

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government indigenous expenditure.

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 Budget year, including amounts related to meeting future obligations to maintain the agency's asset base and to meet employee entitlement liabilities.

**Table 3.1.1: Reconciliation of total available appropriation and outcomes**

	\$'000
<b>Total available departmental operating appropriation (outputs)</b>	2,099,717
Less estimated payments in 2008-09	1,880,931
<b>Estimated departmental outputs carried forward and available for 2009-10</b>	<b>218,786</b>

### 3.1.2 Movement of administered funds between years

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period are subject to review by the Minister for Finance and Deregulation, and may be moved to a future period, in accordance with provisions in legislation. Table 3.1.2 shows the movement of administered funds approved since the 2007-08 Additional Estimates.

**Table 3.1.2: Movement of administered funds between years**

Movements of funding between years	\$'000	\$'000	\$'000	\$'000
	2008-09	2009-10	2010-11	2011-12
Outcome 2				
Local Schools Working Together	(10,000)	17,500	12,500	
Outcome 4				
Tasmanian Community Forest Agreement (Supplementary Tasmanian Regional Forest Agreement) - Skills Enhancement and Training Project	(304)	608		
Outcome 6				
Australian Scholarships		4,077	4,077	(14,004)
Outcome 9				
GEERS - Active Creditor Pilot	3,508			

### 3.1.3 Special Accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the Department of Education, Employment and Workplace Relations.

**Table 3.1.3: Estimates of Special Account cash flows and balances**

	Opening balance 2008-09 2007-08 \$'000	Appropriation Receipts 2008-09 2007-08 \$'000	Appropriation Receipts - other agencies 2008-09 2007-08 \$'000	Non- Appropriation Receipts 2008-09 2007-08 \$'000	Payments 2008-09 2007-08 \$'000	Adjustments 2008-09 2007-08 \$'000	Closing balance 2008-09 2007-08 \$'000
Superannuation Productivity Benefits ATAS Tutors - <i>Financial Management and Accountability Act 1997, section 20 (A)</i>	<b>778</b> 748	<b>35</b> 35	<b>0</b> 0	<b>0</b> 0	<b>5</b> 5	<b>0</b> 0	<b>808</b> 778
Students (Financial Supplement) Account - <i>Student Assistance Act 1973 (A)</i>	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
Higher Education Endowment Fund Special Account - <i>Higher Education Endowment Fund Act 2007 (A)</i>	<b>0</b> 0	<b>0</b> 6,000,000	<b>0</b> 0	<b>443,805</b> 254,955	<b>0</b> 0	<b>(443,805)</b> (6,254,955)	<b>0</b> 0
Child Care Centre Capital Replacement and Upgrade Account (A)	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
National Youth Affairs Research Scheme Special Account (A)	<b>568</b> 628	<b>0</b> 0	<b>0</b> 0	<b>240</b> 240	<b>426</b> 300	<b>0</b> 0	<b>382</b> 568
Other Trust Monies - DEST - <i>Financial Management and Accountability Act 1997, section 20D (D)</i>	<b>2,709</b> 2,709	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>2,709</b> 2,709
Other Trust Monies - DEWR - <i>Financial Management and Accountability Act 1997, section 20D (D)</i>	<b>246</b> 246	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>246</b> 246

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**Table 3.1.3: Estimates of Special Account cash flows and balances (cont)**

	Opening balance <b>2008-09</b> 2007-08 \$'000	Appropriation Receipts <b>2008-09</b> 2007-08 \$'000	Appropriation Receipts - other agencies <b>2008-09</b> 2007-08 \$'000	Non- Appropriation Receipts <b>2008-09</b> 2007-08 \$'000	Payments <b>2008-09</b> 2007-08 \$'000	Adjustments <b>2008-09</b> 2007-08 \$'000	Closing balance <b>2008-09</b> 2007-08 \$'000
Other Trust Monies - DEWR - <i>Financial Management and Accountability Act 1997</i> , section 20D (A)	<b>201</b> 201	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>201</b> 201
Services for Other Government and Non- Government Bodies - DEST - <i>Financial Management and Accountability Act 1997</i> , section 20 (D)	<b>1,418</b> 1,418	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>1,418</b> 1,418
International Marketing of Education Special Account - <i>Financial Management and Accountability Act 1997</i> , section 20 (D)	<b>4,400</b> 3,163	<b>6,000</b> 5,969	<b>0</b> 0	<b>2,000</b> 1,468	<b>8,000</b> 6,200	<b>0</b> 0	<b>4,400</b> 4,400
<b>Total special accounts 2008-09 Budget estimate</b>	<b>10,320</b>	<b>6,035</b>	<b>0</b>	<b>446,045</b>	<b>8,305</b>	<b>(443,805)</b>	<b>10,290</b>
Total special accounts 2007-08 estimate actual	9,113	6,006,004	0	256,663	6,505	(6,254,955)	10,320

(A) = Administered

(D) = Departmental

### 3.1.4 Australian Government Indigenous Expenditure

**Table 3.1.4: Australian Government Indigenous Expenditure**

Outcome	Appropriations				Other	Total
	Bill No. 1 \$'000 (A)	Bill No. 2 \$'000 (B)	Special Approp \$'000 (C)	Total Approp \$'000 (D)		
<b>Department of Education, Employment and Workplace Relations</b>						
<b>Outcome 1</b>						
Administered 2008-09	31,565	5,700	0	37,265		37,265
<i>Administered 2007-08</i>	<i>31,565</i>	<i>5,700</i>	<i>0</i>	<i>37,265</i>		<i>37,265</i>
Departmental 2008-09	1,507	0	0	1,507		1,507
<i>Departmental 2007-08</i>	<i>1,507</i>	<i>0</i>	<i>0</i>	<i>1,507</i>		<i>1,507</i>
Total Outcome 2008-09	33,072	5,700	0	38,772		38,772
<i>Total Outcome 2007-08</i>	<i>33,072</i>	<i>5,700</i>	<i>0</i>	<i>38,772</i>		<i>38,772</i>
<b>Outcome 2</b>						
Administered 2008-09	0	0	454,570	454,570		454,570
<i>Administered 2007-08</i>	<i>0</i>	<i>0</i>	<i>448,748</i>	<i>448,748</i>		<i>448,748</i>
Departmental 2008-09	30,418	0	0	30,418		30,418
<i>Departmental 2007-08</i>	<i>30,418</i>	<i>0</i>	<i>0</i>	<i>30,418</i>		<i>30,418</i>
Total Outcome 2008-09	30,418	0	454,570	484,988		484,988
<i>Total Outcome 2007-08</i>	<i>30,418</i>	<i>0</i>	<i>448,748</i>	<i>479,166</i>		<i>479,166</i>
<b>Outcome 3</b>						
Administered 2008-09	288	0	89,506	89,794		89,794
<i>Administered 2007-08</i>	<i>284</i>	<i>0</i>	<i>88,826</i>	<i>89,110</i>		<i>89,110</i>
Departmental 2008-09	3,942	0	0	3,942		3,942
<i>Departmental 2007-08</i>	<i>3,942</i>	<i>0</i>	<i>0</i>	<i>3,942</i>		<i>3,942</i>
Total Outcome 2008-09	4,230	0	89,506	93,736		93,736
<i>Total Outcome 2007-08</i>	<i>4,226</i>	<i>0</i>	<i>88,826</i>	<i>93,052</i>		