trade receivables	217,436	57,961	143,354	16,121
Accrued revenue	1,833	199	2,582	(948)
Total financial assets	228,230	64,541	147,936	15,753
Non-financial assets				
Leasehold improvements	49,094	29,331	29,047	(9,284)
Buildings	375,478	-	-	375,478
Infrastructure, plant and equipment	33,998	7,902	24,381	1,715
Computer software	198,328	66,859	108,583	22,886
Prepayments	14,500	3,273	21,843	(10,616)
Total non-financial assets	671,398	107,365	183,854	380,179
Total assets	899,628	171,906	331,790	395,932
LIABILITIES				
Payables				
Supplier payables	41,838	17,541	39,659	(15,362)
Other payables	14,085	18,419	13,869	(18,203)
Total payables	55,923	35,960	53,528	(33,565)
Interest bearing liabilities				
Leases	381,222	-	-	381,222
Total interest bearing liabilities	381,222	-	-	381,222
Provisions				
Employee provisions	155,402	64,063	75,829	15,510
Other provisions	-	877	91	(968)
Total provisions	155,402	64,940	75,920	14,542
Total liabilities	592,547	100,900	129,448	362,199
Net assets	307,081	71,006	202,342	33,733
EQUITY				
Contributed equity	510,439	241,790	441,515	(172,866)
Reserves	1,911	1,244	10,252	(9,585)
Accumulated deficit	(205,269)	(172,028)	(249,425)	216,184
Total equity	307,081	71,006	202,342	33,733

¹Budget reported in the 2019-20 Portfolio Budget Statements published on 2 April 2019.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Statement of Changes in Equity
for the year ended 30 June 2020**

	Actual 2020 \$'000	Budget Estimate		Variance to Original 2020 \$'000
		Education Original ¹ 2020 \$'000	Employment Original ¹ 2020 \$'000	
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period	200,300	55,133	206,990	(61,823)
Adjusted opening balance	200,300	55,133	206,990	(61,823)
Transactions with owners				
Distribution to owners				
Lapsed capital	(3,068)	-	-	(3,068)
Contributions by owners				
Equity injection - appropriations	51,965	17,104	30,179	4,682
Departmental capital budget	51,291	23,732	26,370	1,189
Restructuring	209,951	-	(7,845)	217,796
Total transactions with owners	310,139	40,836	48,704	220,599
Closing balance as at 30 June	510,439	95,969	255,694	158,776
ACCUMULATED DEFICIT				
Opening balance				
Balance carried forward from previous period	(147,769)	-	-	(147,769)
Adjustment for prior year error	(850)	-	-	(850)
Adjustment on initial application of AASB 16	27,715	-	-	27,715
Adjusted opening balance	(120,904)	-	-	(120,904)
Comprehensive income				
Deficit on continuing operations	(84,365)	(24,963)	(53,352)	(6,050)
Total comprehensive income	(84,365)	(24,963)	(53,352)	(6,050)
Closing balance as at 30 June	(205,269)	(24,963)	(53,352)	(126,954)
ASSET REVALUATION RESERVES				
Opening balance				
Balance carried forward from previous period	1,912	-	-	1,912
Adjustment for rounding	(1)	-	-	(1)
Adjusted opening balance	1,911	-	-	1,911
Closing balance as at 30 June	1,911	-	-	1,911
Total equity as at 30 June	307,081	71,006	202,342	33,733

¹Budget reported in the 2019-20 Portfolio Budget Statements published on 2 April 2019.

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

Cash Flow Statement
for the year ended 30 June 2020

	Actual 2020 \$'000	Budget Estimate		Variance to Original 2020 \$'000
		Education Original ¹ 2020 \$'000	Employment Original ¹ 2020 \$'000	
OPERATING ACTIVITIES				
Cash received				
Appropriations	719,751	394,025	340,477	(14,751)
Sale of goods and rendering of services	42,970	17,027	53,834	(27,891)
Net GST refunds	27,942	13,398	15,001	(457)
Special account	7,320	-	-	7,320
Other	12,524	6,152	-	6,372
Total cash received	810,507	430,602	409,312	(29,407)
Cash used				
Employee benefits	421,066	215,782	242,170	(36,886)
Suppliers	264,705	213,419	113,023	(61,737)
Grants	14,560	-	-	14,560
Section 74 receipts transferred to the OPA	55,397	-	53,367	2,030
Interest payments on lease liabilities	4,364	-	-	4,364
Other operating cash used	32	-	-	32
Total cash used	760,124	429,201	408,560	(77,637)
Net cash from/(used by) operating activities	50,383	1,401	752	48,230
INVESTING ACTIVITIES				
Cash received				
Proceeds from the sale of infrastructure, plant and equipment	73	-	-	73
Total cash received	73	-	-	73
Cash used				
Purchase of property, plant and equipment	15,029	-	-	15,029
Purchase of leasehold improvements	2,873	-	-	2,873
Purchase of intangibles	79,237	-	-	79,237
Purchase of land and buildings	-	42,049	55,795	(97,844)
Total cash used	97,139	42,049	55,795	(705)
Net cash from/(used by) investing activities	(97,066)	(42,049)	(55,795)	778
FINANCING ACTIVITIES				
Cash received				
Contributed equity - equity injection	37,826	17,104	30,179	(9,457)
Contributed equity - departmental capital budget	49,767	23,732	26,370	(335)
Total cash received	87,593	40,836	56,549	(9,792)
Cash used				
Principal payments of lease liabilities	43,099	-	-	43,099
Total cash used	43,099	-	-	43,099
Net cash from/(used by) financing activities	44,494	40,836	56,549	(52,891)
Net increase/(decrease) in cash held	(2,189)	188	1,506	(3,883)
Cash and cash equivalents at the beginning of the reporting period	11,150	6,193	494	4,463
Cash and cash equivalents at the end of the reporting period	8,961	6,381	2,000	580

¹Budget reported in the 2019-20 Portfolio Budget Statements published on 2 April 2019.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Departmental financial result

In 2019-20, the department reported an operating deficit on continuing operations of \$84.4 million, against a budgeted deficit of \$78.3 million as reported in the 2019-20 Portfolio Budget Statements (original budget). After adjusting for unfunded depreciation and amortisation expenses of \$131.8 million, and principal repayments of leased assets of \$43.1 million, the department reported a net surplus of \$4.3 million (refer to note B1).

The department's total expenses of \$825.3 million are \$70 million less than the original budget of \$895.3 million. The transition to the new leasing accounting standard has resulted in an increase of \$53.2 million in depreciation and amortisation expenses. The increase in depreciation and amortisation expenses partially offsets a \$16.6 million decrease in employee expenses and a \$142.1 million decrease in supplier expenses.

The decrease in employee expenses of \$16.6 million is due to an overall reduction in the Average Staffing Level (ASL) compared to the original budget arising from lower recruitment due to COVID-19, resulting in reduced salary and superannuation expenses. The increase to employee provisions is driven by the application of the probability and discount factors resulting from the Australian Government Actuary review of the department's employment entitlements (refer to note 11.1). The actuarial adjustments partially offset the decrease in salary expenses and reduced leave due to COVID-19 restrictions.

Unbudgeted act of grace payments of \$10.9 million, which are discretionary in nature, were part of the Government's COVID-19 response package.

Supplier expenses were \$142.1 million less than original budget reflecting the impact of the transition to the new leasing accounting standard and the Machinery of Government changes that took effect during 2019-20 impacting on cost recovery arrangements for the provision of IT and other corporate services. The emergence of COVID-19 and its impact on the economy has contributed to some delays in project expenditure and program implementation and restrictions in travel expenditure.

The department reported own source income of \$68 million, \$17.9 million less than the original budget of \$85.8 million. This variance is mainly due the Machinery of Government change that transferred Employment and skills programs to the department as at 1 February 2020 resulting in the former cost recovery arrangements ceasing for the provision of IT and other corporate services between the departments.

Revenue from Government for 2019-20 was \$673 million, which was \$58.2 million less than originally budgeted. The decrease predominantly relates to funding transferred to other departments following the Administrative Arrangements Orders (AAOs) of 29 May and 5 December 2019 issued after publication of the original budget. Additionally, the Student Identifiers Special Account reported \$6.2 million in revenue that was not included in the original budget.

Departmental financial position

The original budget was prepared based on 30 June 2018 data being the latest available at that time and prior to the 29 May and 5 December 2019 AAOs.

As at 30 June 2020, the department's total equity was \$307.1 million compared to the original budget of \$273.3 million. The variance to original budget is a result of the transition to the new leasing accounting standard, and additional funding received after budget.

The department reported cash and equivalents of \$9 million with \$4.3 million attributable to the Student Identifiers Special Account. \$217.4 million in trade and other receivables has been reported by the department, an increase of \$16.1 million over the original budget of \$201.3 million. This mainly relates to an increase in goods and services receivable resulting from new Memorandum of Understanding arrangements for the provision of IT and corporate services arising from Machinery of Government changes.

As at 30 June 2020, the department holds \$671.4 million of non-financial assets, \$380.2 million more than the original budget of \$291.2 million. The increase of \$366.2 million against budget reflects the change in recognition of 63 leases as Right of Use (ROU) assets following the adoption of the new leasing accounting standard, AASB 16 *Leases*.

The adoption of the new leasing standard has resulted in the recognition of \$381.2 million in interest bearing liabilities for the first time.

Payables totalling \$55.9 million is \$33.6 million lower than the original budget of \$89.5 million, noting this budget was developed from 30 June 2018 actuals. Following the transition to the new leasing standard in 2019-20, \$28.4 million in operating leases and lease incentives was removed from payables. The residual variance is consistent with prior years and primarily relates to amounts owed to suppliers and employees that fluctuate month to month, depending on timing of payroll processing, and provision of invoices from suppliers.

Employee provisions at 30 June 2020 were \$155.4 million against an original budget of \$139.9 million. The variance of \$15.5 million is predominantly due to actuarial adjustments, offset by a lower level of ASL, as noted under employee expenses.

The variances noted above are reflected in the cash flow statement, as applicable.

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

C2: Administered Variance Reporting

Administered Schedule of Comprehensive Income
for the year ended 30 June 2020

	Actual 2020 \$'000	Budget Estimate		Variance to Original 2020 \$'000
		Education	Employment	
		Original ¹ 2020 \$'000	Original ¹ 2020 \$'000	
NET COST OF SERVICES				
Expenses				
Grants	32,441,597	31,141,324	62,416	1,237,857
Personal benefits	8,141,904	8,363,595	319,567	(541,258)
Supplier	1,732,060	706,738	1,351,230	(325,908)
Subsidies	933,324	443,718	225,714	263,892
Interest	108,046	-	-	108,046
Impairment of assets	110,593	1,077,326	-	(966,733)
Finance costs	11	543,119	642	(543,750)
Depreciation	97	-	-	97
Payments to corporate Commonwealth entities	-	-	5,989	(5,989)
Fair value losses	3,783,353	-	-	3,783,353
Act of grace payments	796	-	-	796
Employee benefits	153	-	-	153
Total expenses	47,251,934	42,275,820	1,965,558	3,010,556
Income				
Revenue				
Taxation revenue				
Levies	28	11,232	124,992	(136,196)
Total taxation revenue	28	11,232	124,992	(136,196)
Non-taxation revenue				
Revenue from contract with customers	38,033	-	-	38,033
Interest	721,174	1,315,052	76,100	(669,978)
Other	191,632	248,654	3,190	(60,212)
Total non-taxation revenue	950,839	1,563,706	79,290	(692,157)
Total revenue	950,867	1,574,938	204,282	(828,353)
Gains				
Reversal of previous asset impairment	2	-	-	2
Total gains	2	-	-	2
Total income	950,869	1,574,938	204,282	(828,351)
Net cost of services	(46,301,065)	(40,700,882)	(1,761,276)	(3,838,907)
OTHER COMPREHENSIVE INCOME				
Change in asset revaluation reserve	(112,115)	-	-	(112,115)
Total other comprehensive income	(112,115)	-	-	(112,115)
Total comprehensive loss	(46,413,180)	(40,700,882)	(1,761,276)	(3,951,022)

¹Budget reported in the 2019-20 Portfolio Budget Statements published on 2 April 2019

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Administered Schedule of Assets and Liabilities
for the year ended 30 June 2020**

	Actual 2020 \$'000	Budget Estimate		Variance to Original 2020 \$'000
		Education	Employment	
		Original ¹ 2020	Original ¹ 2020	
ASSETS				
Financial assets				
Cash	85,696	73,736	-	11,960
Receivables	52,128,521	50,031,089	43,352	2,054,080
Investments	2,796,498	2,683,466	410,418	(297,386)
Total financial assets	55,010,715	52,788,291	453,770	1,768,654
Non-financial assets				
Buildings	1,188	-	-	1,188
Prepayments	287,553	-	6,882	280,671
Total non-financial assets	288,741	-	6,882	281,859
Total assets administered on behalf of Government	55,299,456	52,788,291	460,652	2,050,513
LIABILITIES				
Payables				
Personal benefits	34,844	193,260	1,422	(159,838)
Supplier	141,793	133,121	82,383	(73,711)
Subsidies	24,443	-	73,171	(48,728)
Grants	9,221	4,600	2,070,709	(2,066,088)
Other	40,023	18,706	11,477	9,840
Total payables	250,324	349,687	2,239,162	(2,338,525)
Interest bearing liabilities				
Leases	1,228	-	-	1,228
Total interest bearing liabilities	1,228	-	-	1,228
Provisions				
Personal benefits	405,624	779,810	-	(374,186)
Higher Education Superannuation Program	7,147,000	6,170,900	-	976,100
Total provisions	7,552,624	6,950,710	-	601,914
Total liabilities administered on behalf of Government	7,804,176	7,300,397	2,239,162	(1,735,383)
Net assets	47,495,280	45,487,894	(1,778,510)	3,785,896

¹Budget reported in the 2019-20 Portfolio Budget Statements published on 2 April 2019

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

Schedule of Administered Cash Flows
for the year ended 30 June 2020

	Actual 2020 \$'000	Budget Estimate		Variance to Original 2020 \$'000
		Education Original ¹ \$'000	Employment Original ¹ \$'000	
OPERATING ACTIVITIES				
Cash received				
Interest	-	1,317,344	-	(1,317,344)
Net GST refunds	1,566,740	1,235,861	137,276	193,603
Other revenue	75,632	123,395	204,282	(252,045)
Total cash received	1,642,372	2,676,600	341,558	(1,375,786)
Cash used				
Suppliers	1,996,180	706,738	1,488,783	(199,341)
Subsidies	878,505	443,718	225,714	209,073
Personal benefits	8,790,082	8,271,272	319,567	199,243
Grants	32,634,976	32,806,631	62,416	(234,071)
Payments to corporate Commonwealth entities	-	-	5,989	(5,989)
Total cash used	44,299,743	42,228,359	2,102,469	(31,085)
Net cash from/(used by) operating activities	(42,657,371)	(39,551,759)	(1,760,911)	(1,344,701)
INVESTING ACTIVITIES				
Cash received				
Repayments of loans	3,800,528	3,426,515	-	374,013
Total cash received	3,800,528	3,426,515	-	374,013
Cash used				
Loans provided	6,840,773	7,405,988	-	(565,215)
Total cash used	6,840,773	7,405,988	-	(565,215)
Net cash from/(used by) investing activities	(3,040,245)	(3,979,473)	-	939,228
Net decrease in cash held	(45,697,616)	(43,531,232)	(1,760,911)	(405,473)
Cash from the Official Public Account				
Appropriations	50,943,201	48,382,018	1,965,223	595,960
GST appropriations	211,599	-	137,276	74,323
Special accounts	6,935	-	-	6,935
Total cash from the Official Public Account	51,161,735	48,382,018	2,102,499	677,218
Cash to the Official Public Account				
Administered Receipts	(3,889,308)	(4,857,524)	(204,312)	1,172,528
Return of GST appropriations	(1,566,670)	-	(137,276)	(1,429,394)
Special accounts	(7,523)	-	-	(7,523)
Total cash to the Official Public Account	(5,463,501)	(4,857,524)	(341,588)	(264,389)
Net increase/(decrease) in cash held	618	(6,738)	-	7,356
Cash at the beginning of the reporting period	85,078	80,474	-	4,604
Cash at the end of the reporting period	85,696	73,736	-	11,960

¹Budget reported in the 2019-20 Portfolio Budget Statements published on 2 April 2019

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Administered schedule of comprehensive income

In 2019-20 the department administered \$47.3 billion of expenses on behalf of the Government, of which, \$32.4 billion (68%) represented grants. The final outcome for grants expenses was approximately \$1.2 billion higher than the original budget of \$31.2 billion for 2019-20 principally due to Government decisions that brought forward funding from 2020-21 for non-government schools as a result of the COVID-19 pandemic and the implementation of the Direct Measure of Income which resulted in increased entitlements for a significant number of schools.

Personal benefits expenses were \$541.2 million less than the budgeted amount of \$8.7 billion. This was predominantly due to the transfer of the Fair Entitlements Guarantee program to the Attorney-General's Department after the budget was published, and a change in the accounting treatment of childcare expenses which are now disclosed as a quantifiable contingency (refer note J1.2).

Subsidy expenses were higher than the original budget largely as a consequence of the change in the level of demand for the employer incentive payments. This was partially in response to COVID-19 through the newly announced Supporting Apprentices and Trainees Measure, and wage subsidy payments made under various employment service programs.

Supplier expenses were lower than the original budget mainly due to the transfer of the Adult Migrant Education Program (AMEP) to the Department of Home Affairs (Home Affairs) as part of Machinery of Government change. The transfer of the program had been reflected in the 2019-20 Portfolio Additional Estimates. Suppliers expenses also decreased as deliverables in the Employment services and Building Skills programs were temporarily paused as a result of COVID-19.

In 2019-20 the department administered revenue totalling \$951 million compared to a budget of \$1.8 billion. This variance was predominantly driven by changes in actuarial assumptions reducing the amount of interest revenue on higher education loans as compared to budget.

At the time of budget preparation the fair values of the Higher Education Superannuation Program (HESP) provision, Higher Education Loans and Trade Support Loans were estimated based upon data and actuarial assessment available at the time. The actual fair value at 30 June 2020 is based upon updated data, changes in the actuary's assessment, and in the Government bond rates used to discount future cash flows. This impacts on the amount recognised as fair value gains or losses, interest expense, loan fee revenue and interest revenue.

Movements in administered investments, write-downs and impairments of assets and corresponding reversals of these items and act of grace payments are difficult to predict and consequently are not included in the budget estimates.

Administered schedule of assets and liabilities

As at 30 June 2020, assets administered on behalf of Government totalled approximately \$55.3 billion compared to an original budget of \$53.2 billion.

The actual value of the respective receivable balances at 30 June are impacted by updated data in terms of the levels of loans and repayments made, any changes resulting from the actuary's assessment of impairment and the prevailing Government bond rates.

Administered investments have decreased by \$112.1 million during the year and are valued at approximately \$2.8 billion at 30 June 2020 compared to the original budget of \$3.1 billion. The variance predominantly reflects a decrease in the net assets of the Australian National University as at 30 June 2020.

As at 30 June 2020, payables totalled \$250.3 million, approximately \$2.3 billion less than the budget of \$2.6 billion due to the transfer of Comcare to Attorney-General's Department on 29 May 2019. This change has been reflected in the 2019-20 Portfolio Additional Estimates with grants payable being reduced to \$14 million.

As at 30 June 2020, provisions totalled approximately \$7.6 billion compared to a budget of \$7.0 billion, a variance of 9.0 per cent. The movement is partially attributed to prior year results with the 30 June 2020 provision for HESP being assessed by the Australian Government Actuary at \$7.1 billion, against an original budget of \$6.2 billion. This increase is partly offset by a reduction in the provisions for personal benefits statistically estimated at \$800 million compared to an actual closing balance of \$405 million. This movement is consistent with the trend in personal benefits expense partly resulting from the changes to the composition of payments described above.

The variances noted above are reflected in the Administered cash flow statement, as applicable.

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

D. Departmental Financial Performance

D1: Expenses

	2020	Education	Employment
	\$'000	2019	2019
		\$'000	\$'000
<u>D1.1: Employee benefits</u>			
Salaries and entitlements	332,218	165,984	176,414
Superannuation:			
Defined benefit plans	32,079	17,564	16,921
Defined contribution plans	31,983	13,790	18,807
Leave and other entitlements	34,269	21,177	25,866
Separations and redundancies	8,088	3,218	1,590
Other	2,696	2,393	1,311
Total employee benefits	441,333	224,126	240,909

The accounting policies for employee benefits are described in note I1.1.

D1.2: Supplier

Goods and services supplied or rendered

Consultants and contractors	89,323	47,916	50,628
IT services	60,539	42,129	39,877
Managed services	25,389	13,250	7,737
Resources received free of charge	4,758	5,207	408
Property	4,528	5,015	7,044
Travel	4,802	3,286	4,829
Other	18,596	8,872	21,510
Total goods and services supplied or rendered	207,935	125,675	132,033

Goods supplied	11,792	2,463	3,437
Services rendered	196,143	123,212	128,596
Total goods and services supplied or rendered	207,935	125,675	132,033

Other supplier expenses

Workers compensation expenses	1,839	739	531
Short-term leases ¹	6,842	30,618	26,143
Total other supplier expenses	8,681	31,357	26,674
Total supplier expenses	216,616	157,032	158,707

¹The department has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The department has short-term lease commitments of \$33,709 as at 30 June 2020.

The above lease disclosures should be read in conjunction with the accompanying notes F2.1, F3.1, F3.2 and F4.1.

	2020	Education	Employment
	\$'000	2019	2019
		\$'000	\$'000
<u>D1.3: Finance costs</u>			
Interest on lease liabilities	4,445	-	-
Unwinding of discount	-	-	1
Total finance costs	4,445	-	1

The above lease disclosures should be read in conjunction with the accompanying note F4.1.

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

	2020	Education 2019	Employment 2019
<u>D1.4: Write down and impairment of other assets</u>	\$'000	\$'000	\$'000
Computer software	3,236	747	571
Leasehold improvements	2,108	567	-
Infrastructure, plant and equipment	104	25	140
Total write-down and impairment of assets	5,448	1,339	711

D2: Income

	2020	Education 2019	Employment 2019
<u>D2.1: Revenue from contracts with customers</u>	\$'000	\$'000	\$'000
Sale of goods	464	447	-
Rendering of services	50,182	8,932	55,678
Total revenue from contract with customers	50,646	9,379	55,678

Disaggregation of revenue from contracts with customers

Revenue from services	8,209	6,699	2,696
Corporate Services	30,033	510	45,198
IT services	7,065	-	6,570
Property Related Services	3,952	960	833
Other	1,387	1,210	381
Total	50,646	9,379	55,678

Revenue from the sale of goods is recognised when control has been transferred to the buyer.

The department recognises revenue under AASB 15 when the performance obligations are required by an enforceable contract and are sufficiently specific to enable the department to identify when they have been satisfied. The majority of the departmental revenue are specified in legally enforceable contracts or Memorandum of Understandings (MoUs) where it is reasonable to expect that parties will act on their obligations and there are consequences for non-performance.

Revenue from contracts with customers is recognised either:

- At a point in time, where the ownership or control of the goods or services is passed to the customer at a specific time; or
- Over time where the services are provided and consumed simultaneously or the department has an enforceable right to payment for performance completed to date.

The principal activities from which the department generates its revenue include:

- Revenue from services - such as Trades Recognition Australia, audio visual services and the National Customer Service line. Trades Recognition Australia revenue is received and recognised at the point in time when an application is lodged. Audio visual services revenue is recognised once the services specified in the individual agreements are satisfied. The remaining service revenue is received in advance and recognised over the period to which it relates.
- Services specifically to other Government departments, including corporate services, property and IT services. These agreements are mostly MoUs which include terms that are sufficiently specific as to the services to be provided and revenue is recognised at the point in time when those requirements have been satisfied. For agreements with fixed annual fees where the services are provided across the period, the revenue is recognised over the relevant period. It is unlikely that this revenue will be subject to refunds.

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

		Education	Employment
	2020	2019	2019
	\$'000	\$'000	\$'000
D2.2: Rental income			
Subleasing right-of-use assets	12,246	8,239	825
Total rental income	12,246	8,239	825

The department has sub-leases for commercial properties with other government agencies. Due to the nature of these arrangements the risk associated with any rights it retains in the underlying assets is low.

The following table sets out a maturity analysis of lease payments from sub-leasing arrangements to be received in the future. The amounts are undiscounted.

	2020
	\$'000
Within 1 year	4,054
One to two years	4,285
Two to three years	4,446
Three to four years	4,608
Four to five years	3,461
More than 5 years	-
Total undiscounted future lease payments to be received	20,854

The department has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117. The above lease disclosures should be read in conjunction with the accompanying notes D1.2, F2.1, and F4.

D2.3: Resources received free of charge

Australian Taxation Office collection of revenues on behalf of the department	3,658	4,107	-
Australian National Audit Office financial statement audit fee	1,100	1,100	408
Total resources received free of charge	4,758	5,207	408

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

D2.4: Other gains

Write back of reserves	-	346	-
First time recognition of assets – infrastructure, plant and equipment	2	17	18
Other	320	1	542
Total other gains	322	364	560

Other gains include incidental transactions and events outside of ordinary operations such as contributions of assets at no cost or for nominal consideration recognised at their fair value when the asset qualifies for recognition and reversals of provisions.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2020	Education 2019	Employment 2019
	\$'000	\$'000	\$'000
<u>D2.5: Revenue from Government</u>			
Appropriations			
Departmental appropriations	666,814	361,008	334,015
Special Account	<u>6,152</u>	<u>3,998</u>	<u>941</u>
Total revenue from Government	<u>672,966</u>	<u>365,006</u>	<u>334,956</u>

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

Appropriated amounts that are designated as equity injections (less any formal reductions) and the departmental capital budget are recognised directly in contributed equity in that year.

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

E. Administered Financial Performance

E1: Expenses

	2020	Education 2019	Employment 2019
	\$'000	\$'000	\$'000
<u>E1.1: Grants</u>			
Public sector			
Australian Government entities	58,037	33,226	55,252
State and Territory Governments	22,337,266	19,765,041	-
Private sector			
Not-for-profit organisations	185,231	139,309	11,350
Multi-jurisdictional sector	9,531,420	9,429,632	-
Other	329,643	158,131	3,167
Total grants	32,441,597	29,525,339	69,769

The department administers a number of grant and subsidy schemes on behalf of the Government. Grant and subsidy liabilities are recognised to the extent that:

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

The appropriation to the department is disclosed under note H1.

E1.2: Personal benefits

Assistance to families with children	8,054,841	7,469,748	-
Trade Support Loans discount	28,369	-	30,500
Vocational and industry training	2,263	2,466	-
Labour market assistance to job seekers and industry	56,431	-	66,408
Industrial relations	-	-	148,661
Total personal benefits	8,141,904	7,472,214	245,569

The department administers personal benefit programs on behalf of the Government that provide entitlements to individuals. Payments are determined in accordance with the funding agreements for the New Enterprise Incentive Scheme and Youth Jobs PaTH under jobactive. The Trade Support Loans discount represents the value of the discount that applies on successful completion of the apprenticeship as assessed by the Australian Government Actuary on new debt. Direct personal benefits is \$90.7 million (2018-19: \$12.6 million), whilst indirect personal benefits is \$8,053.6 million comprising \$6,466.6 million in Child Care Subsidy Payments and \$1,587 million in Business Continuity Payments (2018-19: \$7,705.2 million).

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2020	Education 2019	Employment 2019
E1.3: Supplier	\$'000	\$'000	\$'000
Services rendered			
Vocational and industry training	432,566	523,211	-
School education - specific funding	69,179	77,571	-
Assistance to families with children	70,813	65,879	-
Higher education	22,795	23,639	-
General research	61	106	-
Provider services	1,136,582	-	1,417,965
Other	64	-	-
Total services rendered	1,732,060	690,406	1,417,965
Operating lease rentals ¹	-	141	-
Total supplier expenses	1,732,060	690,547	1,417,965

¹The department has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The department has nil short-term lease commitments as at 30 June 2020. The above lease disclosures should be read in conjunction with the accompanying notes G2.1 and G4.1.

E1.4: Subsidies

Vocational and industry training	718,314	348,203	-
Assistance to families with children	68,110	58,459	-
Labour market assistance to job seekers and industry	146,900	-	256,300
Industrial relations	-	-	121,192
Total subsidies	933,324	406,662	377,492

The jobactive and Transition to Work accruals for Supplier and Subsidies expense, developed by the department have been reviewed by an independent actuary.

E1.5: Interest

Higher Education Superannuation Program	108,046	177,000	-
Total interest	108,046	177,000	-

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

	2020	Education	Employment
	\$'000	2019	2019
E1.6: Fair value losses	\$'000	\$'000	\$'000
Higher Education Loans	2,634,680	-	-
Vocational student loans	1,086,888	-	-
Higher Education Superannuation Program	43,244	917,201	-
Trade Support Loans	18,541	-	-
Total fair value losses	3,783,353	917,201	-

In response to the AAOs effective from 1 February 2020, which resulted in a realignment of the department's structure, the balances previously reported as a single amount for higher education loans have been disaggregated into Higher Education Loan Program (HELP) and vocational student loans. This split has been determined as part of the current year actuarial assessment.

As at 30 June 2020, the Australian Government Actuary estimated the fair value of the HELP and vocational student loans to be \$46.3 billion and \$4.3 billion respectively (Note G1.2 refers) applying an interest rate of 1.3% (2019: 1.6%).

The increase of \$900 million of the estimated fair value of the HELP takes into account a net movement of \$2.9 billion of new loans and repayments made, unwinding of discount of \$648 million and a fair value loss totalling \$2.6 billion.

The increase of \$3.9 billion of the estimated fair value of the vocational student loans takes into account a transfer of the portion of loans previously reported under Higher Education Loans, a net movement of \$17 million of new loans and repayments made, unwinding of discount of \$65.6 million and a fair value loss totalling \$1.1 billion.

Higher Education Superannuation Program (HESP) provides supplementary funding to eligible higher education providers to cover certain superannuation expenses incurred for staff who are members of identified State government emerging cost superannuation schemes. A portion of the funding is recovered from the relevant States under cost-sharing arrangements. The Australian Government Actuary estimates the provision and receivable balances relying upon data provided by the State superannuation schemes, adjusting for the differing valuation dates and economic basis underpinning the estimates of the liabilities.

As at 30 June 2020, the Australian Government Actuary estimated the fair value of Trade Support Loans (TSL) to be \$740.5 million (2018-19 \$610.3 million) (Note G1.2 refers) applying an interest rate of 1.3%. This increase of \$130.2 million takes into account a net movement of \$138.1 million of new loans and repayments made during 2019-20, change in the discount rate of \$14.7 million, unwind of concessional loans of \$7.5 million offset by fair value/impairment adjustments loss totalling \$18.5 million.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

E2: Income			
	2020	Education 2019	Employment 2019
E2.1: Revenue from contracts with customers	\$'000	\$'000	\$'000
Rendering of services	38,033	23,078	-
Total revenue from contracts with customers	38,033	23,078	-
Disaggregation of revenue from contracts with customers			
Major product / service line:			
Cost Recovery	37,533	23,078	-
Other	500	-	-
Total	38,033	23,078	-
All administered revenues relate to ordinary activities performed by the department on behalf of the Australian Government.			
Administered revenue recognised under AASB 15 is primarily from Trades Recognition Australia assessments and Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) annual registrations. Trades Recognition Australia revenue is recognised when applications are received, for 2019-20 this was \$37.5 million (2018-19: \$23.1 million). Commonwealth Register of Institutions and Courses for Overseas Students refunds have been impacted by COVID-19 with refunds provided for a portion of the current reporting period for specific applicants, for 2019-20 this was \$10.1 million (2018-19: \$11.0 million). Under usual circumstances, the probability of refund is low.			
E2.2: Interest			
HELP and vocational student loans	713,713	1,115,229	-
Trade Support Loans	7,461	-	11,055
Other sources	-	171	92
Total interest	721,174	1,115,400	11,147
E2.3: Other revenue			
Loan fee revenue	97,969	173,668	-
Refunds of prior year payments	27,062	10,552	-
Special accounts	1,864	8,253	-
Other	64,737	21,273	9,402
Total other	191,632	213,746	9,402
Administered revenue is recognised when the service is provided. Collectability of the debt is reviewed at balance date. Impairment allowances are made when collectability of the debt is judged to be less, rather than more likely. Refunds of prior year payments and other revenue are recognised under AASB 1058. Refunds of prior year payments may include items such as repayments of grants that were not spent by the grantee. These amounts are recognised when received, however are then returned to the Consolidated Revenue Fund. Other revenue relates to contributions received for the vocational student loans.			
E2.4: Fair value gains			
	2020	Education 2019	Employment 2019
	\$'000	\$'000	\$'000
Higher Education Loan Program	-	5,593,868	-
Trade Support Loans	-	-	-
Vocational student loans	-	-	96,131
Total fair value gains	-	5,593,868	96,131

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

F. Departmental Financial Position

F1: Financial Assets

	2020	Education 2019	Employment 2019
	\$'000	\$'000	\$'000
<u>F1.1: Cash and cash equivalents</u>			
Cash on hand or on deposit	4,654	4,477	2,561
Cash held in the OPA - special account	4,307	-	4,112
Total cash and cash equivalents	8,961	4,477	6,673
<u>F1.2: Trade receivables</u>			
Goods and services receivable			
Goods and services	27,358	6,926	6,908
Total goods and services receivable	27,358	6,926	6,908
Appropriations receivable			
Operating annual appropriations	157,684	55,759	115,727
Operating - departmental capital budget	6,662	4,979	158
Equity injections	21,427	7,288	3,068
Total appropriations receivable	185,773	68,026	118,953
Other receivables			
GST receivable from the Australian Taxation Office	4,473	1,786	3,436
Total other receivables	4,473	1,786	3,436
Total trade and other receivables (gross)	217,604	76,738	129,297
Less impairment loss allowance	(168)	(51)	(7)
Total impairment loss allowance	(168)	(51)	(7)
Total trade and other receivables (net)	217,436	76,687	129,290

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

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

F2: Non-Financial Assets

F2.1: Reconciliation of the opening and closing balances of land and buildings, infrastructure, plant and equipment and computer software

	Buildings \$'000	Leasehold improvements \$'000	Infrastructure, plant and equipment \$'000	Computer software \$'000	Total \$'000
As at 1 July 2019 Education					
Gross book value	-	30,298	1,019	119,220	150,537
Accumulated depreciation, impairment and amortisation	-	-	64	(67,803)	(67,739)
As at 1 July 2019 Employment					
Gross book value	-	29,589	33,873	232,622	296,084
Accumulated depreciation, impairment and amortisation	-	(309)	(6,801)	(102,162)	(109,272)
Net value as at 1 July 2019	-	59,578	28,155	181,877	269,610
Recognition of right of use asset on initial application of AASB 16	434,478	-	12	-	434,490
Adjusted total as at 1 July 2019	434,478	59,578	28,167	181,877	704,100
Additions					
By purchase	-	2,873	16,341	79,237	98,451
Assets first found	-	-	2	-	2
Write-down and impairment recognised in net cost of services	-	-	-	(3,236)	(3,236)
Depreciation and amortisation	-	(10,732)	(10,392)	(52,478)	(73,602)
Depreciation on right-of-use assets	(58,189)	-	(7)	-	(58,196)
Other movements of right-of-use assets ¹	(811)	-	-	-	(811)
Restructuring	-	(516)	-	(7,072)	(7,588)
Disposals	-	-	(8)	-	(8)
Write-down expense	-	(2,108)	(104)	-	(2,213)
Net value as at 30 June 2020	375,478	49,094	33,998	198,328	656,898
Net value as at 30 June 2020 represented by					
Gross book value	433,456	59,244	47,687	407,504	947,891
Accumulated depreciation, impairment and amortisation	(57,978)	(10,150)	(13,689)	(209,176)	(290,993)
Net value as at 30 June 2020	375,478	49,094	33,998	198,328	656,898
Carrying amount of right-of-use assets					
	375,478	-	5	-	375,483

The above table discloses property, plant and equipment not subject to operating leases.

¹ Other movements of ROU assets relate to the transfer of a leased building to the Department of Industry, Science and Resources as part of the 5 December 2019 Administrative Arrangements Order.

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

Asset Recognition Threshold

Purchases of non-financial assets are recognised initially at cost in the statement of financial position, except for purchases costing less than the asset capitalisation thresholds. Purchases below the threshold are expensed in the year of acquisition other than where they form part of a group of similar items which are significant in total.

The asset thresholds and useful lives for each asset class remain unchanged from 2019.

Asset class	2020 Useful life	2020 Threshold
Leasehold improvements	Lease term	\$50,000
Infrastructure, plant and equipment	3-25 years	\$2,000
Computer software	2-15 years	\$200,000

Impairment

All assets were assessed for impairment at 30 June 2020. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Depreciation

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

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

Depreciation rates applying to each class of depreciable asset are based on the above mentioned useful lives.

Impact on Transition of AASB 16

Departmental	1 July 2019
	\$'000
Right-of-use assets - property, plant and equipment	428,109
Lease liabilities	424,467
Retained earnings	27,715

The following table reconciles the departmental minimum lease commitments disclosed in the entity's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	\$'000
Minimum operating lease commitment at 30 June 2019	323,289
Less: short-term leases not recognised under AASB 16	(3,054)
Less: low value leases not recognised under AASB 16	(85)
Plus: effect of extension options reasonable certain to be exercised	127,292
Undiscounted lease payments	447,442
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(22,975)
Lease liabilities recognised at 1 July 2019	424,467

Application of AASB 16

The department adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

The department elected not to reassess any contracts entered into before the transition date that were not identified as leases under AASB 117, and hence comparative information presented for 2019 is presented as previously reported under AASB 117 with related interpretations. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

The department applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Exclude initial direct costs from the measurement of Right-of-Use (ROU) assets at the date of initial application for leases where the ROU asset was determined as if AASB 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and
- Applied the exemption not to recognise ROU assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the department previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the department recognised ROU assets and lease liabilities in relation to leases of office space and, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the department's incremental borrowing rate as at 1 July 2019. The department's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted average discount rate applied across departmental and administered leases was 2.13% and 2.25% respectively.

Leasehold improvements

There are no (2018-19: nil) leased properties that the department manages which are due to expire within the next 12 months that have leasehold improvement assets. All leasehold improvements are assessed for impairment and nil indicators of impairment were found for leasehold improvements in 2019-20 (2018-19: nil).

Infrastructure, plant and equipment

No material amounts of infrastructure, plant and equipment are expected to be sold or disposed of within the next 12 months. All infrastructure, plant and equipment are assessed for impairment and nil indicators of impairment were found in 2019-20 (2018-19: nil).

Intangibles

The department's intangibles comprise of purchased and internally developed software for internal use. These asset are carried at cost less accumulated depreciation or accumulated impairment losses. No material amounts of computer software are expected to be sold or disposed of within the next 12 months.

All computer software assets are assessed for impairment and this resulted in impairment expenses of \$3.2 million in 2019-20 (2018-19: \$1.3 million), Note D1.6 refers.

Lease ROU Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On adoption of AASB 16 the department adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases and prepayments recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in the department's financial statements.

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

Contractual commitments for the acquisition of property, plant and equipment, and intangible assets

As at 30 June 2019, contractual commitments for the acquisition of property, plant and equipment, and intangible assets amounted to \$2.0 million (2018-19: \$4.1 million).

Acquisition of Assets

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

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

Asset Recognition Threshold

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

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

Revaluations

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

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

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

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

For 2019-20, the department engaged JLL Pty Ltd to undertake a market review of the tangible asset base. The department concurred with the materiality review of the report which concluded that the potential for a material difference between carrying amounts and fair value measurements is acceptably low at approximately 1% and on this basis no revaluations were undertaken.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

F2.2: Fair value measurements, valuation techniques and input used

Fair value is a market based, rather than entity specific, measurement. The objective in all cases is to estimate the price at which an orderly transaction to sell the asset would take place between market participants under current market conditions at the measurement date. Where possible the assets are valued based upon observable inputs, such as quoted prices in active markets or other market transactions or information. Where this information is not available valuation techniques rely upon unobservable inputs. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly.

Level 3: Unobservable inputs for the asset.

An analysis of the fair value of non-financial assets by level is provided below.

Fair value measurement as at 30 June						
	2020 \$'000	Education	Employment	Level	Valuation technique ¹	Inputs used
		2019 \$'000	2019 \$'000			
Non-financial assets						
Leasehold improvements	44,519	28,135	26,778	3	Depreciated replacement cost	Replacement cost new Useful life and consumed economic benefit / obsolescence of asset
Leasehold improvements - under construction	4,575	2,163	-	2	Replacement cost	Current prices relevant to the location of the asset
Infrastructure, plant and equipment	16,371	105	-	2	Market	Adjusted market transactions
Infrastructure, plant and equipment	2,290	402	-	2	Replacement cost	Current prices relevant to the location of the asset
Infrastructure, plant and equipment	13,429	195	-	3	Depreciated replacement cost	Replacement cost new Useful life and consumed economic benefit / obsolescence of asset
Infrastructure, plant and equipment	1,908	381	25,815	3	Market	Adjusted market transactions
Total	83,092	31,381	52,593			
Assets not measured at fair value in the Statement of Financial Position						
Leasehold improvements - AUC	-	-	2,502			
Infrastructure, plant and equipment - AUC	-	-	1,257			
Total	-	-	3,759			

¹The methods and valuation techniques used for the purpose of measuring fair value of assets in 2019-20 are unchanged from the previous reporting period.

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

F3: Payables

	2020	Education 2019	Employment 2019
	\$'000	\$'000	\$'000
F3.1: Supplier payables			
Supplier payables	41,838	21,293	24,369
Operating lease rentals	-	2,855	6,660
Total supplier payables	41,838	24,148	31,029
F3.2: Other payables			
Lease incentives ¹	-	8,237	9,937
Separations and redundancies	4,373	1,819	-
Wages and salaries	7,025	2,061	1,589
Unearned income	1,305	927	2,022
Superannuation	962	246	271
Other employee benefits	420	286	638
Total other payables	14,085	13,576	14,457

¹The department has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Operating lease rentals and lease incentives are not recognised as payables due to the implementation of the leasing standard AASB 16. All lease associated liabilities are recognised as adjustments to the right-of-use asset and lease liability.

F4: Interest Bearing Liabilities

	2020	Education 2019	Employment 2019
	\$'000	\$'000	\$'000
F4.1: Leases			
Lease Liabilities			
Buildings	381,213	-	-
Plant and equipment	9	-	-
Total leases	381,222	-	-

The department has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Refer to New Australian Accounting Standards section (Note A) and note F2.1.

F5: Provisions

F5.1: Other provisions

	Surplus lease space \$'000	Restoration obligations \$'000	Total other provisions \$'000
As at 1 July 2019 - Education	566	-	566
As at 1 July 2019 - Employment	-	63	63
Additional provisions made	-	-	-
Amounts used/(reversed)	(566)	(63)	(629)
Total as at 30 June 2020	-	-	-

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

G. Assets and Liabilities Administered on behalf of Government			
G1: Administered - Financial Assets			
	2020	Education	Employment
	\$'000	2019	2019
G1.1: Cash and cash equivalents		\$'000	\$'000
Cash on hand or on deposit	71	-	37
Cash held in the OPA - special accounts	85,625	85,041	-
Total cash	85,696	85,041	37
G1.2: Receivables			
Goods and services receivable			
Goods and services receivable	159,456	47,790	4,269
Total goods and services receivable	159,456	47,790	4,269
Advances and loans			
Higher Education Loans ¹	46,338,891	49,975,099	-
Trade Support Loans	740,539	-	610,343
Vocational student loans ¹	4,294,661	-	439,487
Child care loans	2	13	-
Total advances and loans	51,374,093	49,975,112	1,049,830
Other receivables			
Higher Education Superannuation Program receivable	362,000	372,000	-
Personal benefits receivable	390,285	296,161	7
GST receivable	75,310	13,373	17,850
Total other receivables	827,595	681,534	17,857
Total receivables (gross)	52,361,144	50,704,436	1,071,956
Less impairment allowance			
Goods and services receivable	(84,598)	(23,430)	(134)
Personal benefits receivable	(148,025)	(106,011)	-
Total impairment allowance	(232,623)	(129,441)	(134)
Total receivables (net)	52,128,521	50,574,995	1,071,822

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

From 2 July 2018 the Child Care Subsidy program replaced the Child Care Fee Assistance program. A feature of the program is that the payments are subject to eligibility requirements including a year end reconciliation.

The year end reconciliation of child care personal benefits received by families depends on the lodgement of income tax returns which occurs after 30 June each year. For the 2019-20 (2018-19), these balances had been disclosed as contingent assets and liabilities (refer Note J1.2).

¹Prior year balances for Higher Education Loans and vocational student loans have not been fully split due to the complexities of the model; reliance on actuarial assessments; and subsequent updates for estimates purposes which cause fluctuations with overall balances.

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

	2020	Education	Employment
<u>Concessional loan</u>	\$'000	2019	2019
		\$'000	\$'000
Higher Education Loans			
Nominal value	58,596,428	63,311,521	-
Unexpired discount	4,342,115	4,578,358	-
Impairment	(16,599,652)	(17,914,780)	-
Carrying amount	46,338,891	49,975,099	-
Vocational student loans			
Nominal value	7,728,748	-	621,302
Unexpired discount	313,506	-	-
Impairment	(3,747,593)	-	(181,815)
Carrying amount	4,294,661	-	439,487
Trade Support Loans			
Nominal value	884,838	-	732,018
Unexpired discount	74,429	-	44,679
Impairment	(218,728)	-	(166,354)
Carrying amount	740,539	-	610,343
Child care loans			
Nominal value	2	13	-
Carrying amount	2	13	-
Total concessional loans	51,374,093	49,975,112	1,049,830

In the determination of the fair value of these loans, consideration is given to: projections of future income of debtors; pattern and timing of repayments; changes in legislation; the recoverability of concessional debt; yield curve for discounting future cash flows and the impact of COVID-19 on the economy and future income levels which has been concluded as highly uncertain and will evolve over time. Only measures that have been legislated are incorporated into the estimates for financial statement reporting purposes.

Higher Education Loan Program (HELP) is an income contingent loan program that assists eligible tertiary education students with the cost of their fees. It is administered under the *Higher Education Support Act 2003* and the *VET Student Loans Act 2016*. The HELP debt, recognised as an administered receivable, comprises: HECS-HELP, FEE-HELP and OS-HELP programs. The Australian Taxation Office collects repayment of these debts through the tax system.

The Australian Government Actuary has developed a microsimulation model to provide estimates of a number of financial measures related to the HELP receivables, including an estimate of the debt that is not expected to be repaid. Significant judgements, estimates and assumptions are re-evaluated for each reporting period in light of historical experience, new loan schemes and changes to reasonable expectations of future events.

VFH was introduced in 2009 following an expansion of HELP. VFH was closed to new students on 31 December 2016 with a grandfathering provision for continuing students.

The VET Student Loans, program commenced on 1 January 2017 and provides income contingent loans to eligible students undertaking vocational education and training in eligible courses. The Australian Government Actuary has developed a model to provide a number of financial measures related to the receivable, including an estimate of debt not expected to be repaid.

The Trade Support Loans program is an income contingent loan scheme that came into effect during 2014-15 to assist apprentices with costs of living while training towards their qualification. The Australian Government Actuary has taken into consideration the debt not expected to be repaid due to the compulsory threshold not being met, the deferral adjustment and the discount arising upon the successful completion of the apprenticeship.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2020 \$'000	Education	Employment
		2019 \$'000	2019 \$'000
<u>G1.3: Investments</u>			
Australian National University	2,784,306	2,896,983	-
Australian Institute for Teaching and School Leadership	8,457	10,301	-
Australian Curriculum, Assessment and Reporting Authority	3,735	1,329	-
Total investments	2,796,498	2,908,613	-

Administered investments are measured at their fair value as at 30 June. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities.

Movements between years are recognised at fair value through other comprehensive income. In 2019-20 the decrease was \$112.1 million (2018-19: \$225.1 million increase).

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

G2: Administered - Non-Financial Assets

G2.1: Reconciliation of the opening and closing balances of buildings

	Buildings \$'000	Total \$'000
As at 1 July 2019		
Gross book value	-	-
Accumulated depreciation and impairment	-	-
Net value 1 July 2019	-	-
Recognition of right of use asset on initial application of AASB 16	1,285	1,285
Adjusted total as at 1 July 2019	1,285	1,285
Depreciation on right-of-use assets	(97)	(97)
Net book value 30 June 2020	1,188	1,188
Net book value as of 30 June 2020 represented by		
Gross book value	1,285	1,285
Accumulated depreciation and impairment	(97)	(97)
Net book value 30 June 2020	1,188	1,188
Carrying amount of right-of-use assets	1,188	1,188

Impact on transition

On transition to AASB 16, the department recognised additional ROU assets and additional lease liabilities. The impact on transition is summarised below:

G2.2: Impact on Transition of AASB 16

1 July 2019

Administered

Right-of-use assets - property, plant and equipment	1,285
Lease liabilities	1,285

The following table reconciles the Administered minimum lease commitments disclosed in the entity's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

Minimum operating lease commitment at 30 June 2019	1,285
Plus: effect of extension options reasonable certain to be exercised	(329)
Undiscounted lease payments	956
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(121)
Lease liabilities recognised at 1 July 2019	835

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

G3: Payables			
	2020	Education 2019	Employment 2019
	\$'000	\$'000	\$'000
G3.1: Supplier payables			
Supplier payables	141,793	102,486	73,307
Total supplier payables	141,793	102,486	73,307
G3.2: Grants payable			
Private sector			
Non-profit organisations	4,358	7,228	3,312
Other	4,863	4,395	707
Total supplier payables	9,221	11,623	4,019
G3.3: Other			
GST payable	40,023	12,693	10,495
Total other	40,023	12,693	10,495

Settlement is usually within 20 days of performance or eligibility according to the conditions of each grant.

G4: Interest Bearing Liabilities			
	2020	Education 2019	Employment 2019
	\$'000	\$'000	\$'000
G4.1: Leases			
Lease Liabilities			
Buildings	1,228	-	-
Total finance leases	1,228	-	-

Settlement is usually due within 30 days. All trade creditors are expected to be settled within 12 months.

G5: Provisions		
	HESP 2020	Personal benefits 2020
	\$'000	\$'000
Opening balance as at 1 July - Education	7,327,000	475,818
Opening balance as at 1 July - Employment	-	-
Additional provisions made	-	-
Reversed during reporting period	-	-
Amounts used	(344,796)	(479,432)
Increase recognised in net cost of services	164,796	409,238
Unwinding of discount or change in discount rate	-	-
Total as at 30 June	7,147,000	405,624

As at 30 June 2020, the Australian Government Actuary estimated the Higher Education Superannuation Program present value of the Commonwealth's total superannuation liability in respect of current and former university employees who are members of State superannuation schemes. The current cost share arrangements are based on allocating the emerging cost of benefits between the States and the Commonwealth based on the split of responsibility at the time the benefits accrued.

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

H. Funding

H1: Appropriations

H1.1: Annual appropriations ('recoverable GST exclusive') for the period 1 July 2019 to 30 June 2020

Annual Appropriations for 2020

	Annual Appropriation \$'000	Adjustments to Annual appropriation - s75 Transfers ³ \$'000	Adjustments to appropriation - s74 Receipts \$'000	Total appropriation \$'000	Appropriation applied in 2020 (current and prior years) \$'000	Variance ¹ \$'000
Departmental						
Ordinary annual services	336,005	176,451	33,028	545,484	476,840	68,644
Capital Budget ²	25,581	10,826	-	36,407	34,725	1,682
Other services						
Equity Injections	14,155	24,509	-	38,664	24,526	14,138
Total departmental	375,741	211,786	33,028	620,555	536,091	84,464
Administered						
Ordinary annual services						
Administered items ⁴	1,589,689	525,647	14,367	2,129,703	1,918,545	211,158
Other services						
States, ACT, NT and Local government	116,243	-	-	116,243	109,177	7,066
Total administered⁵	1,705,932	525,647	14,367	2,245,946	2,027,722	218,224

¹The variance is made up of the movement in cash, GST receivable and appropriation receivable. The appropriation table excludes a section 75 transfer of prior year appropriation (amounting to \$3.0 million), transferred out of the department. A section 51 quarantine is also in place for \$5.2 million of current year operating appropriations.

²Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1.3.5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. Prior year quarantined appropriation of \$0.9 million was re-instated to Employment and transferred to the department; then subject to section 51 quarantine in the department.

³As part of Machinery of Government changes, annual appropriation amounts (including departmental capital budgets) were transferred into the department from Employment. Annual appropriation transfers also occurred between the department and Home Affairs and the Department of the Prime Minister and Cabinet. Section 75 transfers amounting to \$176.5 million of current year (2019-20) appropriation and \$3.0 million of prior (2018-19) appropriation were transferred from the department. Additional 2019-20 annual appropriations representing the departmental capital budget of \$10.8 million and equity 2019-20 appropriation of \$24.5 million was also transferred into the department.

⁴The Administered variance represents the movement in the balance of appropriations. Section 75 transfers of prior year appropriation, quarantining of current year appropriations, and cash spent from the balance of prior year appropriations.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

⁵As part of Machinery of Government changes, and prior to 31 January 2020, annual appropriation amounts were transferred from the department into Employment. Annual appropriation transfers also occurred from Employment to the Attorney-General's Department. Section 79 transfers amounting to \$525.6 million of current year (2019-20) appropriation and \$10.6 million of prior (2018-19) appropriation were transferred from Employment on 1 February 2020.

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

H1.2: Annual appropriations (recoverable GST exclusive) Employment for the period 1 July 2019 to 31 January 2020

Annual Appropriations for 2020

	Annual Appropriation \$'000	Adjustments to Annual appropriation - s75 Transfers ⁴ \$'000	Adjustments to appropriation - s74 Receipts \$'000	Total appropriation \$'000	Variance ¹ \$'000
Departmental					
Ordinary annual services	369,245	24,598	22,369	416,212	170,857
Capital Budget ²	26,654	1,150	-	27,804	12,762
Other services					
Equity Injections ³	37,810	-	-	37,810	24,509
Total departmental	433,709	25,748	22,369	481,826	208,128

Administered					
Ordinary annual services	2,060,553	325,514	10,059	2,396,126	980,726
Administered items ⁵	2,496	(2,496)	-	-	-
Payments to corporate Commonwealth entities	2,063,049	323,018	10,059	2,396,126	980,726
Total administered					

¹The variance is made up of the movement in cash, GST receivable and appropriation receivable noting that section 75 amounts of \$234.3 million of 2019-20 appropriation and \$14.9 million of 2018-19 appropriation were transferred out of the department on 1 February 2020. \$13.1 million of 2018-19 appropriation was transferred out of the department as part of the PGPA Act (Section 75 Transfers) Amendment Determination (No. 11), signed on 25 May 2020. The appropriation table also excludes a section 75 transfer of prior year appropriation, which occurred on 1 July 2019. A pending section 51 quarantine of \$5.2 million was in place at 31 January 2020 but reversed in February 2020 as part of the finalisation of Machinery of Government changes.

²Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

The following entities spend money from the CRF on behalf of this entity: Education

³As part of Machinery of Government changes, and prior to 31 January 2020, annual appropriation amounts (including departmental capital budgets) were transferred from Education into Employment. Annual appropriation transfers also occurred from Employment to the Attorney-General's Department (AGD). Section 75 transfers amounting to \$234.3 million of current year (2019-20) appropriation and \$14.9 million of prior (2018-19) appropriation were transferred from Employment on 1 February 2020. Additional 2019-20 annual appropriations representing the departmental capital budget of \$13.9 million and equity 2019-20 appropriation of \$24.5 million was also transferred out of Employment.

⁴Adjustments to appropriations includes PGPA Act Section 74, receipts and PGPA Act section 75 transfers.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

⁵The Administered variance represents section 75 transfer of current year appropriation, which were transferred in February 2020.

The following entities spend money from the CRF on behalf of this entity: Education

As part of Machinery of Government changes, and prior to 31 January 2020, annual appropriation amounts were transferred from Education into Employment. Annual appropriation transfers also occurred from Employment to AGD. Administered Section 75 transfers amounting to \$980.7 million of current year (2019-20) appropriation and \$48.7 million of prior (2018-19) appropriation were transferred from Employment on 1 February 2020.

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

H1.3: Annual appropriations (recoverable GST exclusive) Education for the period 1 July 2018 to 30 June 2019

Annual Appropriations for 2019

	Annual Appropriation \$'000	Adjustments to appropriation - s75 Transfers ¹ \$'000	Adjustments to appropriation - s74 Receipts \$'000	Total appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance ^{4, 5} \$'000
Departmental						
Ordinary annual services ^{1, 3}	361,045	(171)	18,209	379,083	380,948	(1,865)
Capital Budget ²	22,671	-	-	22,671	-	22,671
Other services						
Equity Injections ³	9,210	-	-	9,210	9,191	19
Total departmental	392,926	(171)	18,209	410,964	390,139	20,825

Administered						
Ordinary annual services	1,832,982	-	-	1,832,982	1,567,549	265,433
Administered items						
Other services	62,514	-	-	62,514	64,406	(1,892)
States, ACT, NT and local government						
Total administered	1,895,496	-	-	1,895,496	1,631,955	263,541

\$0.2 million was transferred in 2018-19, under section 75 of the PGPA Act:

- Appropriation Act (No. 1) - Operating for 2017-18 effective 23 January 2019, recognised as an adjustment to equity.
- Appropriation Act (No. 1) - Operating for 2018-19 effective 14 November 2019, recognised as a reduction in appropriation revenue.

²Includes \$7.7 million of quarantined current year appropriations at 30 June 2019 under section 51 of the PGPA Act. The quarantined amounts have been recognised as a reduction in the department's equity contribution in accordance with subsection 39(1) of the FRR.

³In the Portfolio Additional Estimates Statements 2018-19, the department received additional net departmental funding of \$16.8 million (Appropriation Act (No. 3)) and \$0.7 million (Appropriation Act (No. 4)).

⁴The variance reflects the movement in cash at bank, appropriations receivable and GST receivable less the transferred and quarantined appropriations.

⁵The variance reflects the movement in the appropriation receivable - equity injection less the quarantined appropriations.

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

H1.4: Annual appropriations (recoverable GST exclusive)¹ Employment for the period 1 July 2018 to 30 June 2019

Annual Appropriations for 2019

	Annual Appropriation \$'000	Adjustments to appropriation - s75 Transfers \$'000	Adjustments to appropriation - s74 Receipts \$'000	Total appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance \$'000
Departmental						
Ordinary annual services ¹	334,015	-	74,744	408,759	413,674	(4,915)
Capital Budget ²	31,367	-	-	31,367	39,067	(7,700)
Other services						
Equity Injections	22,096	-	-	22,096	27,377	(5,281)
Total departmental	387,478	-	74,744	462,222	480,118	(17,896)
Administered						
Ordinary annual services						
Administered items ³	1,751,062	-	-	1,751,062	1,788,729	(37,667)
Payments to corporate Commonwealth entities	5,989	-	-	5,989	5,989	-
Total administered	1,757,051	-	-	1,757,051	1,794,718	(37,667)

¹The departmental adjustments to appropriation includes PGPA Act Section 74 receipts. The ordinary annual services variance is due to timing between goods being received and payments being made.

²Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. The variance is due to timing between goods being received and payments being made. The Departmental Capital Budget has been reduced by \$0.9 million under a section 51 Determination dated 24 January 2019.

³The administered variance relates to higher than planned administered expenditure.

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

	2020	Education 2019
<u>H1.5: Departmental - Unspent annual appropriations ('recoverable GST exclusive') for the period 1 July 2019 to 30 June 2020</u>	<u>\$'000</u>	<u>\$'000</u>
<i>Appropriation Act (No. 1) 2017-18¹</i>	370	370
<i>Appropriation Act (No. 2) 2017-18²</i>	10,056	10,056
<i>Appropriation Act (No. 4) 2017-18³</i>	197	197
<i>Appropriation Act (No. 1) 2018-19</i>	275	38,983
<i>Appropriation Act (No. 1) Departmental Capital Budget 2018-19⁴</i>	8,608	12,654
<i>Appropriation Act (No. 2) 2018-19</i>	-	6,597
<i>Appropriation Act (No. 3) 2018-19</i>	28,872	16,776
<i>Appropriation Act (No. 4) 2018-19</i>	-	691
<i>Supply Act (No. 1) 2019-20</i>	636	-
<i>Supply Act (No. 1) Departmental Capital Budget 2019-20</i>	1,798	-
<i>Supply Act (No. 2) 2019-20</i>	2,967	-
<i>Appropriation Act (No. 1) 2019-20⁵</i>	123,105	-
<i>Appropriation Act (No. 2) 2019-20</i>	13,777	-
<i>Appropriation Act (No. 3) 2019-20</i>	3,104	-
<i>Appropriation Act (No. 4) 2019-20</i>	932	-
<i>Appropriation Act (No. 5) 2019-20</i>	1,764	-
<i>Appropriation Act (No. 5) Departmental Capital Budget 2019-20</i>	4,864	-
<i>Coronavirus Economic Response Package Act (No. 1) 2019-20</i>	5,086	-
<i>Coronavirus Economic Response Package Act (No. 2) 2019-20</i>	3,750	-
<i>Cash at bank</i>	4,654	4,477
Total unspent annual appropriations	214,815	90,801

¹This appropriation includes \$0.4 million in quarantined appropriations not yet formally reduced. Appropriation Act (No. 1) 2017-18 is repealed at the start of 1 July 2020.

²This appropriation includes \$10.1 million in quarantined appropriations not yet formally reduced. Appropriation Act (No. 2) 2017-18 is repealed at the start of 1 July 2020.

³This appropriation includes \$0.2 million in quarantined appropriations not yet formally reduced. Appropriation Act (No. 4) 2017-18 is repealed at the start of 1 July 2020.

⁴This appropriation includes \$8.6 million in quarantined appropriations not yet formally reduced.

⁵This appropriation includes \$5.2 million in quarantined appropriations not yet formally reduced.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2020	Employment 2019
<u>H1.6: Departmental - Unspent annual appropriations ('recoverable GST exclusive') Employment for the period 1 July 2019 to 31 January 2020</u>	\$'000	\$'000
<i>Appropriation Act (No. 2) Equity Injection 2016-17¹</i>	-	2,005
<i>Appropriation Act (No. 4) Equity Injection 2016-17¹</i>	-	1,063
<i>Appropriation Act (No. 1) 2018-19</i>	13,372	99,928
<i>Appropriation Act (No. 1) Capital Budget 2018-19²</i>	933	933
<i>Appropriation Act (No. 3) 2018-19</i>	14,619	15,800
<i>Appropriation Act (No. 3) Capital Budget 2018-19</i>	-	158
<i>Supply Act (No. 1) 2019-20</i>	9,000	-
<i>Supply Act (No. 1) Capital Budget 2019-20</i>	1,049	-
<i>Appropriation Act (No. 1) 2019-20³</i>	225,328	-
<i>Appropriation Act (No. 1) Capital Budget 2019-20</i>	11,871	-
<i>Appropriation Act (No. 2) Equity Injection 2019-20</i>	24,509	-
<i>Cash at bank</i>	43,087	2,561
Total unspent annual appropriations	343,768	122,448

¹Appropriation Acts (No. 2) and (No. 4) Equity Injection 2016-17 were repealed with an effective date of 1 July 2019.

²This appropriation includes \$0.9 million in quarantined appropriations not yet formally reduced. The amount of \$0.9 million was reversed and reinstated in February 2020 as part of the Machinery of Government changes.

³This appropriation includes \$5.2 million in quarantined appropriations not yet formally reduced at 31 January 2020. The amount of \$5.2 million was reversed and reinstated in February 2020 as part of the Machinery of Government changes.

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

	Education	
	2020	2019
<u>H1.7: Administered - Unspent annual appropriations ('recoverable GST exclusive') for the period 1 July 2019 to 30 June 2020</u>	\$'000	\$'000
<i>Appropriation Act (No. 1) 2016-17¹</i>	-	273,435
<i>Appropriation Act (No. 1) 2018-19²</i>	376,809	638,046
<i>Appropriation Act (No. 2) 2018-19</i>	-	2,166
<i>Appropriation Act (No. 3) 2018-19³</i>	35,093	12,978
<i>Appropriation Act (No. 1) 2019-20</i>	251,364	-
<i>Appropriation Act (No. 3) 2019-20</i>	17,229	-
<i>Appropriation Act (No. 5) 2019-20</i>	86,072	-
<i>Appropriation Supply Act (No. 1) 2019-20</i>	9	-
<i>Appropriation Act (No. 4) - Payments to States, ACT, NT and local government</i>	9,171	-
<i>Supply Act (No. 2) - Payments to States, ACT, NT and local government</i>	62	-
<i>Appropriation (Coronavirus Economic Response Package) Act (No. 1) 2019-20⁴</i>	85,000	-
Cash at bank	71	4,477
Total unspent annual appropriations	860,880	931,102

¹Appropriation repealed 1 July 2019.

²The balance of appropriation includes a quarantine amount of \$31.4 million; legally available at 30 June 2020.

³The balance of appropriation includes a quarantine amount of \$3.8 million; legally available at 30 June 2020.

⁴The balance of appropriation includes a quarantine amount of \$15.1 million; legally available at 30 June 2020.

	Employment	
	2020	2019
<u>H1.8: Administered - Unspent annual appropriations ('recoverable GST exclusive') Employment for the period 1 July 2019 to 31 January 2020</u>	\$'000	\$'000
<i>Appropriation Act (No. 1) 2017-18¹</i>	4,932	4,932
<i>Appropriation Act (No. 3) 2017-18²</i>	680	680
<i>Appropriation Act (No. 1) 2018-19³</i>	11,656	11,656
<i>Appropriation Act (No. 3) 2018-19⁴</i>	31,430	31,430
<i>Appropriation Act (No. 1) 2019-20⁵</i>	979,815	-
<i>Appropriation Supply Act (No. 1) 2019-20⁵</i>	912	-
Cash at bank	3,587	37
Total unspent annual appropriations	1,033,012	48,735

¹The balance of appropriation includes a quarantine amount of \$4.9 million; legally available at 31 January 2020.

²The balance of appropriation includes a quarantine amount of \$0.7 million; legally available at 31 January 2020.

³The balance of appropriation includes a quarantine amount of \$2.6 million; legally available at 31 January 2020.

⁴The balance of appropriation includes a quarantine amount of \$7.2 million; legally available at 31 January 2020.

⁵No amounts have been withheld under quarantine.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	Education	
	2020	2019
<u>H1.9: Special appropriations applied ('recoverable GST exclusive') for the period 1 July 2019 to 30 June 2020</u>	\$'000	\$'000
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>	8,522,512	7,882,059
<i>Australian Education Act 2013</i>	23,606,574	19,693,039
<i>Higher Education Support Act 2003, section 238-12</i>	16,465,863	16,128,564
<i>Trade Support Loans Act 2014, section 104</i>	83,054	198,094
<i>VET Student Loans Act 2016, section 11</i>	125,785	247,322
<i>Public Governance, Performance and Accountability Act 2013, section 77¹</i>	38	92
Total special appropriations applied	48,803,826	44,149,170

¹There were six Section 77 payments made with a total of \$37,597.

	Employment	
	2020	2019
<u>H1.10: Special appropriations applied ('recoverable GST exclusive') Employment for the period 1 July 2019 to 31 January 2020</u>	\$'000	\$'000
<i>Fair Entitlements Guarantee Act 2012 - Section 50</i>	-	113,767
<i>Coal Mining Industry (Long Service Leave Funding) Act 1992</i>	-	122,815
<i>Safety, Rehabilitation and Compensation Act 1988 (SRC Act)</i>	-	27,130
<i>Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005</i>	-	28,022
<i>Public Governance, Performance and Accountability Act 2013 - Section 77¹</i>	4	2
<i>VET Student Loans Act 2016 - Section 11</i>	169,939	32,577
<i>Trade Support Loans Act 2014 - Section 104</i>	131,035	20,872
Total special appropriations applied	300,978	345,185

¹There were three section 77 payments made with a total value of \$4,161.

H1.11: Disclosure by agent in relation to annual and special appropriations ('recoverable GST exclusive')

The department had drawing rights for the Department of Foreign Affairs and Trade administered annual appropriation for the New Colombo Plan program. The payments in relation to this program were \$26.9 million (2018-19: \$46.2 million). This arrangement ceased during 2019-20.

The department had drawing rights for AGD administered annual appropriation for the industrial relations functions, payments were \$192.4 million (2018-19: nil).

The department had drawing rights for the National Indigenous Australians Agency (NIAA) administered annual appropriation for the community development program, payments were \$412.5 million. The community development program transferred to NIAA from PMC, with an effective date of 1 July 2019 (2018-19: \$377.5 million).

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

H2: Special Accounts

H2.1: Special accounts ('recoverable GST exclusive') Employment
for the period 1 July 2019 to 31 January 2020

	Student Identifiers Special Account ¹	
	2020	2019
	\$'000	\$'000
Balance as at 1 July (represented by cash held in the OPA)	4,112	5,431
Increases		
Appropriations credited to special account	6,152	941
Total increases	6,152	941
Available for payments	10,264	6,372
Decreases		
Payments made	(3,337)	(2,260)
Total decreases	(3,337)	(2,260)
Balance as at 31 January (represented by cash held in the OPA)	6,927	4,112

¹Student Identifiers Special Account
Appropriation: PGPA Act, section 80.
Establishing Instrument: *Student Identifiers Act 2014*; subsection 48(1).

Purpose: For paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the Registrar's functions, paying any remuneration and allowances payable to any person under the Act and meeting the expenses of administering the account.

As a result of AAOs issued 5 December 2019, the balance of the Student Identifiers Special Account was transferred to the department, effective 1 February 2020, Note K2 refers.

H2.2: Special accounts ('recoverable GST exclusive') for the period 1 February to 30 June 2020

	Student Identifiers Special Account ¹	
	2020	2019
	\$'000	\$'000
Balance as at 1 February (represented by cash held in the OPA)	6,927	4,089
Increases		
Appropriations credited to special account	-	5,340
Other Receipts	1,168	-
Total increases	1,168	5,340
Available for payments	8,095	9,429
Decreases		
Payments made	(3,788)	(3,998)
Total decreases	(3,788)	(3,998)
Balance transferred to Employment (29 May 2019)	-	(5,431)
Balance as at 30 June (represented by cash held in the OPA)	4,307	-

¹Student Identifiers Special Account
Appropriation: PGPA Act, section 80.
Establishing Instrument: *Student Identifiers Act 2014*; subsection 48(1).

Purpose: For paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the Registrar's functions, paying any remuneration and allowances payable to any person under the Act and meeting the expenses of administering the account.

In 2018-19, the balance of the Student Identifiers Special Account was transferred to Employment, as a result of the AAO of 29 May 2019. Note K2 refers.

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

**H2.3: Special Accounts ('Recoverable GST exclusive') Employment
for the period 1 July 2019 to 31 January 2020**

	Growth Fund Skills and Training Special Account 2015 ¹	
	2020 \$'000	2019 \$'000
Balance as at 1 July (represented by cash held in the OPA)	1,689	-
Increases		
Appropriation credited to special account	-	-
Receipts	-	-
Total increases	-	-
Available for payments	1,689	-
Decreases		
Payments made	(1,161)	-
Total decreases	(1,161)	-
Balance carried forward to the next period	528	-
Balance transferred to DESE	(528)	-
Balance as at 31 January (represented by cash held in the OPA)	-	-

¹Growth Fund Skills and Training Special Account 2015
Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78.
Establishing Instrument: *PGPA Act (Growth Fund Skills and Training Special Account 2015 – Establishment) Determination 2015/04*, section 5.

Purpose: For paying amounts to enable Australian workers and former workers in the Australian automotive industry to obtain career advice, education, training and re-skilling support to exit the industry and obtain new forms of employment.
The *PGPA Act (Growth Fund Skills and Training Special Account 2015 – Establishment) Determination 2015/04*, that established the Growth Fund Skills and Training Special Account 2015 sunset on 30 June 2020 as per section 2 of the determination.

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

H2.4: Special Accounts ('Recoverable GST exclusive') for the period 1 February 2020 to 30 June 2020

	Growth Fund Skills and Training Special Account 2015 ¹		VSL Tuition Protection Fund ²	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance as at 1 February (represented by cash held in the OPA)	528	9,672	-	-
Increases				
Appropriation credited to special account	-	5,118	3,000	-
Receipts	-	3,500	-	-
Total increases	-	8,618	3,000	-
Available for payments	528	18,290	3,000	-
Decreases				
Payments made	(437)	(16,601)	(72)	-
Transfer to the CRF	(91)	-	-	-
Total decreases	(528)	(16,601)	(72)	-
Balance as at 30 June (represented by cash held in the OPA)	-	1,689	2,928	-

¹Growth Fund Skills and Training Special Account 2015

Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78.

Establishing Instrument: *PGPA Act (Growth Fund Skills and Training Special Account 2015 – Establishment) Determination 2015/04*, section 5.

Purpose: For paying amounts to enable Australian workers and former workers in the Australian automotive industry to obtain career advice, education, training and re-skilling support to exit the industry and obtain new forms of employment.

The PGPA Act (Growth Fund Skills and Training Special Account 2015 – Establishment) Determination 2015/04, that established the Growth Fund Skills and Training Special Account 2015 sunset on 30 June 2020 as per section 2 of the determination.

Due to a decision by the Prime Minister dated 4 December 2019, the balance of the Growth Fund Skills and Training Special Account was transferred to the department, effective 1 February 2020. Note K2 refers.

²VET Student Loans (VSL) Tuition Protection Fund Special Account

Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing Instrument: *Education Legislation Amendment (Tuition Protection and Other Measures) Act 2019*, section 66J, commenced 1 January 2020.

Purpose: The purposes of the VSL Tuition Protection Fund are as follows:

- making payments in connection with tuition protection;
- paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the VSL Tuition Protection Director's functions, including in managing the VSL Tuition Protection Fund;
- paying any remuneration and allowances payable to the VSL Tuition Protection Director;
- paying any remuneration and allowances payable to the members of the VSL Tuition Protection Fund Advisory Board;
- paying any amount that is required or permitted to be repaid;
- reducing the balance of the Fund (and therefore the available appropriation for the Fund) without making a real or notional payment.

Due to a decision by the Prime Minister dated 4 December 2019, the balance of the VSL Tuition Protection Fund Special Account was transferred to the department, effective 1 February 2020. Note K2 refers.

During the period 1 January 2020 to 31 January 2020, there were no Employment transactions to report.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

H2.5: Special Accounts ('Recoverable GST exclusive') for the period 1 July 2019 to 30 June 2020

	Early Years Quality Fund Special Account ¹		Overseas Students Tuition Fund ²	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance as at 1 July (represented by cash held in the OPA)	42,143	42,143	39,564	36,889
Increases				
Appropriation credited to special account	-	-	-	-
Receipts	-	-	2,004	6,118
Total increases	-	-	2,004	6,118
Available for payments	42,143	42,143	41,568	43,007
Decreases				
Payments made	-	-	(4,243)	(3,443)
Total decreases	-	-	(4,243)	(3,443)
Balance as at 30 June (represented by cash held in the OPA)	42,143	42,143	37,325	39,564

¹Early Years Quality Fund Special Account
Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.
Establishing Instrument: *Early Years Quality Fund Special Account Act 2013*, section 5.

Purpose: To provide funding to approved centre based long day care services to be used exclusively for paying remuneration and other employment-related costs and expenses in relation to employees in the early childhood education and care sector. As at 1 July 2018 \$42.1 million was quarantined pending return to the OPA.

²Overseas Students Tuition Fund
Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.
Establishing Instrument: *Education Services for Overseas Students Act 2000*, taking into account amendments to *Education Services for Overseas Students Legislation Amendment (Tuition Protection Services and Other Measures) Act 2012*, section 52A.

Purpose: For expenditure in connection with assisting international students whose education providers are unable to deliver their course of study in full.

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

H2.6: Special Accounts ('Recoverable GST exclusive') for the period 1 July 2019 to 30 June 2020

	Services for Other Entities and Trust Moneys ¹	
	2020 \$'000	2019 \$'000
Balance as at 1 July (represented by cash held in the OPA)	1,645	2,031
Increases		
Appropriation credited to special account	250	-
Receipts	858	1,616
Total increases	1,108	1,616
Available for payments	2,753	3,647
Decreases		
Payments made	(952)	(2,002)
Total decreases	(952)	(2,002)
Balance as at 30 June (represented by cash held in the OPA)	1,801	1,645

¹Services for Other Entities and Trust Moneys Special Account

Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78.

Establishing Instrument: *PGPA Act Determination (Education SOETM Special Account 2018)*, section 5.

Purpose: To disburse amounts held on trust or otherwise for the benefit of a person other than the Commonwealth; in connection with services performed for a corporate Commonwealth entity, Commonwealth company or other government; in connection with joint activities performed on behalf of another government, organisation or person; with an agreement between the Commonwealth and another government; and to repay amounts where a court order, Act or other law requires or permits the repayment of an amount received.

H2.7: Special Accounts ('Recoverable GST exclusive') for the period 1 July 2019 to 30 June 2020

	EIF Education Portfolio Special Account ¹		EIF Research Portfolio Special Account ²	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance as at 1 July (represented by cash held in the OPA)	-	-	-	-
Increases				
Appropriation credited to special account	-	2,000	-	-
Receipts	-	-	-	-
Total increases	-	2,000	-	-
Available for payments	-	2,000	-	-
Decreases				
Payments made	-	(2,000)	-	-
Total decreases	-	(2,000)	-	-
Balance as at 30 June (represented by cash held in the OPA)	-	-	-	-

¹EIF (Education Investment Fund) Education Portfolio Special Account

Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing Instrument: *Nation-building Funds Act 2008*, section 181. Repealed by Schedule 2 Part 1 of the *Emergency Response Fund (Consequential Amendments) Act 2019*, effective date of 12 December 2019.

Purpose: To make grants of financial assistance to eligible higher education institutions in relation to capital expenditure and research facilities.

²EIF (Education Investment Fund) Research Portfolio Special Account

Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing Instrument: *Nation-building Funds Act 2008*, section 188. Repealed by Schedule 2 Part 1 of the *Emergency Response Fund (Consequential Amendments) Act 2019*, effective date of 12 December 2019.

Purpose: To make grants of financial assistance in relation to the creation and development of research Infrastructure.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

H2.8: Special Accounts ('Recoverable GST exclusive') for the period 1 January 2020 to 30 June 2020

	HELP Tuition Protection Fund ¹	
	2020 \$'000	2019 \$'000
Balance as at 1 January (represented by cash held in the OPA)	-	-
Increases		
Appropriation credited to special account	1,500	-
Total increases	<u>1,500</u>	<u>-</u>
Available for payments	<u>1,500</u>	<u>-</u>
Decreases		
Payments made	(72)	-
Total decreases	<u>(72)</u>	<u>-</u>
Balance as at 30 June (represented by cash held in the OPA)	<u><u>1,428</u></u>	<u><u>-</u></u>

¹HELP (Higher Education Loan Program) Tuition Protection Fund Special Account
 Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.
 Establishing Instrument: *Higher Education Support Act 2003*, Compilation No. 71, section 167-1, commenced 1 January 2020.

Purpose: (1) The purposes of the HELP Tuition Protection Fund are as follows:

- a) making payments in connection with tuition protection;
- b) paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the HELP Tuition Protection Director's functions, including in managing the HELP Tuition Protection Fund;
- c) paying any remuneration and allowances payable to the HELP Tuition Protection Director;
- d) paying any remuneration and allowances payable to the members of the HELP Tuition Protection Fund Advisory Board;
- e) paying any amount that is required or permitted to be repaid;
- f) reducing the balance of the Fund (and therefore the available appropriation for the Fund) without making a real or notional payment.

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

H3: Regulatory Charging

	2020	Education 2019	Employment 2019
H3.1: Regulatory charging summary	\$'000	\$'000	\$'000
Amounts applied			
Annual appropriation	33,261	20,165	-
Total amounts applied	33,261	20,165	-
Expenses			
Employee benefits	13,672	11,766	-
Supplier	8,405	9,803	-
Total expenses	22,077	21,569	-
External revenue			
Cost Recovery	1,383	1,404	-
Total external revenue	1,383	1,404	-
Amounts Refunded			
Act of grace payments ¹	10,912	-	-
Total amounts refunded	10,912	-	-

¹CRICOS fees and charges were refunded as part of the Government's COVID-19 support package.

	2020	Education 2019	Employment 2019
H3.2: Administered - Regulatory Charging	\$'000	\$'000	\$'000
Expenses			
Suppliers	20,339	6,575	-
Total expenses	20,339	6,575	-
External revenue			
Cost recovery	38,454	25,448	-
Total external revenue	38,454	25,448	-
Amounts written off	25	2	-

The department undertakes regulatory charging activities relating to:

- The Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS);
- Certain programs managed by Trades Recognition Australia (TRA);
- The VET Student Loans (VSL) program; and
- Higher Education Loan Program (HELP).

Further information on the above activities is available at:

- CRICOS: www.internationaleducation.gov.au
- TRA: www.tradesrecognitionaustralia.gov.au
- VSL: www.education.gov.au
- HELP: www.studyassist.gov.au

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

I. People and Relationships

I1: Employee Provisions

	2020 \$'000	Education 2019 \$'000	Employment 2019 \$'000
<u>I1.1: Employee provisions</u>			
Annual and long service leave provisions	<u>155,402</u>	<u>75,677</u>	<u>84,253</u>
Total employee provisions	<u>155,402</u>	<u>75,677</u>	<u>84,253</u>

As required by AASB 119 *Employee Benefits*, the estimate of future cash outflows takes into account estimated attrition, probability factors, future salary rates and ancillary costs. In 2019-20, the Australian Government Actuary undertook an assessment of leave provisions taking into account the likely tenure of existing staff, patterns of leave claims and payouts, future salary movements and discount rates. The Australian Government Actuary confirmed their assessment on 11 June 2020.

Liabilities for short-term employee benefits expected to be paid within 12 months of the end of reporting period are measured at the one year Commonwealth Government bond rate of 0.24 per cent (2019: 0.98 per cent). Liabilities for long term employee benefits are discounted using the 10 year Commonwealth Government bond rate of 0.87 per cent (2019: 1.32 per cent).

No provision has been made for personal leave as all personal leave is non-vesting and the average personal leave taken in future years by employees of the department is estimated to be less than the annual entitlement.

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for separation and redundancy based on AASB 119 for those employees affected.

Employees of the department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other elected defined contribution schemes. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered financial statements. The department makes employer contributions to defined benefit superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government. The department accounts for the contributions as if they were contributions to defined contribution plans. The payable for superannuation recognised at 30 June represents outstanding contributions owed by the department to the superannuation schemes. Note F3.2 refers.

I1.2 Administered employee provisions

Employee benefits expense during the year relates to staff hired under Higher Education Loan Program, VET Student Loans and Indigenous Employment Strategy programs to expand the existing Tuition Protection Scheme for international students to provide similar protection to domestic students from 1 January 2020. Please refer to above Note I1.1 for accounting policies related to employee benefits.

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

I2: Key management personnel remuneration (KMP)

I2.1: KMP remuneration the Department for the period 1 July 2019 to 30 June 2020

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the department. The department has determined the KMP to be the Portfolio Minister, the Secretary, and the Deputy Secretaries. Other senior executives may at times act in one of these positions for a short period of time during the year. These officers are not reported as KMP unless they have acted in the position for more than three consecutive months.

	2020	Education 2019
	\$'000	\$'000
Short-term employee benefits	2,865	2,531
Post-employment benefits	441	397
Other long-term employee benefits ¹	196	145
Termination benefits	717	-
Total key management personnel remuneration expenses	4,219	3,073

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

The above table includes the remuneration for ten officers (three for the full period and seven for part of the period) occupying KMP positions for the department during the year (2018-19: nine). The remuneration and benefits for the Portfolio Minister are excluded from the table as they are set by the Remuneration Tribunal and are not paid by the department.

I2.2: KMP remuneration Employment for the period 1 July 2019 to 31 January 2020

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the department. The department has determined the KMP to be the Portfolio Minister, the Secretary, and the Deputy Secretaries. Other senior executives may at times act in one of these positions for a short period of time during the year. These officers are not reported as KMP unless they have acted in the position for more than three consecutive months.

	2020	Employment 2019
	\$'000	\$'000
Short-term employee benefits	1,057	1,799
Post-employment benefits	157	280
Other long-term employee benefits ¹	16	67
Termination benefits	667	-
Total key management personnel remuneration expenses	1,897	2,146

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

The above table includes the remuneration for four officers (three for the full period and one for part of the period) occupying KMP positions for Employment for the period 1 July 2019 to 31 January 2020 (2018-19: six) and is included in note I2.1. The remuneration and benefits for the Portfolio Minister are excluded from the table as they are set by the Remuneration Tribunal and are not paid by the department.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

13: Related party disclosures

The department is an Australian Government controlled entity. Related parties to the department are KMP as described in note 12.

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of child care subsidies or higher education loans which are not included in this note.

Transactions with entities where KMP have an interest

Several of the department's KMP are members of the board of directors for a number of educational institutions and councils. During 2019-20 and 2018-19, the department purchased services from these entities in relation to the:

- Support of quality teaching and school leadership
- Collection of data, development and delivery of research studies, questionnaires and assessments.

All purchases were conducted under normal terms and conditions.

	2020	Education 2019	Employment 2019
	\$'000	\$'000	\$'000
13.1: Related party disclosures			
Expenses			
Supplier expenses	703	382	-
Total expenses	703	382	-
Payables			
Supplier payables	-	40	-
Total payables	-	40	-

13.2: Administered - Related Party Disclosures

Expenses			
Supplier expenses	14,949	-	-
Grant expenses	19,533	14,060	-
Total expenses	34,482	14,060	-
Payables			
Supplier payables	-	1,294	-
Total payables	-	1,294	-

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

J. Managing Uncertainties

J1: Contingent Assets and Liabilities

J1.1: Departmental contingent assets and liabilities

Departmental contingent assets and liabilities are not recognised in the statement of financial position. They may arise from uncertainty as to the existence of an asset or liability or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Quantifiable contingencies

There were no departmental quantifiable contingent assets or liabilities as at 30 June 2020 (2019: nil).

Unquantifiable contingencies

As at 30 June 2020, the department had unquantifiable contingent assets in respect of three litigation matters (2019: three). These contingent assets relate to costs awarded to the department, however it is not possible to estimate the amounts to be received at 30 June 2020.

As at 30 June 2020, the department had unquantifiable contingent liabilities in respect to three litigation matters (2019: three). These contingent liabilities relate to potential costs to be paid by the department, however it is not possible to estimate the amounts owed at 30 June 2020.

J1.2: Administered contingent assets and liabilities

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

Quantifiable contingencies

As at 30 June 2020, there were three contingent assets totalling \$155.3 million (2019: \$58.9 million) and a contingent liability of \$315.3 million (2019: \$216.3 million), predominantly arising from the Child Care Subsidy program's reconciliation process. The reconciliation process is dependent on the lodgement of the recipients' income tax return.

Following Machinery of Government changes announced on 29 May 2019, 2019-20 contingent assets and liabilities in respect of estimated payments and recoveries in relation to dividends for the General Employee Entitlements and Redundancy Scheme (GEERS) will be reported in the financial statements of AGD, (2019:\$1.9 million).

Unquantifiable contingencies

There is a potential financial risk to the Commonwealth in the event that compliance action results in student loan debts being remitted however the Commonwealth is unable to recover the payments from providers or tuition assurance operators where the provider has closed.

The Government continues to undertake compliance action, wherever appropriate under the legislation, to recover VET FEE-HELP (VFH) payments from providers who inappropriately enrolled students in units and courses for which they incurred a VFH debt. In 2019-20 the Commonwealth was awarded compensation related to VFH recoveries in the Federal Court, however the proof of debt has been provided to the liquidators and as such the amount to be received is unquantifiable.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

J2: Financial Instruments

Financial assets

The department classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'. Supplier and Grant payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

	2020	Education 2019	Employment 2019
	\$'000	\$'000	\$'000
J2.1: Categories of Financial instruments			
Financial assets at amortised cost			
Cash and cash equivalents	8,961	4,477	6,673
Goods and services receivable	27,190	6,875	5,973
Accrued revenue	1,833	469	-
Total financial assets at amortised cost	37,984	11,821	12,646
Total financial assets	37,984	11,821	12,646
Financial liabilities measured at amortised cost			
Supplier payables	41,838	21,293	24,369
Total financial liabilities measured at amortised cost	41,838	21,293	24,369
Total financial liabilities	41,838	21,293	24,369

The department has adopted the simplified approach for measuring the impairment loss allowance for these financial assets. This approach measures the loss allowance as the amount equal to the lifetime expected credit losses. Any amounts written off have been recognised as a reduction to the financial asset.

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

All payables are expected to be settled within 12 months except where indicated.

J2.2: Net Gains or Losses on Financial Assets

Financial assets at amortised cost			
Impairment of receivables - goods and services	(109)	(47)	(3)
Net gains/(losses) on financial assets at amortised cost	(109)	(47)	(3)
Net gains/(losses) on financial assets	(109)	(47)	(3)

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

	2020	Education 2019	Employment 2019
	\$'000	\$'000	\$'000
J2.3: Categories of financial instruments			
Financial assets at amortised cost			
Cash	85,696	85,041	37
Goods and services receivable	74,858	24,360	4,135
Total financial assets at amortised cost	160,554	109,401	4,172
Financial assets at fair value through other comprehensive income			
Investments	2,796,498	2,908,613	-
Total financial assets at fair value through other comprehensive income	2,796,498	2,908,613	-
Financial assets at fair value through profit or loss (designated)			
Concessional loans			
Higher Education Loans	46,338,891	49,975,099	-
Vocational student loans	4,294,661	-	439,487
Trade Support Loans	740,539	-	610,343
Child care loans	2	13	-
Total financial assets at fair value through profit or loss (designated)	51,374,093	49,975,112	1,049,830
Total financial assets	54,331,145	52,993,126	1,054,002
FINANCIAL LIABILITIES			
Financial liabilities measured at amortised cost			
Supplier payables	141,793	102,486	73,307
Grants payable	9,221	11,623	-
Total financial liabilities measured at amortised cost	151,014	114,109	73,307
Total financial liabilities	151,014	114,109	73,307
J2.4: Net gains or losses on financial assets			
Financial assets at amortised cost			
Interest revenue / expense	-	171	92
Write-down and impairment	(70,876)	(23,483)	(132)
Net gains/(losses) on financial assets at amortised cost	(70,876)	(23,312)	(40)
Investments in equity instruments at fair value through other comprehensive income (designated)			
Gains/(losses) recognised in equity	(112,115)	225,148	-
Net gains/(losses) on investments in equity instruments at fair value through other comprehensive income (designated)	(112,115)	225,148	-
Financial assets at fair value through profit or loss			
Interest revenue	721,174	1,115,229	11,055
Loan fee revenue	97,969	173,668	-
Trade Support Loans discount	(28,369)	-	(30,500)
Fair value gains/(losses)	(3,740,109)	5,593,868	96,131
Net gains/(losses) at fair value through profit or loss	(2,949,335)	6,882,765	76,686
Net gains/(losses) on financial assets	(3,132,326)	7,084,601	76,646

The financial assets measured at amortised cost are impaired according to AASB 9, wherein the lifetime expected credit losses are measured using the simplified approach. Transition to this approach did not result in any change to the impairment provision.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2020	Education 2019	Employment 2019
<u>J2.5: Financial instruments designated at fair value through profit or loss</u>	\$'000	\$'000	\$'000
FINANCIAL ASSETS			
Fair value changes due to credit risk			
During the period	(1,067,379)	(1,021,148)	(1,153)
Prior periods	<u>(15,907,831)</u>	<u>(14,704,770)</u>	<u>(19,962)</u>
Cumulative change	<u>(16,975,210)</u>	<u>(15,725,918)</u>	<u>(21,115)</u>
<u>J2.6: Credit risk</u>			
The financial assets measured at amortised cost are not exposed to a high level of credit risk and the department manages this risk by applying debt recovery policies and procedures. The risk of default on payments has been assessed and an impairment provision brought to account. Note J2.5 refers.			
The financial assets at fair value through other comprehensive income represent the Government's proportional interest in the net assets of the entities which are not exposed to a high level of credit risk. Note G1.3 refers.			
The financial assets at fair value through profit or loss are subject to annual fair value actuarial assessments which take into account the future income projections, pattern and timing of repayments and debt not expected to be repaid. Note G1.2 refers.			
<u>J2.7: Liquidity risk</u>			
The department is exposed to minimal liquidity risk and is appropriated funding from the Australian Government. The department manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the department has policies in place to ensure timely payments are made when due and has no past experience of default.			
<u>J2.8: Market risk (Interest rate)</u>			
The value of concessional loans held at fair value, such as Higher Education Loan Program, are also impacted by changes in market interest rates. For example, if the interest rates were to increase by 0.1%, the fair value of these loans would decrease by approximately 1%. However, interest rate changes will have no impact on the future cash flows or principal amounts at maturity.			

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

J3: Fair Value

J3.1: Fair value measurement of level 3 financial instruments

Fair value measurement as at 30 June

	2020 \$'000	Education	Employment	Level ²	Valuation technique ³	Inputs used
		2019 \$'000	2019 \$'000			
Financial assets						
Concessional loans						
Higher Education Loans	46,338,891	49,975,099	-	3	Loan conditions	Principal due
Vocational student loans	4,294,661	-	439,487	3	Loan conditions	Principal due
Trade Support Loans	740,539	-	610,343	3	Loan conditions	Principal due
Child care loans	2	13	-	3	Loan conditions	Principal due
Investments	2,796,498	2,908,613	-	3	Net assets of the entity	Net assets of the entity
Total¹	54,170,591	52,883,725	1,049,830			

¹The book value of these assets equals the fair value.

²There has been no transfer between levels during the period.

³The methods and valuation techniques used for the purpose of measuring fair value of assets in 2020 are unchanged from the previous reporting period.

J3.2: Movement in level 3 fair value measurement

	Financial assets					
	Concessional loans			Investments		
	2020 \$'000	Education 2019 \$'000	Employment 2019 \$'000	2020 \$'000	Education 2019 \$'000	
As at 1 July	51,024,942	40,276,522	919,694	2,908,613	2,683,465	
Total losses recognised in net cost of services	(2,680,329)	7,185,780	-	-	-	
Total gains recognised in comprehensive income	-	-	76,686	-	225,148	
Loans made	-	-	53,450	-	-	
Total administered restructure recognised	-	(919,694)	-	-	-	
Issues	6,879,549	6,790,064	-	-	-	
Settlements	(3,850,069)	(3,357,560)	-	-	-	
As at 30 June	51,374,093	49,975,112	1,049,830	2,908,613	2,908,613	

The opening balance includes \$1 billion (\$0.4 billion VET Student Loans and \$0.6 billion Trade Support Loans) relating to the abolished Department of Employment, Skills, Small and Family Business which was transferred to Department of Education, Skills, and Employment as part of the restructure.

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

K. Other Information

K1: Aggregate Assets and Liabilities

	2020	Education 2019	Employment 2019
	\$'000	\$'000	\$'000
K1.1: Aggregate assets and liabilities			
Assets expected to be recovered in:			
No more than 12 months	239,252	85,340	151,069
More than 12 months	660,376	83,070	195,825
Total assets	899,628	168,410	346,894
Liabilities expected to be recovered in:			
No more than 12 months	139,237	50,644	53,171
More than 12 months	453,310	63,323	76,631
Total liabilities	592,547	113,967	129,802

K1.2: Administered - aggregate assets and liabilities

Assets expected to be recovered in:			
No more than 12 months	4,501,162	3,787,885	90,739
More than 12 months	50,798,294	49,780,764	987,242
Total assets	55,299,456	53,568,649	1,077,981
Liabilities to be settled in:			
No more than 12 months	609,552	510,285	126,033
More than 12 months	7,194,624	7,445,818	-
Total liabilities	7,804,176	7,956,103	126,033

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

K2: Restructuring

K2.1: Departmental restructuring

Function	2020	2019
	Skills, Vocational Education and Training Functions Employment ¹	Skills, Vocational Education and Training Functions Education ²
Entity	\$'000	\$'000
FUNCTIONS ASSUMED		
Assets recognised		
Cash and cash equivalents (including cash held in the OPA for Special Accounts)	50,014	5,431
Trade and other receivables	125,808	-
Accrued revenue	5,238	-
Leasehold improvements	27,369	-
Infrastructure, plant and equipment	136,364	-
Intangibles	125,743	-
Prepayments	11,403	-
Total assets recognised	481,939	5,431
Liabilities recognised		
Other payables	14,215	1,342
Supplier payables	17,517	-
Leases	110,049	-
Employee provisions	87,239	-
Total liabilities recognised	229,020	1,342
Net assets recognised	252,919	4,089
Income assumed		
Recognised by the receiving entity	253,124	941
Recognised by the losing entity	-	5,340
Total income assumed	253,124	6,281
Expenses assumed		
Recognised by the receiving entity	285,580	2,260
Recognised by the losing entity	-	3,998
Total expenses assumed	285,580	6,258

¹Skills and vocational education functions and the Australian Skills Quality and Authority transferred to the Employment, Skills, Small and Family Business portfolio on 29 May 2019.

²The Student Identifiers Special Account and the Trades Recognition Australia regulatory charging activities were assumed by Employment (from Education) due to the AAO dated 29 May 2019. These balances had an effective transfer date of 29 May 2019. For additional information refer Note H2.1.

The net assets assumed from Employment in 2019-20 was \$252.919 million. This includes Departmental Capital Budget and Equity Injection and represents the full amount of assumed assets and liabilities at the time of agreement between the receiving and losing entities.

In respect of functions assumed, the net book values of assets and liabilities were transferred to the department for no consideration.

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

Function	2020			
	Skills, Vocational Education and Training Functions	Adult Migrant Education Program Functions ²	Industrial Relations Functions	Deregulation Functions
Entity	Employment ¹	Home Affairs ²	AGD ³	PMC ⁴
	\$'000	\$'000	\$'000	\$'000
FUNCTIONS RELINQUISHED				
Assets relinquished				
Trade and other receivables	14,749	674	13,064	172
Computer software	-	-	6,943	-
Total assets relinquished	14,749	674	20,007	172
Liabilities relinquished				
Supplier payables	150	-	10	-
Employee payables	-	-	-	11
Employee provisions	18,667	677	13,610	184
Total liabilities relinquished	18,817	677	13,620	195
Net assets / (liabilities) relinquished	(4,068)	(3)	6,387	(23)

¹During 2019-20, an AAO dated 29 May 2019 was issued transferring the Skills, Vocational, Education and Training functions from Education to Employment with an effective date of 31 July 2019.

²During 2019-20 an AAO dated 29 May 2019, transferred responsibility for the function AMEP to Home Affairs with an effective date of 1 July 2019.

³During 2019-20 an AAO dated 29 May 2019, transferred the Industrial Relations function from Employment to AGD with an effective date of 31 July 2019.

⁴During 2019-20 the Deregulation function was transferred to the PMC at the agreed date of 31 January 2020 following a decision by the Prime Minister on 4 December 2019.

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

Function	2020		2019	
	Small Business Functions	Non-child care BBF and CSP Functions	Non-child care BBF Functions	Skills, Vocational Education and Training Functions
Entity	DISER ¹	DSS ²	PMC ²	Employment ³
	\$'000	\$'000	\$'000	\$'000
FUNCTIONS RELINQUISHED				
Assets relinquished				
Cash and cash equivalents	-	-	-	5,431
Trade and other receivables	2,352	104	30	-
Leasehold improvements	516	-	-	-
Finance leases - right-of-use	811	-	-	-
Computer software	127	-	-	-
Total assets relinquished	3,806	104	30	5,431
Liabilities relinquished				
Finance principal payable - right-of-use	782	-	-	-
Other payables	-	-	-	1,342
Employee provisions	2,547	104	67	-
Other provisions	63	-	-	-
Total liabilities relinquished	3,392	104	67	1,342
Net assets / (liabilities) relinquished	414	-	(37)	4,089

¹Small business policy and programs functions were relinquished to DISER during 2020 due to the AAO issued 5 December 2019, with an effective date of 1 February 2020.

²The non-child care Budget Based Funded (BBF) and Community Support Programs (CSP) functions were relinquished to Department of Social Services (DSS) and PMC, respectively, through the 2018-19 Budget process. There were no transfers of administered assets or liabilities as a result of these restructures.

³Skills, Vocational, Education and Training functions were relinquished to Employment in 2019-20, with the exception of the Student Identifiers Special Account and associated other payables balances which were relinquished in 2018-19 due to the AAO of 29 May 2019.

The net assets relinquished to all entities in 2019-20 was \$2.7 million (2018-19: \$4.1 million).

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

K2.2: Administered restructuring		
Function	2020	2019
Entity	Skills, Vocational Education and Training Functions Employment¹	Skills, Vocational Education and Training Functions Education²
	\$'000	\$'000
FUNCTIONS ASSUMED		
Assets recognised		
Cash and cash equivalents	4,114	-
Receivables - Advances and Loans	-	919,694
Trade and other receivables	6,684,730	-
Prepayments	39	-
Total assets recognised	6,688,883	919,694
Liabilities recognised		
Supplier	29,570	-
Personal benefits	1,723	-
Grants	793	-
Other payables	14,344	-
Total liabilities recognised	46,430	-
Net assets recognised	6,642,453	919,694
Income assumed		
Recognised by the receiving entity	1,017,804	107,186
Recognised by the losing entity	-	-
Total income assumed	1,017,804	107,186
Expenses assumed		
Recognised by the receiving entity	2,287,338	30,500
Recognised by losing entity	-	-
Total expenses assumed	2,287,338	30,500

¹Skills and vocational education functions and the Australian Skills Quality Authority transferred to the Employment, Skills, Small and Family Business portfolio on 29 May 2019.

²Skills, Vocational, Education and Training functions were assumed from Education in 2018-19, due to the AAO of 29 May 2019.

The net assets were assumed from all entities \$6,642,453.

The net assets relinquished to all entities was \$5,313,162.

In respect of functions assumed, the net book values of assets and liabilities were transferred to the department for no consideration.

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

Function	2020		
	Skills, Vocational Education and Training Functions Employment ¹	Small Business Functions DISER ²	Industrial Relations Functions AGD ³
Entity	\$'000	\$'000	\$'000
FUNCTIONS RELINQUISHED			
Assets relinquished			
Cash and cash equivalents - special account	1,690	-	-
Receivables - Advances and Loans	5,347,276	-	-
Trade and other receivables	3,010	15	330
Prepayments	-	-	5,747
Total assets relinquished	5,351,976	15	6,077
Liabilities relinquished			
Supplier	31,837	1	3,436
Grant payables	9,236	395	1
Total liabilities relinquished	41,073	396	3,437
Net assets / (liabilities) relinquished	5,310,903	(381)	2,640

¹During 2019-20 and due to the AAO of 29 May 2019 the Skills annual policy and programs functions were relinquished to Employment, with an effective date of 1 July 2019.

Amendments to the AAO signed by the Governor General on 8 August 2019 relinquished responsibility for administering the *Higher Education Support Act 2003*, insofar as it relates to VET FEE-HELP assistance functions.

²During 2019-20 Small business functions were relinquished to DISER due to the AAO of 5 December 2019, with an effective date of 1 February 2020.

³Industrial Relations functions were relinquished to AGD during 2019 due to the AAO of 29 May 2019, with an effective date of 1 July 2019.

**Department of Education, Skills and Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Function	2019	
	Skills, Vocational Education and Training Functions	Industrial Relations
Entity	Employment ¹	AGD ²
	\$'000	\$'000
FUNCTIONS RELINQUISHED		
Assets relinquished		
Receivables - Advances and Loans	(919,694)	-
Trade, taxation and other receivables	-	33,909
Other investments	-	433,359
Total assets relinquished	(919,694)	467,268
Liabilities relinquished		
Suppliers	-	879
Subsidies	-	11,716
Personal benefits	-	436
Other payables	-	2,279,054
Total liabilities relinquished	-	2,292,085
Net assets / (liabilities) relinquished	(919,694)	(1,824,817)

¹As a result of the AAO issued on 29 May 2019, assets and liabilities relating to the Skills, Vocational, Education and Training functions were relinquished to Employment during 2019-20, with the exception of the Trade Support Loans and VET Student Loans which were relinquished in 2018-19.

²The Industrial Relations functions were relinquished to AGD during 2018-19 due to the AAO dated 29 May 2019. The net assets relinquished to all entities in 2019-20 was \$5,313.1 million (2018-19: (\$2.7) million).



05

Appendices

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Appendix A – Agency resource statement and expenses for outcomes

Further information on the department’s 2019–20 financial performance, including variance analysis, is available in Part 4 Financial Statements of this report.

Table A.1: Agency Resource Statement, 2019–20

	Actual available appropriations for 2019–20 \$'000	Payments made 2019–20 \$'000	Balance Remaining \$'000
Ordinary Annual Services			
Departmental appropriation			
Annual appropriations – ordinary annual services ^{1,2}	842,285	663,803	178,482
Annual appropriations – other services – non-operating ³	69,506	37,827	31,679
Total	911,791	701,630	210,161
Administered expenses			
Outcome 1	479,593	467,608	
Outcome 2	258,509	299,945	
Outcome 3	1,470,380	1,047,870	
Outcome 4	2,246,465	1,494,097	
Total	4,454,947	3,309,520	
Total ordinary annual services	5,366,738	4,011,150	

Table A.1: Agency Resource Statement, 2019–20 (continued)

	Actual available appropriations for 2019–20 \$'000	Payments made 2019–20 \$'000	Balance Remaining \$'000
Other services			
Administered expenses			
Specific payments to States, ACT, NT and local government			
Outcome 1	116,243	109,177	
Total	116,243	109,177	
Total other services	116,243	109,177	
Total available annual appropriations	5,482,981	4,120,327	
Special appropriations			
Special appropriations limited by criteria/entitlement			
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>		8,522,512	
<i>Australian Education Act 2013</i>		23,606,574	
<i>Higher Education Support Act 2003</i>		16,465,863	
<i>VET Student Loans Act 2016</i>		295,724	
<i>Trade Support Loans Act 2014</i>		214,089	
<i>Public Governance, Performance and Accountability Act 2013 – section 77</i>		42	
Total special appropriations		49,104,804	
Special Accounts			
Opening Balance	88,036		
Appropriation receipts	10,652		
Non-appropriation receipts to Special Accounts	3,172		
Payments made (through restructuring)		528	
Payments made		13,201	
Closing Balance			88,131
Total resourcing and payments	5,584,841	53,238,860	

Table A.1: Agency Resource Statement, 2019–20 (continued)

	Actual available appropriations for 2019–20 \$'000	Payments made 2019–20 \$'000	Balance Remaining \$'000
Less appropriations drawn from annual or special appropriations above and credited to special accounts	(10,652)	(10,652)	
and/or payments to corporate entities through annual appropriations	0	0	
Total net resourcing and payments for Education	5,574,189	53,228,208	

1. *Supply Act (No. 1) 2019–20, Appropriation Act (No. 1) 2019–20, Appropriation Act (No. 3) 2019–20 and Appropriation Act (No. 5) 2019–20.* This may also include prior-year departmental appropriation and section 74 external revenue.
2. Departmental capital budgets are not separately identified in the Supply Bill (No. 1) or Appropriation Bill (No.1, 3, 5) and form part of ordinary annual services items. For accounting purposes, this amount has been designated as a 'contribution by owner'.
3. *Supply Act (No. 2) 2019–20, Appropriation Act (No. 2) 2019–20 and Appropriation Act (No. 4).*

Table A.2: Expenses for Outcome 1, 2019–20

Outcome 1: Quality early learning and schooling. Improved early learning, schooling, student educational outcomes and transition to and from school, through access to quality child care support, effective parent engagement, quality teaching and learning environments.	Budget* 2019–20 \$'000 A	Actual expenses 2019–20 \$'000 B	Variation 2019–20 \$'000 A–B
Administered expenses			
Program 1.1: Support for the Child Care System			
Ordinary Annual Services (Supply Act No. 1, Appropriation Act Nos. 1, 3 and 5)			
Child Care Services Support	342,730	324,920	17,810
Jobs, Education and Training, Child Care Fee Assistance	0	(7,409)	7,409
Child Care Subsidy Communication Campaign	0	0	0
Special Account Expenses			
<i>Early Years Quality Fund Special Account Act 2013</i>	0	(230)	230
Services for Other Entities and Trust Monies (SOETM) – Child Care	0	138	(138)
Total for Program 1.1	342,730	317,419	25,311
Program 1.2: Child Care Subsidy			
Special Appropriations			
<i>A New Tax System (Family Assistance) (Administration) Act 1999</i>	8,317,163	8,049,485	267,678
Total for Program 1.2	8,317,163	8,049,485	267,678
Program 1.3: Government Schools National Support			
Other Services (Supply Act No. 2, Appropriation Act Nos. 2 and 4)			
Additional Support for Northern Territory	8,575	3,358	5,217
Special Appropriations			
<i>Australian Education Act 2013</i>	8,317,253	8,383,852	(66,599)
Total for Program 1.3	8,325,828	8,387,210	(61,382)

Table A.2: Expenses for Outcome 1, 2019–20 (continued)

Outcome 1: Quality early learning and schooling. Improved early learning, schooling, student educational outcomes and transition to and from school, through access to quality child care support, effective parent engagement, quality teaching and learning environments.	Budget* 2019–20 \$'000 A	Actual expenses 2019–20 \$'000 B	Variation 2019–20 \$'000 A–B
Program 1.4: Non-Government Schools National Support			
Other Services (Supply Act No. 2, Appropriation Act Nos. 2 and 4)			
Non-Government Representative Bodies	40,013	40,013	0
Special Circumstances Funding	22,997	31,511	(8,514)
Adjustment assistance	12,458	3,115	9,343
Special Appropriations			
<i>Australian Education Act 2013</i>	12,757,635	13,843,303	(1,085,668)
Total for Program 1.4	12,833,103	13,917,942	(1,084,839)
Program 1.5: Early Learning and Schools Support			
Ordinary Annual Services (Supply Act No. 1, Appropriation Act Nos. 1, 3 and 5)			
Australian Early Development Census	4,410	4,393	17
Australian Government Response to Teacher Education Ministerial Advisory Group	0	0	0
Boost the Learning for Life Program	18,400	21,400	(3,000)
Early Learning Languages Australia	5,021	5,021	0
Early Language Learning for Indigenous Children	2,030	2,030	0
Flexible Literacy Learning for Remote Primary Schools	1,800	1,740	60
Future Leaders Program	2,500	2,500	0
Grants and Awards	1,372	1,339	33
Helping Children with Autism	5,982	5,982	0
High Achieving Teachers Program	3,500	3,500	0
Inspiring all Australians in Digital Literacy and Science, Technology, Engineering and Mathematics (STEM)	15,350	16,371	(1,021)

Table A.2: Expenses for Outcome 1, 2019–20 (continued)

Outcome 1: Quality early learning and schooling. Improved early learning, schooling, student educational outcomes and transition to and from school, through access to quality child care support, effective parent engagement, quality teaching and learning environments.	Budget* 2019–20 \$'000 A	Actual expenses 2019–20 \$'000 B	Variation 2019–20 \$'000 A–B
Mental Health Support for School Communities and Early Childhood Services	4,000	4,000	0
National Assessment Reform	2,200	2,200	0
National Schools Reform	16,877	17,233	(356)
National School Resourcing Board	936	512	424
Quality Outcomes	37,997	38,461	(464)
Quality Schools – Communication	0	(31)	31
Science, Technology, Engineering and Mathematics	625	625	0
Teach for Australia	2,145	2,145	0
Universal Access	1,800	1,797	3
Delivering Respect Matters	1,500	363	1,137
Life Education – Being Healthy, Being Active	3,100	3,100	0
Attendance Strategies For Early Learning	642	642	0
Mathematics Massive Open Online Courses	1,046	1,046	0
Rural Inspire Initiative	500	500	0
National Phonics Check	2,200	2,200	0
Other Services (Supply Act No. 2, Appropriation Act Nos. 2 and 4)			
Literacy Support for Tasmanian Students	2,000	2,000	0
Local School Community Fund	30,200	30,200	0
Special Account Expenses			
SOETM – Students with Disabilities	0	203	(203)
SOETM – National School Reform Agreement State Contributions	0	416	(416)
Total for Program 1.5	168,133	171,888	(3,755)

Table A.2: Expenses for Outcome 1, 2019–20 (continued)

Outcome 1: Quality early learning and schooling. Improved early learning, schooling, student educational outcomes and transition to and from school, through access to quality child care support, effective parent engagement, quality teaching and learning environments.	Budget* 2019–20 \$'000 A	Actual expenses 2019–20 \$'000 B	Variation 2019–20 \$'000 A–B
Outcome 1 totals by appropriation type			
Administered expenses			
Ordinary Annual Services (Supply Act No.1 and Appropriation Act Nos. 1, 3 and 5)	478,663	456,580	22,083
Other services (Supply Act No. 2 and Appropriation Act Nos. 2 and 4)	116,243	110,197	6,046
Special Appropriations	29,392,051	30,276,640	(884,589)
Special Accounts	0	527	(527)
Departmental expenses			
Ordinary Annual Services (Supply Act No.1 and Appropriation Act Nos. 1, 3 and 5)	168,445	172,310	(3,865)
Expenses not requiring appropriation in the Budget year ¹	28,367	23,479	4,888
Total for Outcome 1	30,183,769	31,039,733	(855,964)
Average staffing level (number)	845	930	(85)

* Full-year budget, including any subsequent adjustment made to the 2019–20 budget at Additional Estimates.

1. Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses and resources received free of charge.

Table A.3: Expenses for Outcome 2, 2019–20

Outcome 2: Quality higher education, international education and international quality research. Promote growth in economic productivity and social wellbeing through access to quality higher education, international education and international quality research.	Budget* 2019–20 \$'000 A	Actual expenses 2019–20 \$'000 B	Variation 2019–20 \$'000 A–B
Administered expenses			
Program 2.1: Commonwealth Grant Scheme			
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Cluster Fund and Place Loadings	7,080,624	7,062,629	17,995
Regional Loading	74,426	74,426	0
Total for Program 2.1	7,155,050	7,137,055	17,995
Program 2.2: Higher Education Superannuation Program			
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Higher Education Superannuation Program	134,647	151,244	(16,597)
Total for Program 2.2	134,647	151,244	(16,597)
Program 2.3: Higher Education Support			
Ordinary Annual Services (Supply Act No. 1, Appropriation Act Nos. 1, 3 and 5)			
General Sir John Monash Foundation	10,000	10,000	0
National Disability Coordination Officer	4,370	4,343	27
Quality Indicators for Learning and Teaching	8,935	7,772	1,163
Rural and Regional Enterprise Scholarships	17,753	10,248	7,505
Tertiary Learning Repository	1,886	1,863	23
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Central Coast Health and Wellbeing Precinct	2,500	500	2,000
Collaboration Pilots – Industry 4.0	1,907	0	1,907
Collaboration Pilots – Naval Shipbuilding	1,096	1,001	95
Disability Support Program	7,712	7,648	64

Table A.3: Expenses for Outcome 2, 2019–20 (continued)

Outcome 2: Quality higher education, international education and international quality research. Promote growth in economic productivity and social wellbeing through access to quality higher education, international education and international quality research.	Budget* 2019–20 \$'000 A	Actual expenses 2019–20 \$'000 B	Variation 2019–20 \$'000 A–B
Higher Education Partnerships and Participation Program	119,668	112,543	7,125
Improved Support for Regional Universities	11,060	7,316	3,744
Jobs and Growth in Tasmania	8,000	8,000	0
National Institutes	226,728	226,712	16
Quality Initiatives	512	512	0
Supporting more women into STEM Careers (Australian Mathematical Sciences Institute intern)	10,200	7,216	2,984
Teaching Awards – Universities Australia	600	600	0
Hellenic Chair in Global Diasporas	0	2,500	(2,500)
Special Account Expenses			
Education Investment Fund – Higher Education	0	0	0
Total for Program 2.3	432,927	408,774	24,153
Program 2.4: Higher Education Loan Program			
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Higher Education Loan Program	1,009,794	2,592,222	(1,582,428)
Special Account Expenses			
HELP Tuition Protection Fund	945	72	873
Total for Program 2.4	1,010,739	2,592,294	(1,581,555)
Program 2.5 Investment in Higher Education Research			
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Research Support Program	902,062	902,062	0
Research Training Program	1,036,328	1,036,328	0
Total for Program 2.5	1,938,390	1,938,390	0

Table A.3: Expenses for Outcome 2, 2019–20 (continued)

Outcome 2: Quality higher education, international education and international quality research. Promote growth in economic productivity and social wellbeing through access to quality higher education, international education and international quality research.	Budget* 2019–20 \$'000 A	Actual expenses 2019–20 \$'000 B	Variation 2019–20 \$'000 A–B
Program 2.6 Research Capacity			
Ordinary Annual Services (Supply Act No. 1, Appropriation Act Nos. 1, 3 and 5)			
National Collaborative Research Infrastructure Strategy	179,905	179,905	0
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
Academic Centres of Cyber Security Excellence	488	488	0
Collaboration Pilots – Warrnambool Hydrogen Transition Centre	1,000	500	500
Collaboration Pilots – Nowra Agribusiness Innovation Hub	1,000	500	500
Higher Education Research Promotion	5,058	5,057	1
Stawell Underground Physics Laboratory	2,675	1,300	1,375
Total for Program 2.6	190,126	187,750	2,376
Program 2.7 International Education Support			
Ordinary Annual Services (Supply Act No. 1, Appropriation Act Nos. 1, 3 and 5)			
International Education Support	34,160	33,903	257
Special Account Expenses			
Overseas Student Tuition Fund	7,644	3,889	3,755
SOETM – Cheung Kong	0	126	(126)
Total for Program 2.7	41,804	37,918	3,886

Table A.3: Expenses for Outcome 2, 2019–20 (continued)

Outcome 2: Quality higher education, international education and international quality research. Promote growth in economic productivity and social wellbeing through access to quality higher education, international education and international quality research.	Budget* 2019–20 \$'000 A	Actual expenses 2019–20 \$'000 B	Variation 2019–20 \$'000 A–B
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary Annual Services (Supply Act No.1 and Appropriation Act Nos. 1, 3 and 5)	257,009	248,034	8,975
Special Appropriations	10,638,085	12,201,304	(1,563,219)
Special Accounts	8,589	4,087	4,502
Departmental expenses			
Ordinary Annual Services (Supply Act No. 1 and Appropriation Act No. 1 and Act No. 3)	97,319	110,054	(12,735)
Expenses not requiring appropriation in the Budget year ¹	29,385	16,336	13,049
Total for Outcome 2	11,030,387	12,579,815	(1,549,428)
Average staffing level (number)	444	480	(36)

* Full-year budget, including any subsequent adjustment made to the 2019–20 budget at Additional Estimates.

1. Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses and resources received free of charge.

Table A.4: Expenses for Outcome 3, 2019–20

Outcome 3: Quality skills and training. Promote growth in economic productivity and social wellbeing through access to quality skills and training.	Budget* 2019–20 \$'000 A	Actual expenses 2019–20 \$'000 B	Variation 2019–20 \$'000 A–B
Program 3.1 Building Skills and Capability			
Sub-Program 3.1.1: Industry Competitiveness			
Ordinary Annual Services (Supply Act No. 1, Appropriation Act Nos. 1, 3 and 5)			
Industry Skills Fund	0	0	0
National Workforce Development Fund	0	0	0
Total component 3.1.1	0	0	0
Sub-Program 3.1.2: Skills Development			
Ordinary Annual Services (Supply Act No. 1, Appropriation Act Nos. 1, 3 and 5)			
Australian Apprenticeship Centres	189,447	141,471	47,976
Australian Apprenticeships Incentives Program	404,783	725,891	(321,108)
Trade Recognition Australia	29,361	20,338	9,023
South Australian Enterprise Scholarships	2,482	2,059	423
Rollout Skills Checkpoint for Older Workers Program	3,929	4,202	(273)
Commonwealth Scholarships Program for Young Australians	2,882	1,662	1,220
VET Information Strategy	1,606	1,537	69
Industry Training Hubs	1,282	13	1,269
Additional Identified Skills Shortages Payment	1,112	0	1,112
National Rugby League's VET Apprenticeship Awareness Program	350	350	0
Industry Specialist Mentoring for Australian Apprentices	0	(295)	295
Special Appropriations			
<i>Trade Support Loans Act 2014</i>			
Trade Support Loans	35,301	46,674	(11,373)
Special Account Expenses			
Growth Fund Skills and Training	22,348	1,484	20,864
Total component 3.1.2	694,883	945,386	(250,503)

Table A.4: Expenses for Outcome 3, 2019–20 (continued)

Outcome 3: Quality skills and training. Promote growth in economic productivity and social wellbeing through access to quality skills and training.	Budget* 2019–20 \$'000 A	Actual expenses 2019–20 \$'000 B	Variation 2019–20 \$'000 A–B
Sub-Program 3.1.3: Access to Training			
Ordinary Annual Services (Supply Act No. 1, Appropriation Act Nos. 1, 3 and 5)			
National Career Education Strategy	500	500	0
Adult Migrant English Program	0	(1,471)	1,471
Skills for Education and Employment Program	90,964	83,874	7,090
Foundation Skills for Your Future	7,139	0	7,139
Remote Communities Pilots – Foundation Skills for Your Future	1,622	0	1,622
Total component 3.1.3	100,225	82,903	17,322
Sub-Program 3.1.4: Support for the National Training System			
Ordinary Annual Services (Supply Act No. 1, Appropriation Act Nos. 1, 3 and 5)			
Industry Workforce Training	39,218	28,226	10,992
My Skills Website	569	586	(17)
National Centre for Vocational Education Research	696	696	0
National Training System Commonwealth Own-Purpose Expenses (COPE)	34,907	31,948	2,959
Australian Industry and Skills Committee	1,512	1,513	(1)
Licensing of International Vocational Education and Training (VET) Courses	1,193	213	980
Integrated Information Service	1,774	1,271	503
National Career Institute and Ambassador	429	401	28
National Skills Commission	4,065	3,718	347
Skills Organisation Pilots	12,818	9,875	2,943
Special Account Expenses			
SOETM – National Training System COPE VET employer survey	0	3	(3)
Total component 3.1.4	97,181	78,450	18,731

Table A.4: Expenses for Outcome 3, 2019–20 (continued)

Outcome 3: Quality skills and training. Promote growth in economic productivity and social wellbeing through access to quality skills and training.	Budget* 2019–20 \$'000 A	Actual expenses 2019–20 \$'000 B	Variation 2019–20 \$'000 A–B
Mid-Career Checkpoint	5,000	129	4,871
Skills Communication Campaign	7,087	222	6,865
Total for Program 3.1	904,376	1,107,090	(202,714)
Program 3.2: VET Student Loans			
Special Appropriations			
<i>Higher Education Support Act 2003</i>			
VET FEE-HELP	0	1,047,761	(1,047,761)
<i>VET Student Loans Act 2016</i>			
VET Student Loans	120,797	144,646	(23,849)
Special Account Expenses			
VSL Tuition Protection Fund	2,542	72	2,470
Total for Program 3.2	123,339	1,192,479	(1,069,140)
Outcome 3 totals by appropriation type			
Administered expenses			
Ordinary Annual Services (Supply Act No.1 and Appropriation Act Nos. 1, 3 and 5)	846,727	1,058,929	(212,202)
Special Appropriations	156,098	1,239,081	(1,082,983)
Special Accounts	24,890	1,559	23,331
Departmental expenses			
Ordinary Annual Services (Supply Act No.1 and Appropriation Act Nos. 1, 3 and 5)	121,572	98,677	22,895
Special Accounts	5,837	7,125	(1,288)
Expenses not requiring appropriation in the Budget year ¹	5,835	28,094	(22,259)
Total for Outcome 3	1,160,959	2,433,465	(1,272,506)
Average staffing level (number)	587	624	(37)

* Full-year budget, including any subsequent adjustment made to the 2019–20 budget at Additional Estimates.

1. Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses and resources received free of charge.

Table A.5: Expenses for Outcome 4, 2019–20

Outcome 4: Employment and jobs. Foster a productive and competitive labour market through policies and programs that assist job seekers into work and meet employer needs.	Budget* 2019–20 \$'000 A	Actual expenses 2019–20 \$'000 B	Variation 2019–20 \$'000 A–B
Administered expenses			
Program 4.1 Employment Services			
Ordinary Annual Services (Supply Act No. 1, Appropriation Act Nos. 1, 3 and 5)			
jobactive	1,269,287	1,257,435	11,852
Empowering Youth Initiatives	50	(743)	793
Transition to Work	138,301	116,996	21,305
Time to Work	3,257	2,461	796
ParentsNext	83,203	86,679	(3,476)
Jobs Communication Campaign	323	323	0
Skills and Training Incentive	6,535	3,103	3,432
Entrepreneurship Facilitators	5,027	4,915	112
Regional Employment Trials	9,465	7,795	1,670
Career Revive Initiative	500	500	0
Total for Program 4.1	1,515,948	1,479,464	36,484
Outcome 4 totals by appropriation type			
Administered expenses			
Ordinary Annual Services (Supply Act No. 1, Appropriation Act Nos. 1, 3 and 5)	1,515,948	1,479,464	36,484
Special Appropriations	0	0	0
Special Accounts	0	0	0

Table A.5: Expenses for Outcome 4, 2019–20 (continued)

Outcome 4: Employment and jobs. Foster a productive and competitive labour market through policies and programs that assist job seekers into work and meet employer needs.	Budget* 2019–20	Actual expenses 2019–20	Variation 2019–20
	\$'000	\$'000	\$'000
	A	B	A–B
Departmental expenses			
Ordinary Annual Services (Supply Act No.1 and Appropriation Act Nos. 1, 3 and 5)	299,210	300,582	(1,372)
Expenses not requiring appropriation in the Budget year ¹	70,361	68,647	1,714
Total for Outcome 4	1,885,519	1,848,693	36,826
Average staffing level (number)	1,511	1,292	219

* Full-year budget, including any subsequent adjustment made to the 2019–20 budget at Additional Estimates.

1. Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses and resources received free of charge.

Appendix B – Annual Report of the Trade Support Loans program

Based on the requirements set out in the *Trade Support Loans Act 2014*, this report provides a summary of the administrative operation of the Trade Support Loans (TSL) program from 1 July 2019 to 30 June 2020.

Overview

The Australian Government's TSL program provides Australian apprentices with access to an income-contingent loan over the course of their apprenticeship.

It meets the Government's commitment to deliver improved productivity and competitiveness to the Australian economy by ensuring there are highly skilled individuals in priority trades where there are skills shortages.

The program provides financial support to eligible Australian apprentices to help with expenses associated with living, learning and completing an apprenticeship, and helps them focus on completing their trade qualification. To be eligible for TSL payments, Australian apprentices must:

- live in Australia and be an Australian citizen, or the holder of a permanent visa
- be undertaking one or more of the following:
 - Certificate III or IV qualification that leads to an occupation on the TSL priority list
 - Certificate II, III or IV agricultural qualification specified on the TSL priority list
 - Certificate II, III or IV horticulture qualification specified on the TSL priority list, while working in rural or regional Australia
- meet the eligibility criteria outlined in the TSL program guidelines.

Governance

The program is governed by the *Trade Support Loans Act 2014*. Two legislative instruments are in place to administer the program. The:

- Trade Support Loans Rules 2014, which provide for matters relating to qualification for trade support loans, granting loans, application forms and other matters
- Trade Support Loans Priority List 2014, which is established and maintained by the Minister for Employment, Skills, Small and Family Business to determine occupations or qualifications that the Minister considers a high priority.

The Australian Apprenticeship Support Network (AASN), Department of Education, Skills and Employment, and Australian Taxation Office jointly deliver the TSL.

Operation of the program

Under the TSL, apprentices apply for a loan through their local AASN provider. Monthly instalment amounts depend on which year of their apprenticeship they are in. The loan amounts are highest in the early years of training to support apprentices while their wages are lower. Apprentices who successfully complete their apprenticeship will have their loan reduced by 20 per cent.

TSL payment rates

The TSL lifetime limit is set at \$21,078 for 2019–20. The yearly and monthly instalment rates for Australian apprentices for 2019–20 are shown in Table B.1.

Table B.1: TSL payment rates, 2019–20

Apprentice year	Yearly rate (\$)	Monthly instalment rate (\$)
First	8,431	702.62
Second	6,324	526.96
Third	4,216	351.31
Fourth	2,108	175.65

Apprentices repay TSL through the taxation system when their income reaches the minimum income threshold. The threshold in 2019–20 was \$45,880. Apprentices may also choose to make voluntary payments on the loan before they reach the repayment threshold. TSL debts are indexed annually in-line with the Consumer Price Index.

Performance information

The TSL is in its sixth year and continues to provide eligible apprentices with substantial support, helping them with the costs of living and learning while undertaking an apprenticeship.

From program commencement to 30 June 2020, the department:

- received and processed 124,273 successful TSL applications
- made \$1,031 million in payments to eligible apprentices.

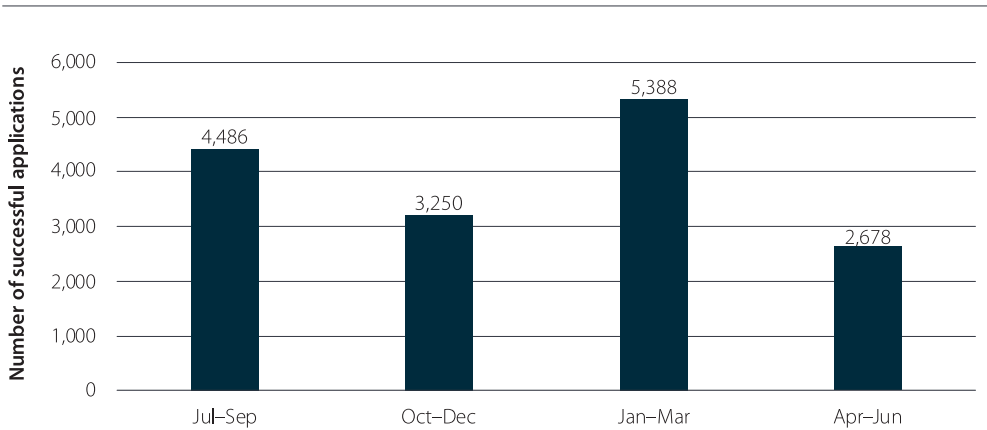
In 2019–20, the department:

- received and processed 15,802 TSL applications
- applied a completion discount to 11,147 apprentices who successfully completed their apprenticeship.

There were 54,077 Australian apprentices who received a trade support loan payment during 2019–20.

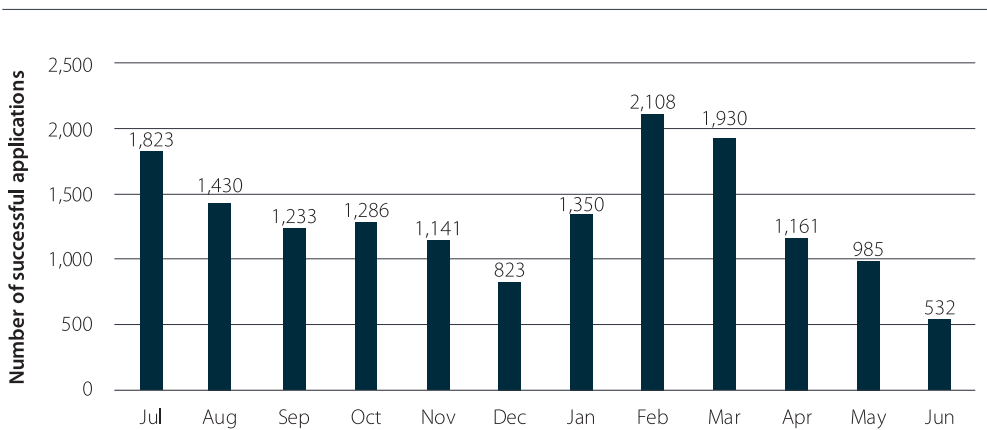
Figures B.1 to B.6 detail the number of successful TSL applications received by quarter, calendar month, apprenticeship stage, state and territory, and age, as well as the number of trade support loan payments made by quarter.

Figure B.1: Number of successful trade support loan applications received by quarter, 2019-20



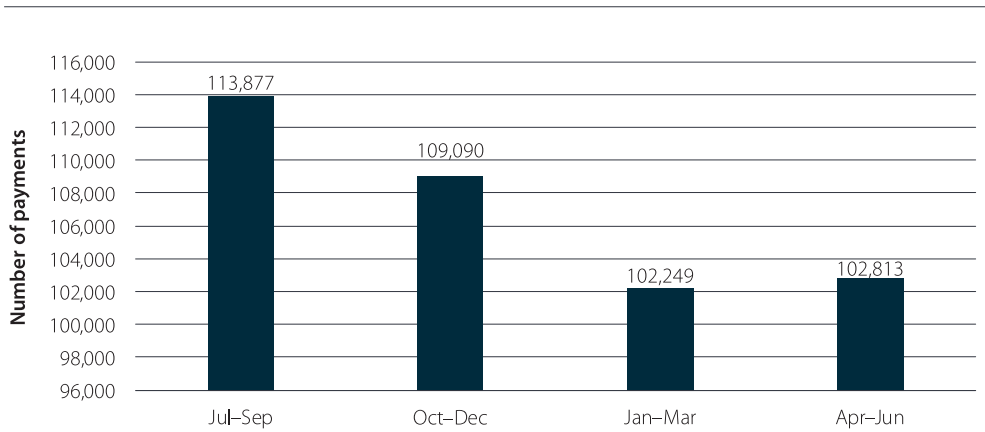
Data source: Training and youth internet management system as at 2 July 2020.

Figure B.2: Number of successful trade support loan applications received by month, 2019-20



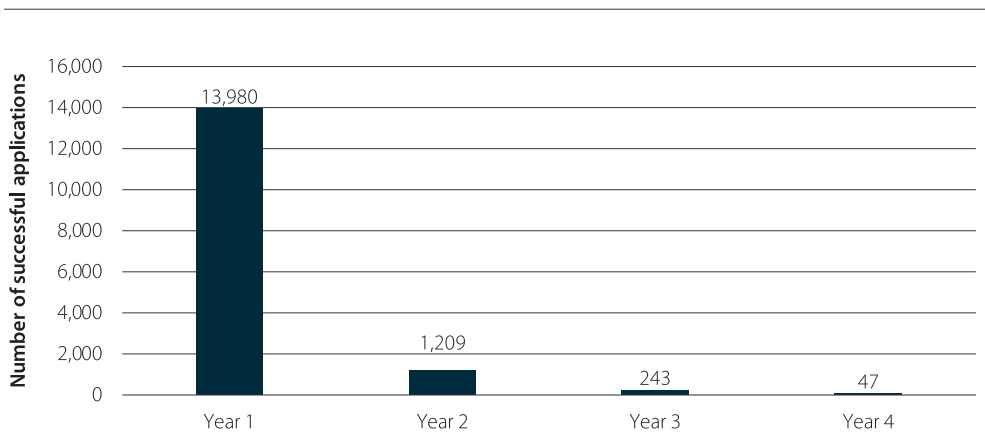
Data source: Training and youth internet management system as at 2 July 2020.

Figure B.3: Number of trade support loan payments made by quarter, 2019–20



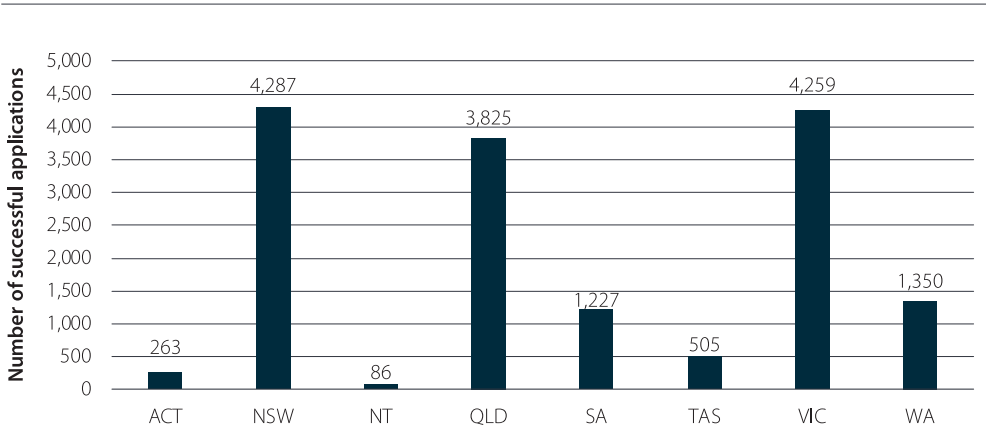
Data source: Training and youth internet management system as at 2 July 2020.

Figure B.4: Number of successful trade support loan applications received by apprenticeship stage, 2019–20



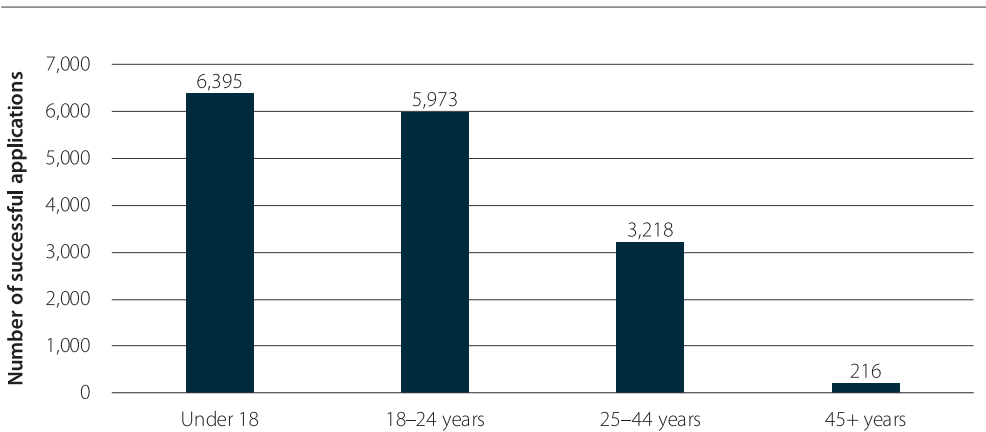
Data source: Training and youth internet management system as at 2 July 2020.

Figure B.5: Number of successful trade support loan applications received by state/territory, 2019–20



Data source: Training and youth internet management system as at 2 July 2020.

Figure B.6: Number of successful trade support loan applications received by age category, 2019–20



Data source: Training and youth internet management system as at 2 July 2020.

Appendix C – Annual Report of the Tuition Protection Service

The Tuition Protection Service (TPS) was established in 2012 to assist international students affected by the closure of an education provider. From 1 January 2020, TPS responsibilities have expanded to cover domestic students receiving income contingent loans through the Vocational Education and Training (VET) Student Loans (VSL) program or the Higher Education Loans Program (HELP) for students studying with non-government education providers.

The TPS helps students by:

- placing them into a similar course with an alternative institution
- providing a refund of tuition fees paid in advance for parts of the course that were not provided to the student
- crediting a student's HELP balance.

The TPS may also assist international students who have not started their course or withdrawn, and who are eligible for a refund of tuition fees paid in advance.

This report summarises TPS activities from 1 July 2019 to 30 June 2020, in compliance with the *Education Services for Overseas Students Act 2000* (ESOS Act). It includes:

- an assessment of issues affecting TPS operations
- the outlook for the year ahead
- any potential risks to the Overseas Students Tuition Fund (OSTF), the HELP Tuition Protection Fund and the VSL Tuition Protection Fund.

During the first half of 2019–20 the growth trend of previous years in international enrolments continued. A number of factors continued to make Australia an attractive destination for overseas students; Australia's education system was widely respected, and many countries had a favorable exchange rate with Australia.

The TPS was focused on the commencement of the two new tuition protection programs for domestic students, which came into effect on 1 January 2020. This involved the TPS team understanding the policies and procedures related to VET Student Loans and HELP, the relevant stakeholders and their priorities, and building the necessary capabilities to deliver the new programs.

At the commencement of new programs on 1 January 2020, there were:

- 138 non-exempt VSL providers with approximately 13,000 VSL students
- 81 non-exempt FEE HELP providers
- approximately 47,000 FEE HELP and HECS HELP approved students.

From early 2020, the TPS has been affected by COVID-19. Our focus shifted to managing the impact COVID-19 on Australia's international education sector and the TPS. This has involved working closely with key stakeholders and industry, and has required the TPS to develop and adapt its service delivery model to meet expected higher level of demand.

TPS governance

A statutorily appointed director and advisory board govern the TPS. The TPS Director is also the HELP Tuition Protection Director and the VSL Tuition Protection Director. Members of the TPS Advisory Board (the board) are also members of the newly established HELP Tuition Protection Fund Advisory Board and the VSL Tuition Protection Fund Advisory Board.

The board's primary functions are to advise the TPS Director on the risk-rated premium component and special tuition protection component of each of the three annual tuition protection levies. This includes for:

- institutions delivering education services to international students
- non-exempt providers offering income contingent loans to domestic students.

Expansion of the board membership to include expertise related to the two new programs is under consideration by the Minister for Education.

The Department of Education, Skills and Employment provides the secretariat to support the board and TPS Director. The TPS is also supported by an external service provider for student claim management services.

Tuition Protection Levies

The TPS is supported by three levies, one each for international, VET and higher education. The levies are used to administer the TPS and to build reserves in the OSTF, the VSL Tuition Protection Fund and the HELP Tuition Protection Fund. The three funds are managed separately.

In formulating the Tuition Protection Service levies settings, the advisory board and the TPS aim for an appropriate balance between:

- ensuring there are sufficient reserves in the relevant funds to meet potential demand
- the levy being reasonable for providers
- ensuring that accumulated reserves are not excessive.

In finding this balance, the board seeks advice from stakeholders across the sector, including peak industry bodies, regulators and the Australian Government Actuary. At 30 June 2020 the OSTF balance was \$37.4 million, which is within the board's strategic reserve target of \$35 million to \$60 million. Based on actuarial advice, the board reviews these targets each year and adjusts as necessary. For 2020, the TPS Advisory Board has set the:

- strategic reserve target for the VSL Tuition Protection Fund in the range of \$5.8 million to \$7.8 million
- HELP Tuition Protection Fund between \$11.6 million and \$13.9 million.

The board reviews this target each year and adjusts as necessary.

The board provided advice to the TPS Director on the international levy in October 2019 and on the levy settings for the risk-rated premium and tuition protection components for the 2020 domestic levies.

Due to the impact of COVID-19, the 2020 collection of the international TPS levy was delayed from the usual collection timing of April/May to a yet to be determined time later in 2020. The international levy collection will be an estimated \$7.15 million.

Levies for VET and higher education will be collected in the second half of 2020. Funds received will be paid into the VSL Tuition Protection Fund and the HELP Tuition Protection Fund. The two new funds were established on 1 January 2020 with seed funding provided (repayable) by the Government. The balance of the VSL Tuition Protection Fund at 30 June 2020 was \$2.93 million. The balance of the HELP Tuition Protection Fund at 30 June 2020 was \$1.43 million.

Working with stakeholders

During the first half of 2020, the TPS consulted with domestic VSL and HELP stakeholders to introduce the TPS and the levies framework.

The TPS adopted flexible arrangements to minimise the impact on stakeholder engagement from COVID-19 including the use of virtual meetings. Most VSL and HELP stakeholder sessions in 2020 were held online in response to COVID-19 restrictions.

TPS maintains close working relationships with education regulators to ensure it can respond to regulatory action and achieve timely and appropriate outcomes for students.

The TPS also works closely with the Overseas Students Ombudsman (OSO) to resolve disputes between providers and international students over payment of tuition fee refunds. In 2019–20, the OSO referred several cases to the TPS where a student was eligible for assistance. The TPS is also working with the VET Student Loans Ombudsman (VSLO) on complaints from domestic students.

The TPS works closely with the three policy areas in the Department of Education, Skills and Employment, providing feedback on implementing each of the tuition protection schemes and to inform future policy development.

Outlook

The growth trend of the past 5–6 years in international education has been interrupted by global travel and border restrictions. The reduction in international student new commencements has created financial viability risk for providers.

This risk has not been realised to date in large part due to the Australian Government's measures to support the economy and the sector. Many international students were already in the country when the Government brought in border restrictions, initially for China and later for the rest of the world. Support mechanisms were quickly put in place, such as JobKeeper and waivers for international education providers' regulatory fees and charges. These have mitigated some of the negative impact on the financial sustainability of providers.

Nevertheless, continued travel restrictions into 2021 could see international education providers facing increasing hardship, as graduating international students are unable to be replaced by inbound international students. Increased interest in education from domestic students may provide a buffer for some providers who have historically relied on large international student numbers.

In response to COVID-19 and the Government's requirements, many providers moved to online teaching. While it is estimated that 80 per cent of overseas students were already in Australia when the COVID-19 pandemic was declared, that number continues to drop as a result of border closures and course completions. Any prolonged shift to online learning may result in students (domestic or international) deferring their studies. International Student deferrals in March and April 2020 have increased almost ten-fold from 2018–19 levels. Student visa applications in January 2020 fell by 94 per cent during the same period in 2019 however in May 2020, this trend had slowed to 36 per cent of the number received in May 2019.

The TPS has worked closely with stakeholders to monitor financial viability during the COVID-19 pandemic. This has allowed the TPS to review its procedures and undertake contingency planning to manage demand on its services. At 30 June 2020, there were few closures as a direct result of COVID-19.

No reportable actions were undertaken by the TPS for domestic students under the interim tuition assurance arrangements to 30 June 2020, and responsibility for the remaining activities around the interim tuition assurance arrangements returned to the department after 30 June 2020.

Tuition Protection Service Administrator

The TPS is supported by an external service provider to manage closures and resultant student claims.

In early 2020, the TPS approached the market through an open tender to engage the Tuition Protection Service Administrator, an external service provider that manages cases and claims for students affected by education provider closures. After an assessment and evaluation of tender responses, the TPS contracted Vincents Chartered Accountants for a period of three years.

Tuition Protection Service placement and payment activity

The TPS delivers a service that is professional, responsive and transparent.

Since its inception on 1 January 2020, there have been no VSL or HELP provider defaults to 30 June 2020. The TPS also continued to assist domestic students eligible for assistance under the department's interim tuition assurance arrangements that ceased on 31 December 2019.

Over the 12 months to 30 June 2020, 19 Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) providers defaulted, which displaced more than 4,000 international students. Eight of these providers defaulted following action by the regulator, and the remaining 11 defaults were the result of business failure.

Only 12 of these 19 CRICOS provider defaults required TPS activations. In 2019–20, the TPS made 942 placements or refunds to international students. The number of calls relates to the number of enrolments against which a call was made. As many students had more than one enrolment—sometimes several—the number of calls on the international OSTF is higher than the number of displaced students who received payments. Tables C.1 and C.2 show the time taken by the TPS to place students and make payments from the OSTF in 2019–20.

Table C.1: Time taken by the Tuition Protection Service to place students, 2019–20

Number of students placed	Within 30 days	Over 30 days	Total
International	127	0	127

A total of 620 students went to providers directly and then elected to have their refund payment paid to their new provider or to themselves (815 such payments were made in 2019–20; see Table C.2). Also, many of the students who received a refund from the TPS went on to continue their studies in Australia.

Table C.2: Time taken to make payments from the Overseas Students Tuition Fund, 2019–20

Payments made during 2019–20	Refunds to students		Total paid \$'000
	Within 30 days	31 days and over	
International	733	82	2,462

Note: Payments relate to students who were paid in 2019–20, regardless of when provider default took place.

Table C.3: Financial status of the Overseas Students Tuition Fund, 2019–20

	\$'000
Opening balance at 1 July 2019	40,635
TPS annual levy collected	27
Other revenue collected	716
Total revenue	743
Student and provider payments	3,059
TPS administrator services	755
Other operational/administrative expenses	149
Total expenditure	3,963
Balance as at 30 June 2020	37,415

I would like to take this opportunity to thank the chair of the board, Ms Helen Zimmerman, and members of the board for their support, advice and guidance over the past 12 months.

Vipan Mahajan

Director

Tuition Protection Service

Appendix D – Annual Report of the Student Identifiers Registrar

About the USI

Since 2015, all students in the vocational education and training (VET) sector are required to have a Unique Student Identifier (USI). At 30 June 2020, more than 11 million students held a USI.

The USI is a randomly generated number. Once assigned, students can use their USI each time they enrol in a nationally accredited VET course. Registered training organisations (RTOs) affix USIs to training records sent to the National Centre for Vocational Education and Research (NCVER) where they are stored. This enables the formation of a secure online record of the student's training and the production of an authenticated VET transcript. Students can use their transcript when applying for a job, seeking a credit transfer or demonstrating training prerequisites.

As the USI enables more accurate data on vocational education enrolments, training completion and pathways, it can support targeted policy making and resource allocation by state and territory and Commonwealth governments.

From 1 January 2021, the requirement to have a USI will be progressively introduced for higher education students, with full effect by 2023.

Authorising legislation

The *Student Identifiers Act 2014* provides for a Commonwealth statutory office holder, the Student Identifiers Registrar, to oversee the implementation and management of the USI nationally. The Registrar's functions include:

- assigning and verifying student identifiers
- preparing a student's authenticated transcript
- enabling students to give third parties access to their transcript
- protecting students' personal information from unauthorised access or misuse.

The Registrar is appointed on a full-time basis for up to five years by the Minister for Employment, Skills, Small and Family Business after consulting state and territory ministers. Ms Janette Dines is the current Student Identifiers Registrar and was appointed on 15 April 2019.

The Registrar is assisted by staff from the Department of Education, Skills and Employment as well as consultants. At 30 June 2020, there were 40 staff or consultants supporting the Registrar.

The Registrar manages the Student Identifiers Special Account for the purposes of the *Public Governance, Performance and Accountability Act 2013*. The appropriation for 2019–20 was \$7,319,875.46 and the total spend was \$7,243,841.35.

This report is prepared in compliance with section 51 of the *Student Identifiers Act 2014*.

Registrar overview

My priorities this year were getting to know our customers and providing excellent service.

USI customers can choose online self-service, email or telephone support. Our USI registry system is available 24/7 with minimal outages and a recent survey shows that customers are highly satisfied with that channel. On average, 5,700 students and 1,200 RTOs access our system daily, conducting 98,300 transactions. Students can easily create their USI and access their account (www.usi.gov.au). One student said: *"I think as far as government websites go, it's one of the better ones."*

In the last financial year, our contact centre handled more calls, with shorter waiting times and faster call handling times. In particular:

- 1.1 million new USIs created
- 11 million USIs now exist
- 26.7 million RTO USI verifications
- 6.3 million student self-service transactions
- 902,100 USI transcript views/downloads
- 57,500 online help requests actioned
- 6,900 student and RTO USI registry system logins daily
- 3,500 active RTOs served
- 98,800 calls handled (15.6 per cent more)*
- 33 per cent less abandoned calls*
- 6 minute and 42 second average call handle time (10.5 per cent faster)*^
- 1 minute and 6 second average call wait time (44 per cent shorter)*^
- 5 notifiable data breaches reported to the Office of the Australian Information Commissioner
- 24 million website page views
- website visitors from 204 countries.

* Compared to 2018–19

^ Based on weekly averages

Customers who call us report high satisfaction. One student said: *"I've only had to call once and they were super friendly and fixed the issue straight away."* RTO feedback is equally positive: *"I love the RTO line, it goes straight through and you always get a resolution within minutes."* We are well prepared to maintain this performance when the USI expands to the higher education sector in 2021.

We are active partners in the Government's digital transformation strategy:

- we supported the Australian Taxation Office (ATO) in transitioning 3,100 RTOs from using AUSKey to using a myGovID to access our USI registry system
- we began offering individuals the option to create a USI or login to their existing account with a reusable digital identity.

Our response to COVID-19 was swift and effective to safeguard health and provide continuity of customer service. We quickly adapted to new ways of working and deployed the technology to enable our contact centre to operate remotely. Contact centre productivity increased by 10.8 per cent for the March–June 2020 quarter while all staff were working from home.

In our latest survey, 95 per cent of staff said they understand what is expected of them in their current role and 100 per cent understand how their job contributes to the customer experience. I am thrilled to lead a team that wants to delight our customers and co-create a great place to work.

During the year, my staff and I regularly engaged with students, training providers, peak industry and education bodies, as well as government stakeholders. Their needs and expectations are reflected in our mission statement, goals and key performance indicators (KPIs). Existing customer service KPIs were limited to speed and volume. We have added customer satisfaction, service quality and first contact resolution as customer service metrics.

During 2020–21, we will:

- maintain a simple and secure service as we expand to the higher education sector
- widely promote the benefits of the USI transcript service
- adopt omnichannel technology to improve customer experience
- support students in protecting their privacy online
- support the department's work on a schools USI
- maintain flexibility for our employees over work location.

Ms Janette Dines

Student Identifiers Registrar



Goal 1: Know our market

● KPI: We know who our customers are and what they need from us

What we did

- commenced building customer profiles to understand who we serve
- conducted user research to improve our website
- developed a customer service feedback framework
- introduced a compliments, complaints and feedback policy
- conducted a stakeholder survey
- established a reference group of peak bodies for students, employers and RTOs.

Goal 2: Deliver a simple and secure customer experience

● KPI 2.1: Customers are satisfied with our service

Target: 85% of customers rate our contact centre service as good or excellent.

Achievement: End of call surveying was not in place before 30 June 2020.

● KPI 2.2: Speed of service

Target: Average speed to answer does not exceed 2 minutes and 30 seconds.

Achievement: Average call wait time of 1 minute and 6 seconds.

● KPI 2.3: Quality of service

Target: Average quality score of 85% across all channels*.

Achievement: 92% for March–June 2020**.

* Call and email service quality is assessed against 26 elements including adherence to policies and procedures, accuracy and the interpersonal skills displayed by our customer service officers.

** Data collection commenced March 2020.

● KPI 2.4: First contact resolution

Target: 85% of queries resolved with the first contact.

Achievement: 94% for March–June 2020**.

** Data collection commenced March 2020.

● KPI 2.5: The USI registry system supports self-service

Target: 90% of transactions are self-service.

Achievement: 97% of transactions were self-service.

● KPI 2.6: Number of data breaches

Target: 0 notifiable data breaches and no more than 2 non-notifiable data breaches*.

Achievement: 5 notifiable breaches (4 arose from 1 incident) and 31 non-notifiable breaches.

* Notifiable data breaches are those that may cause serious harm to an individual and therefore must be reported to the Office of the Australian Information Commissioner (OAIC).

● KPI 2.7: Students protect their personal information

Target: 85% of students know how to protect their personal information.

Achievement: Data is not available for 2019–20 financial year.

● KPI 2.8: Staff protect students' personal information

Target: 100% of staff are trained in, and aware of, their privacy obligations.

Achievements:

- 100% of staff completed mandatory privacy, security and fraud awareness training.
- 100% of staff completed data breach training in accordance with OAIC requirements and our data breach response plan.
- 98% of staff reported a strong privacy culture in TEAM USI.

Goal 3: Support the Government and through it the nation

● KPI 3.1: We support and enable government policy

What we did

- designed USI registry system functionality to enable the expansion of the USI to the higher education sector
- developed a communication strategy for higher education students and providers
- released registry system functionality and guidance material to support legislative amendments enabling students to give third parties permission to view their transcript online
- consulted stakeholders on how we will exercise new powers to issue infringement notices and civil pecuniary penalties
- reinvigorated an advisory group of government departments of industry, skills and training, and vocational education regulators.

● KPI 3.2: Government partners are satisfied

Target: 90% of government agencies we interact with express satisfaction.

Achievements:

- ✘ 88% rated the experience of their last interaction with us as positive or very positive.
- ✘ 88% indicated that their overall perception of us was positive or very positive.

● KPI 3.3: Collaboration across government

What we did

- supported the ATO to transition 3,100 of our RTOs from using AUSkey to using a myGovID to access our USI registry system
- began offering individuals the option to create their USI or login to their existing account with a reusable digital identity.

Goal 4: Innovate to improve our USI customer experience and do our work more efficiently

● KPI: We are open to new ways of doing things

What we did

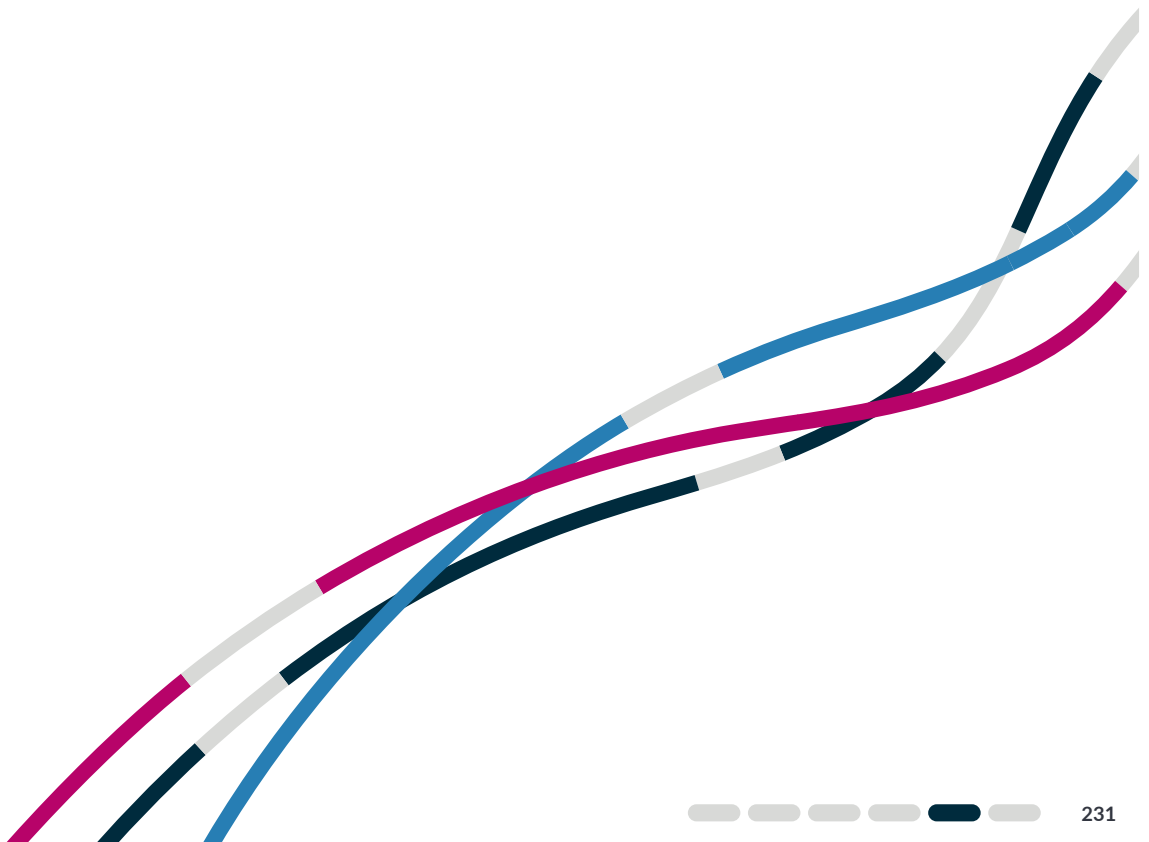
- conducted user experience research to identify how we can reduce customer effort and respond to the changing ways our customers want to interact
- scoped omnichannel technology to improve our staff productivity and give customers a seamless experience
- adapted quickly to COVID-19 without disrupting customer service.

Goal 5: Enable and inspire team USI to take ownership and do its best work

● KPI: We are a good place to work

Target: 100% of staff report role clarity, support and a line of sight to our customers.

Achievement	Strongly agreed	
	Jan-Mar 2020	Apr-Jun 2020
I understand what is expected of me and my current role	97%	95% (↓2%)
I understand how my job contributes to the customer experience	97%	100% (↑3%)
I know who to ask if I need help with any aspects of my current role	94%	95% (↑1%)
I have the resources I need to perform my duties	79%	75% (↓4%)
I feel that my manager sees my wellbeing and learning as a priority	79%	80% (↑1%)
I feel that my ideas are welcome	76%	72% (↓4%)
I understand the link between my job and the USI mission statement	76%	86% (↑10%)
My performance agreement reflects my learning and development needs	73%	78% (↑5%)



Appendix E – Workforce statistics

Table E.1: Remuneration for key management personnel (KMP) for the Department of Education, Skills and Employment, 2019–20

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration ¹	Term as KMP ²
		Base salary ³	Bonuses	Other benefits and allowances ⁴	Superannuation contributions ⁵	Long service leave ⁶	Other long-term benefits			
		\$	\$	\$	\$	\$	\$	\$	\$	
Dr Michele Bruniges	Secretary	735,611	0	89,747	107,944	35,569	0	0	968,871	Full term
Ms Alexandra Gordon	Deputy Secretary	356,503	0	36,697	64,240	44,517	0	0	501,957	Full term
Mr Marcus Markovic	Deputy Secretary	332,451	0	36,697	64,240	16,107	0	0	449,494	Full term
Mr David Learmonth	Deputy Secretary	121,237	0	13,145	21,013	0	0	357,521	512,916	Part term to 30 October 2019
Mr Robert Heferen	Deputy Secretary	223,754	0	1,752	41,758	14,568	0	0	281,832	Part term from 2 December 2019
Ms Nadine Williams	Deputy Secretary	156,562	0	16,686	24,489	6,617	0	0	204,355	Part term 1 to 24 July 2019 and then from 1 February 2020
Dr Jillian Charker	Deputy Secretary	135,588	0	13,513	22,025	8,308	0	0	179,434	Part term from 1 February 2020
Mr Nathan Smyth	Deputy Secretary	137,123	0	13,513	25,671	8,210	0	0	184,518	Part term from 1 February 2020
Dr Roslyn Baxter	Deputy Secretary	137,571	0	13,553	22,799	61,722	0	0	235,644	Part term from 10 February 2020
Ms Jacqueline Wilson	Deputy Secretary	257,030	0	36,936	47,047	0	0	359,386	700,399	Part term to 31 March 2020
Total		2,593,430	0	272,239	441,226	195,618	0	716,907	4,219,420	

- Total remuneration is calculated on an accrual basis in accordance with *AASB119 Employee Benefits* except for superannuation and non-monetary benefits. This means there is a difference between the remuneration determined by the Remuneration Tribunal and the remuneration disclosed in the table.
- The full term for KMPs was 1 July 2019 to 30 June 2020, this includes data for the period 1 July 2019 to 31 January 2020 for KMPs in the Department of Education and data for the period 31 January 2020 to 30 June 2020 for KMPs in the Department of Education, Skills and Employment.
- Base salary includes salary paid and accrued, salary paid while on annual leave, salary paid while on personal leave, annual leave accrued and higher duties allowances.
- Other benefits and allowances include monetary benefits such as allowances and non-monetary benefits such as provision of a vehicle and car park.
- Defined contribution schemes (for example Public Sector Superannuation accumulation plan (PSSap) and Super Choice), includes superannuation contribution amounts. Defined benefits schemes (for example Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation Scheme (PSS)), includes the relevant Notional Employer Contribution Rate and Employer Productivity Superannuation Contribution.
- Long service leave comprises the amount of leave accrued and taken for the period. Periods paid out on termination are not included.

Notes:

- This table was prepared on an accrual basis and reports the average total remuneration of KMP paid during the reporting period.
- Short-term benefits are comprised of:
 - the base salary (including paid and accrued: paid while on leave; paid while on sick leave; temporary performance allowance and purchased annual leave)
 - the bonuses payable within 12 months
 - the other benefits and allowances including Executive Vehicle Allowance or equivalent and accommodation allowances.
- Other long-term benefits is the average amount of long service leave accrued and deferred (more than 12 months) for the reporting period. It also includes the average of any salary paid while on long service leave.

Table E.1.2: Remuneration for key management personnel (KMP) for former Department of Employment, Skills, Small and Family Business, 2019–20

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration ¹	Term as KMP ²
		Base salary ³	Bonuses	Other benefits and allowances ⁴	Superannuation contributions ⁵	Long service leave ⁶	Other long-term benefits			
		\$	\$	\$	\$	\$	\$	\$	\$	
Ms Kerri Hartland	Secretary	394,838	0	1,829	55,693	0	0	667,552 ⁷	1,119,912	Full term
Dr Jillian Charker	Deputy Secretary	216,272	0	21,141	34,647	5,553	0	0	277,613	Full term
Mr Nathan Smyth	Deputy Secretary	199,982	0	21,141	38,051	5,279	0	0	264,453	Full term
Ms Nadine Williams	Deputy Secretary	182,713	0	19,328	28,335	4,784	0	0	235,160	Part term from 25 July 2019
Total		993,805	0	63,439	156,726	15,616	0	667,552	1,897,138	

1. Total remuneration is calculated on an accrual basis in accordance with *AASB119 Employee Benefits* with the exception of superannuation and non-monetary benefits. This means there is a difference between the remuneration determined by the Remuneration Tribunal and the remuneration disclosed in the table.
2. The full term for KMP of the Department of Employment, Skills, Small and Family Business was 1 July 2019 to 31 January 2020.
3. Base salary includes salary paid and accrued, salary paid while on annual leave, salary paid while on personal leave, annual leave accrued and higher duties allowances.
4. Other benefits and allowances include monetary benefits such as allowances and non-monetary benefits such as provision of a car park.
5. Defined contribution schemes (for example PSSaP and Super Choice), includes superannuation contribution amounts. Defined benefits schemes (for example CSS and PSS), includes the relevant Notional Employer Contribution Rate and Employer Productivity Superannuation Contribution.
6. Long service leave comprises the amount of leave accrued and taken for the period. Periods paid out on termination are not included.
7. Compensation on loss of office as specified by the Remuneration Tribunal Departmental Secretaries Determination 2019.

Notes:

- This table was prepared on an accrual basis and reports the average total remuneration of KMP paid during the reporting period.
- Short-term benefits are comprised of:
 - the base salary (including paid and accrued: paid while on leave; paid while on sick leave; temporary performance allowance and purchased annual leave)
 - the bonuses payable within 12 months
 - the other benefits and allowances including Executive Vehicle Allowance or equivalent and accommodation allowances.
- Other long-term benefits is the average amount of long service leave accrued and deferred (more than 12 months) for the reporting period. It also includes the average of any salary paid while on long service leave.

Table E.2: Department of Education, Skills and Employment Senior Executive¹

Total Remuneration Bands \$	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration ²
		Average base salary ³ \$	Average bonuses \$	Average other benefits and allowances ⁴ \$	Average superannuation contributions ⁵ \$	Average long service leave ⁶ \$	Average other long-term benefits \$	Average termination benefits \$	Average total remuneration \$
\$0 – \$220,000	86	51,107	0	6,886	9,525	2,937	0	2,100	72,554
\$220,001 – \$245,000	17	164,307	0	25,024	30,934	3,102	0	12,978	236,346
\$245,001 – \$270,000	38	186,400	0	27,332	34,919	8,340	0	0	256,991
\$270,001 – \$295,000	16	204,579	0	27,440	38,870	8,377	0	0	279,266
\$295,001 – \$320,000	11	221,676	0	29,549	42,998	14,466	0	0	308,690
\$320,001 – \$345,000	8	213,627	0	37,129	41,086	8,859	0	29,655	330,356
\$345,001 – \$370,000	4	249,086	0	46,487	46,397	12,138	0	0	354,108
\$370,001 – \$395,000	9	256,168	0	36,250	47,522	13,890	0	26,179	380,010
\$395,001 – \$420,000	1	257,296	0	26,794	41,039	73,605	0	0	398,734
\$470,001 – \$495,000	3	122,344	0	17,626	23,399	0	0	313,973	477,342
\$520,001 – \$545,000	2	212,670	0	287,324	43,969	-6,480	0	0	537,483
\$620,001 – \$645,000	1	119,440	0	18,936	24,527	0	0	475,576	638,478

1. Senior executives from the Department of Education, Skills and Employment, the former Department of Education and the former Department of Employment, Skills, Small and Family Business for the full period of 1 July 2019 to 30 June 2020.

2. Remuneration is calculated on an accrual basis in accordance with *AASB 119 Employee Benefits* except for superannuation and non-monetary benefits. This means there is a difference between the remuneration determined by the Remuneration Tribunal and the remuneration disclosed in this table.

3. Base salary includes salary paid and accrued, salary paid while on annual leave, salary paid while on personal leave, annual leave accrued and higher duties allowances.

4. Other benefits and allowances include monetary benefits such as allowances and non-monetary benefits such as provision of a car park, overseas posting allowances, such as cost of overseas living adjustment (COLA), cost of overseas posting allowance (COPA), provision of housing, and associated Reportable Fringe Benefits Tax (RFBT) and departmental FBT.

5. For individuals in a defined contribution scheme (for example PSSap and Super Choice), superannuation includes superannuation contribution amounts. For individuals in a defined benefits scheme (for example CSS and PSS), superannuation includes the relevant Notional Employer Contribution Rate and Employer Productivity Superannuation Contribution.

6. Long service leave comprises the amount of leave accrued and taken for the period.

The table includes all senior executives who have commenced, been promoted or ceased during the period. Any senior executives who were affected by Machinery of Government changes are reported by the gaining agency. It also includes employees who have temporarily performed a senior executive role for a minimum of three consecutive months during the period.

Table E.3: Department of Education, Skills and Employment other Highly Paid Employees¹, 2019–20

Total Remuneration Bands \$	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary ² \$	Average bonuses \$	Average other benefits and allowances ³ \$	Average superannuation contributions ⁴ \$	Average long service leave ⁵ \$	Average other long-term benefits \$	Average termination benefits \$	Average total remuneration \$
\$270,001 – \$295,000	1	118,941	0	131,668	20,827	2,039	0	0	273,475
\$295,001 – \$320,000	2	163,732	0	102,049	25,649	6,666	0	0	298,097
\$320,001 – \$345,000	1	159,132	0	149,019	27,625	6,434	0	0	342,210
\$395,001 – \$420,000	1	118,941	0	263,727	20,827	2,039	0	0	405,534
\$470,001 – \$495,000	1	155,455	0	305,273	28,773	3,632	0	0	493,134
\$595,001 – \$620,000	1	152,338	0	429,339	28,209	3,632	0	0	613,518

1. Employees from the Department of Education, Skills and Employment, the former Department of Education and the former Department of Employment, Skills, Small and Family Business are included for the full period 1 July 2019 to 30 June 2020.

2. Base salary includes salary paid and accrued, salary paid while on annual leave, salary paid while on personal leave, annual leave accrued and higher duties allowances.

3. Other benefits and allowances include monetary benefits such as allowances and non-monetary benefits such as provision of a car park, overseas posting allowances, COLA, COPA, provision of housing, and associated RFBT and departmental FBT.

4. For individuals in a defined contribution scheme (for example PSSap and Super Choice), superannuation includes superannuation contribution amounts. For individuals in a defined benefits scheme (for example CSS and PSS), superannuation includes the relevant Notional Employer Contribution Rate and Employer Productivity Superannuation Contribution.

5. Long service leave comprises the amount of leave accrued and taken for the period.

The table includes any other highly paid employees during the period.

Table E.4: Ongoing employees by location, gender and employment status, at 30 June 2020

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
NSW	86	3	89	59	21	80	-	-	-	169
Qld	26	2	28	57	20	77	-	-	-	105
SA	28	3	31	53	23	76	-	-	-	107
Tas	8	2	10	14	3	17	-	-	-	27
Vic	31	-	31	49	20	69	-	-	-	100
WA	13	-	13	23	14	37	-	-	-	50
ACT	1,082	60	1,142	1,335	404	1,739	-	-	-	2,881
NT	2	-	2	15	3	18	-	-	-	20
Overseas	2	-	2	7	-	7	-	-	-	9
Total	1,278	70	1,348	1,612	508	2,120	-	-	-	3,468

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.5: Non-ongoing employees by location, gender and employment status, at 30 June 2020

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
NSW	2	1	3	5	-	5	-	-	-	8
Qld	-	-	-	1	-	1	-	-	-	1
SA	1	-	1	4	-	4	-	-	-	5
Tas	-	-	-	1	1	2	-	-	-	2
Vic	-	-	-	-	-	-	-	-	-	-
WA	-	1	1	1	-	1	-	-	-	2
ACT	20	7	27	44	12	56	-	-	-	83
NT	-	-	-	1	-	1	-	-	-	1
Overseas	-	-	-	1	-	1	-	-	-	1
Total	23	9	32	58	13	71	-	-	-	103

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.6: Ongoing employees by location, gender and employment status, at 30 June 2019

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
NSW	14	2	16	23	5	28	–	–	–	44
Qld	9	–	9	17	9	26	–	–	–	35
SA	14	1	15	27	11	38	–	–	–	53
Tas	3	1	4	7	–	7	–	–	–	11
Vic	9	–	9	23	12	35	–	–	–	44
WA	5	–	5	15	5	20	–	–	–	25
ACT	516	32	548	797	255	1,052	–	–	–	1,600
NT	1	–	1	7	3	10	–	–	–	11
Overseas	2	–	2	5	–	5	–	–	–	7
Total	573	36	609	921	300	1,221	–	–	–	1,830

Note: Includes employees on leave without pay. Excludes Secretary.
Department of Education, at 30 June 2019.

Table E.7: Non-ongoing employees by location, gender and employment status, at 30 June 2019

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
NSW	–	–	–	–	–	–	–	–	–	–
Qld	–	–	–	–	–	–	–	–	–	–
SA	1	–	1	–	–	–	–	–	–	1
Tas	–	–	–	–	–	–	–	–	–	–
Vic	–	–	–	1	–	1	–	–	–	1
WA	1	–	1	1	–	1	–	–	–	2
ACT	26	4	30	33	9	42	–	–	–	72
NT	–	–	–	–	–	–	–	–	–	–
Overseas	–	–	–	2	–	2	–	–	–	2
Total	28	4	32	37	9	46	–	–	–	78

Note: Includes employees on leave without pay. Excludes Secretary.
Department of Education, at 30 June 2019.

Table E.8: APS ongoing employees, by classification, gender and employment status, at 30 June 2020

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
SES 3	3	–	3	4	–	4	–	–	–	7
SES 2	10	–	10	14	–	14	–	–	–	24
SES 1	36	–	36	50	3	53	–	–	–	89
Principal Government Lawyer	7	–	7	10	3	13	–	–	–	20
Senior Government Lawyer	8	–	8	20	9	29	–	–	–	37
Government Lawyer	1	–	1	7	–	7	–	–	–	8
EL 2	144	3	147	198	28	226	–	–	–	373
EL 1 IT	13	–	13	2	–	2	–	–	–	15
EL 1	429	32	461	437	169	606	–	–	–	1,067
APS 6	311	24	335	417	166	583	–	–	–	918
APS 5	170	4	174	237	82	319	–	–	–	493
APS 4	100	5	105	144	39	183	–	–	–	288
APS 3	22	2	24	32	9	41	–	–	–	65
APS 2	1	–	1	3	–	3	–	–	–	4
APS 1	1	–	1	7	–	7	–	–	–	8
Graduates	21	–	21	28	–	28	–	–	–	49
Trainees ¹	1	–	1	2	–	2	–	–	–	3
Total	1,278	70	1,348	1,612	508	2,120	–	–	–	3,468

1. Trainees are participants in the IAP and the IAGDP at APS3 Classification.
 Note: Includes employees on leave without pay. Excludes Secretary.

Table E.9: APS non-ongoing employees by classification, gender and employment status, at 30 June 2020

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	-	-	-	-	-	-	-
Principal Government Lawyer	-	-	-	-	-	-	-	-	-	-
Senior Government Lawyer	-	1	1	-	-	-	-	-	-	1
Government Lawyer	-	-	-	-	-	-	-	-	-	-
EL 2	-	-	-	1	1	2	-	-	-	2
EL 1 IT	-	-	-	-	-	-	-	-	-	-
EL 1	1	2	3	9	2	11	-	-	-	14
APS 6	6	1	7	3	1	4	-	-	-	11
APS 5	5	-	5	23	1	24	-	-	-	29
APS 4	7	1	8	18	3	21	-	-	-	29
APS 3	3	2	5	4	3	7	-	-	-	12
APS 2	1	2	3	-	2	2	-	-	-	5
APS 1	-	-	-	-	-	-	-	-	-	-
Graduates	-	-	-	-	-	-	-	-	-	-
Trainees	-	-	-	-	-	-	-	-	-	-
Total	23	9	32	58	13	71	-	-	-	103

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.10: APS ongoing employees by classification, gender and employment status, at 30 June 2019

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
SES 3	1	–	1	3	–	3	–	–	–	4
SES 2	8	–	8	7	–	7	–	–	–	15
SES 1	17	–	17	34	2	36	–	–	–	53
Principal Government Lawyer	4	–	4	6	1	7	–	–	–	11
Senior Government Lawyer	8	–	8	11	3	14	–	–	–	22
Government Lawyer	–	–	–	6	3	9	–	–	–	9
EL 2	73	–	73	100	18	118	–	–	–	191
EL1 IT	–	–	–	–	–	–	–	–	–	–
EL 1	181	18	199	235	112	347	–	–	–	546
APS 6	126	15	141	236	103	339	–	–	–	480
APS 5	62	2	64	160	36	196	–	–	–	260
APS 4	50	1	51	85	19	104	–	–	–	155
APS 3	17	–	17	20	2	22	–	–	–	39
APS 2	–	–	–	1	–	1	–	–	–	1
APS 1	–	–	–	–	–	–	–	–	–	–
Graduates	24	–	24	16	–	16	–	–	–	40
Trainees ¹	2	–	2	1	1	2	–	–	–	4
Total	573	36	609	921	300	1,221	–	–	–	1,830

1. Trainees are participants in the IAP and the IAGDP at an APS3 Classification.

Note: Includes employees on leave without pay. Excludes Secretary.

Department of Education, at 30 June 2019.

Table E.11: APS non-ongoing employees by classification, gender and employment status, at 30 June 2019

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total Indeterminate	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	-	-	-	-	-	-	-
Principal Government Lawyer	-	-	-	-	-	-	-	-	-	-
Senior Government Lawyer	-	-	-	-	-	-	-	-	-	-
Government Lawyer	-	-	-	-	-	-	-	-	-	-
EL 2	-	-	-	2	1	3	-	-	-	3
EL 1 IT	-	-	-	-	-	-	-	-	-	-
EL 1	3	-	3	6	3	9	-	-	-	12
APS 6	8	2	10	5	4	9	-	-	-	19
APS 5	6	-	6	8	-	8	-	-	-	14
APS 4	4	-	4	14	1	15	-	-	-	19
APS 3	4	1	5	2	-	2	-	-	-	7
APS 2	3	1	4	-	-	-	-	-	-	4
APS 1	-	-	-	-	-	-	-	-	-	-
Graduates	-	-	-	-	-	-	-	-	-	-
Trainees	-	-	-	-	-	-	-	-	-	-
Total	28	4	32	37	9	46	-	-	-	78

Note: Includes employees on leave without pay. Excludes Secretary. Department of Education, at 30 June 2019.

Table E.12: APS ongoing and non-ongoing employees, by classification and employment status, at 30 June 2020

	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total ongoing	Full-time	Part-time	Total non-ongoing	
SES 3	7	–	7	–	–	–	7
SES 2	24	–	24	–	–	–	24
SES 1	86	3	89	–	–	–	89
Principal Government Lawyer	17	3	20	–	–	–	20
Senior Government Lawyer	28	9	37	–	1	1	38
Government Lawyer	8	–	8	–	–	–	8
EL 2	342	31	373	1	1	2	375
EL1 IT	15	–	15	–	–	–	15
EL 1	866	201	1,067	10	4	14	1,081
APS 6	728	190	918	9	2	11	929
APS 5	407	86	493	28	1	29	522
APS 4	244	44	288	25	4	29	317
APS 3	54	11	65	7	5	12	77
APS 2	4	–	4	1	4	5	9
APS 1	8	–	8	–	–	–	8
Graduates	49	–	49	–	–	–	49
Trainees ¹	3	–	3	–	–	–	3
Total	2,890	578	3,468	81	22	103	3,571

1. Trainees are participants in the IAP and the IAGDP at APS3 Classification.
 Note: Includes employees on leave without pay. Excludes Secretary.

Table E.13: APS ongoing and non-ongoing employees, by classification and employment status, at 30 June 2019

	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total ongoing	Full-time	Part-time non-ongoing	Total	
SES 3	4	–	4	–	–	–	4
SES 2	15	–	15	–	–	–	15
SES 1	51	2	53	–	–	–	53
Principal Government Lawyer	10	1	11	–	–	–	11
Senior Government Lawyer	19	3	22	–	–	–	22
Government Lawyer	6	3	9	–	–	–	9
EL 2	173	18	191	2	1	3	194
EL1 IT	–	–	–	–	–	–	–
EL 1	416	130	546	9	3	12	558
APS 6	362	118	480	13	6	19	499
APS 5	222	38	260	14	–	14	274
APS 4	135	20	155	18	1	19	174
APS 3	37	2	39	6	1	7	46
APS 2	1	–	1	3	1	4	5
APS 1	–	–	–	–	–	–	0
Graduates	40	–	40	–	–	–	40
Trainees ¹	3	1	4	–	–	–	4
Total	1,494	336	1,830	65	13	78	1,908

1. Trainees are participants in the IAP and the IAGDP at APS3 Classification.

Note: Includes employees on leave without pay. Excludes Secretary.

Department of Education, as at 30 June 2019.

Table E.14: APS ongoing and non-ongoing employees by location, at 30 June 2020

	Ongoing	Non-ongoing	Total
NSW	169	8	177
Qld	105	1	106
SA	107	5	112
Tas	27	2	29
Vic	100	–	100
WA	50	2	52
ACT	2,881	83	2,964
NT	20	1	21
Overseas	9	1	10
Total	3,468	103	3,571

Note: Includes employees on leave without pay. Excludes Secretary.

Table E.15: APS ongoing and non-ongoing employees by location, at 30 June 2019

	Ongoing	Non-ongoing	Total
NSW	44	–	44
Qld	35	–	35
SA	53	1	54
Tas	11	–	11
Vic	44	1	45
WA	25	2	27
ACT	1,600	72	1,672
NT	11	–	11
Overseas	7	2	9
Total	1,830	78	1,908

Note: Includes employees on leave without pay. Excludes Secretary.
Department of Education, at 30 June 2019.

Table E.16: APS ongoing and non-ongoing employees by Indigenous status, at 30 June 2020

	<i>Total</i>
Ongoing	112
Non-ongoing	-
Total	112

Table E.17: APS ongoing and non-ongoing employees by Indigenous status, at 30 June 2019

	<i>Total</i>
Ongoing	73
Non-ongoing	2
Total	75

Department of Education, as at 30 June 2019.

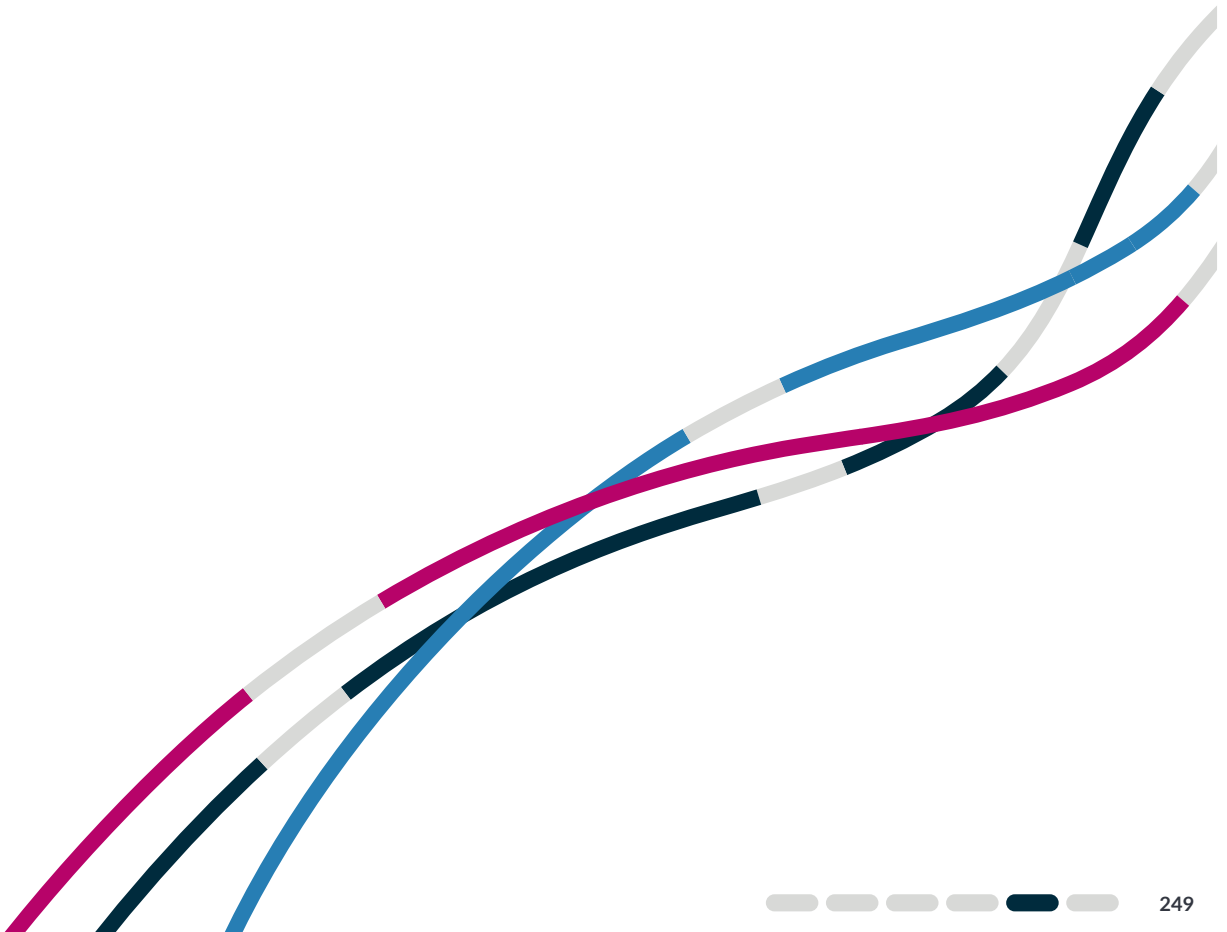


Table E.18: APS salary ranges by classification level, at 30 June 2020

	Minimum salary	Maximum salary
SES 3	321,606	403,000
SES 2	232,833	295,832
SES 1	175,730	272,124
Principal Government Lawyer	144,936	156,876
Senior Government Lawyer	108,350	132,728
Government Lawyer	67,971	96,895
EL 2	127,501	153,049
EL 1 IT	125,738	131,725
EL 1	108,350	119,750
APS 6	88,114	96,895
APS 5	78,377	83,793
APS 4	70,988	75,918
APS 3	65,258	67,971
APS 2	58,435	62,270
APS 1	29,851	54,399

Note: APS3 Classification salary includes graduates and trainees¹ including participants in the IAP and the IAGDP.

Table E.19: Employment Arrangements of SES and non-SES employees, at 30 June 2020

	SES	Non-SES	Total
Enterprise Agreement	–	3,451	3,451
Section 24(1) Determinations	120	–	120
Total	120	3,451	3,571

Note: Excludes the Secretary as remuneration arrangements for departmental secretaries are determined by the Remuneration Tribunal.

54 Non-SES employees had Individual Flexibility arrangements.

Accountable authority

Dr Michele Bruniges AM

Secretary of the Department of Education 1 July 2019 to 31 January 2020.

Secretary of the Department of Education, Skills and Employment 1 February 2020 to 30 June 2020.

Appendix F – Corrigendum

Table F.1 outlines errors that we published in the print version of the Department of Employment, Skills, Small and Family Business 2018–19 Annual Report. It also provides the corrected information and the reason for correction.

Table F.1: Corrections to the Annual Performance Statement – Proportion of job seekers moving off income support or significantly reduced their reliance on income support, six months after participating in jobactive

Incorrect wording	Correct Wording	Reason for Change	Page number 2018–19 Annual Report
The value of 44.6 per cent in the result column of Table 3: Target and result – help job seekers move from welfare to work is incorrect.	The correct value of 43.6 per cent in the result column of Table 3: Target and result – help job seekers move from welfare to work.	The figure of 44.6 per cent is incorrect. This figure was provided as a result of a typographical error.	33
In 2018–19, 44.6 per cent of participants had moved off income support or significantly reduced their reliance on income support six months after participating in jobactive.	In 2018–19, 43.6 per cent of participants had moved off income support or significantly reduced their reliance on income support six months after participating in jobactive.	The figure of 44.6 per cent is incorrect. This figure was provided as a result of a typographical error.	34
The value of 44.6 per cent in the last column in Figure 6: Proportion of participants off income support, or with reduced reliance on income support, six months after participating in jobactive.	The value of 43.6 per cent in the last column in Figure 6: Proportion of participants off income support, or with reduced reliance on income support, six months after participating in jobactive.	The figure of 44.6 per cent is incorrect. This figure was provided as a result of a typographical error.	34

Table F.2: Corrections to the Annual Performance Statement – Cost per employment outcome

Incorrect wording	Correct Wording	Reason for Change	Page number 2018–19 Annual Report
The value of \$2,410 in the result column of Table 6: Overall program measure target and result is incorrect.	The correct value of \$2,587 in the result column of Table 6: Overall program measure target and result.	The figure of \$2,410 is incorrect. This figure was provided as a result of an administrative error.	40
In 2018–19, the cost per employment outcome for jobactive was \$2,410. This is below the \$2,500 target, but exceeds the 2017–18 figure (\$2,188).	In 2018–19, the cost per employment outcome for jobactive was \$2,587. This is above the \$2,500 target, and exceeds the 2017–18 figure (\$2,188). However, it is within 5 per cent of the target.	The figure of \$2,410 is incorrect. This figure was provided as a result of an administrative error.	40



06

Indexes

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List of requirements

The table below contains a list of annual report requirements—prepared in accordance with paragraph 17AJ(d) of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)—and page references for the department’s compliance with these requirements.

Description	Requirement	Page
Letter of transmittal		
A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the PGPA Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	v
Aids to access		
Table of contents.	Mandatory	vi–vii
Alphabetical index.	Mandatory	270
Glossary of abbreviations and acronyms.	Mandatory	263–266
List of requirements.	Mandatory	256–262
Details of contact officer.	Mandatory	iv
Entity’s website address.	Mandatory	Back cover
Electronic address of report.	Mandatory	iv
Review by accountable authority		
A review by the accountable authority of the entity.	Mandatory	2–5
Overview of the entity		
A description of the role and functions of the entity.	Mandatory	7
A description of the organisational structure of the entity.	Mandatory	10–11
A description of the outcomes and programmes administered by the entity.	Mandatory	15–16
A description of the purposes of the entity as included in corporate plan.	Mandatory	7

Description	Requirement	Page
Name of the accountable authority or each member of the accountable authority.	Mandatory	7
Position title of the accountable authority or each member of the accountable authority.	Mandatory	7
Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	250
An outline of the structure of the portfolio of the entity.	Portfolio departments, mandatory	6–9
Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory	N/A
Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	13–78 (Part 2)
A discussion and analysis of the entity's financial performance.	Mandatory	98
A table summarising the total resources and total payments of the entity.	Mandatory	196–211 (Appendix A)
If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory	98 N/A
Information on compliance with section 10 (fraud systems).	Mandatory	88–89
A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	v (Transmittal letter)
A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	v (Transmittal letter)

Description	Requirement	Page
A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	v (Transmittal letter)
An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	82–89
A statement of significant issues reported to Ministers under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance Law and action taken to remedy non-compliance.	If applicable, mandatory	N/A
Audit Committee		
A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory	83
The name of each member of the entity's audit committee.	Mandatory	83–84 (Table 3.1)
The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	84–86 (Tables 3.2 and 3.3)
Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	83–84 (Table 3.1)
The remuneration of each member of the entity's audit committee.	Mandatory	84–86 (Tables 3.2 and 3.3)
External Scrutiny		
Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	106
Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory	108
Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the PGPA Act), a Parliamentary committee, or the Commonwealth Ombudsman.	If applicable, mandatory	106
Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	N/A

Description	Requirement	Page
Management of Human Resources		
An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	90–96
Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees (b) statistics on part-time employees (c) statistics on gender (d) statistics on staff location.	Mandatory	240 (Tables E.4 and E.5)
Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: • Statistics on staffing classification level • Statistics on full-time employees • Statistics on part-time employees • Statistics on gender • Statistics on staff location • Statistics on employees who identify as Indigenous.	Mandatory	242–243 (Tables E.8 and E.9) 248 (Table E.14) 249 (Table E.16)
Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	92 (Table 3.4), 250 (Table E.19)
Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c) of the PGPA Rule.	Mandatory	92 (Table 3.4), 250 (Table E.19)
The salary ranges available for APS employees by classification level.	Mandatory	250 (Table E.18)
A description of non-salary benefits provided to employees.	Mandatory	96
Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory	92 N/A

Description	Requirement	Page
Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory	92 N/A
Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory	92 N/A
Information on aggregate amount of performance payments.	If applicable, mandatory	92 N/A
Assets Management		
An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	N/A
Purchasing		
An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	98
Consultants		
A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	99–100
A statement that " <i>During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].</i> "	Mandatory	99–100
A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	99–100
A statement that " <i>Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.</i> "	Mandatory	100

Description	Requirement	Page
Australian National Audit Office Access Clauses		
If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory	N/A
Exempt contracts		
If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory	N/A
Small business		
A statement that " <i>[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.</i> "	Mandatory	99
An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	99
If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that " <i>[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website.</i> "	If applicable, mandatory	99
Financial Statements		
Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	111–192 (Part 4)

Description	Requirement	Page
Executive Remuneration		
Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory	232–237 (Tables E.1, E.1.2, E.2)
Other Mandatory Information		
If the entity conducted advertising campaigns, a statement that <i>"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."</i>	If applicable, mandatory	100–101 N/A
If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory	100
A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, mandatory	100
Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	109
Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of Freedom of Information Act can be found.	Mandatory	108
Correction of material errors in previous annual report.	If applicable, mandatory	251–252 (Appendix F)
Information required by other legislation.	Mandatory	212, 217, 224

Abbreviations and acronyms

AAC	Audit and Assurance Committee
AAO	Administrative Arrangements Order
AASB	Australian Accounting Standards Board
AASN	Australian Apprenticeship Support Network
ABS	Australian Bureau of Statistics
ACCS	Additional Child Care Subsidy
ACSF	Australian Core Skills Framework
ACT	Australian Capital Territory
AGA	Australian Government Actuary
AGD	Attorney-General's Department
ANAO	Australian National Audit Office
ANU	Australian National University
APES	Accounting Professional and Ethics Standards Board
APS	Australian Public Service
APSC	Australian Public Service Commission
ASL	Average Salary Level
ASQA	Australian Skills Qualification Authority
ATO	Australian Taxation Office
BBF	Budget Based Funded
CCCF	Community Child Care Fund
CCS	Child Care Subsidy
CFO	Chief Financial Officer
CIO	Chief Information Officer
CO_{2-e}	Carbon Dioxide equivalent
COAG	Council of Australian Governments
COLA	Cost of overseas living adjustment

COPA	Cost of overseas posting allowance
COPE	Commonwealth Own-Purpose Expenses
CPA	Certified Practising Accountant
CRF	Consolidated Revenue Fund
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
CSP	Community Support Program
CSS	Commonwealth Superannuation Scheme
DESE	Department of Education, Skills and Employment
DISER	Department of Industry, Science, Energy and Resources
DNER	HELP debt not expected to be repaid
DSS	Department of Social Services
DTA	Digital Transformation Agency
EFTSL	Equivalent Full Time Study Load
EL2	Executive Level 2
FBT	Fringe Benefits Tax
FRR	PGPA (Financial Reporting) Rule 2015
FTE	Full-time equivalent
GEERS	General Employee Entitlements and Redundancy Scheme
GST	Goods and Services Tax
HDR	Higher Degrees by Research
HECS	Higher Education Contribution Scheme
HELP	Higher Education Loan Program
HESP	Higher Education Superannuation Program
HR	Human Resource
IAGDP	Indigenous Australian Government Development Program
IAP	Indigenous Apprenticeships Program
ICT	Information and Communications Technology
IDF	Inclusion Development Fund

ISP	Inclusion Support Program
ISSP	Indigenous Student Success Program
KMP	Key Management Personnel
KPI	Key Performance Indicators
LLND	Language, Literacy, Numeracy and Digital literacy skills
MJ/FTE	Megajoule/Full-time equivalent
MOUs	Memorandum of Understanding
NAPLAN	National Assessment Program – Literacy and Numeracy
NATSIHS	National Aboriginal and Torres Strait Islander Health Survey
NATSISS	National Aboriginal and Torres Strait Islander Social Survey
NCI	National Careers Institute
NCRIS	National Collaborative Research Infrastructure Strategy
NCVER	National Centre for Vocational Education Research
NEIS	New Employment Incentive Scheme
NEST	New Employment Service Trial
NIAA	National Indigenous Australians Agency
NSC	National Skills Commission
NT	Northern Territory
OAIC	Office of the Australian Information Commissioner
OECD	Organisation for Economic Co-operation and Development
OSO	Overseas Students Ombudsman
OSTF	Overseas Student Tuition Fund
PaTH	Prepare, Trial, Hire
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance Performance and Accountability Rule 2014
PIVET	Performance Information for VET
PMC	Department of the Prime Minister and Cabinet

PSS	Public Sector Superannuation Scheme
PSSap	PSS accumulation plan
QILT	Quality Indicators for Learning and Teaching
RFBT	Reportable Fringe Benefits Tax
ROU	Right of use
RSGC	Risk, Security and Governance Committee
RTO	Registered training organisations
SA1	Statistical Area Level 1 defined by the Australian Bureau of Statistics
SciVal/Scopus	Bibliography tools that enables users to benchmark and analyse publication output at an individual, group and institutional level.
SEE	Skills for Education and Employment
SES	Senior Executive Service
SME	Small and medium enterprise
SOETM	Services for Other Entities and Trust Money
STEM	Science, Technology, Engineering and Mathematics
TPS	Tuition Protection Service
TRA	Trades Recognition Australia
TSL	Trade Support Loans
TtW	Transition to Work
TWES	Time to Work Employment Service
UANP	National Partnership on Universal Access to Early Childhood Education
USI	Unique Student Identifier
VET	Vocational Education and Training
VFH	VET FEE-HELP
VSL	VET Student Loans
VSLO	VET Student Loans Ombudsman
WfD	Work for the Dole

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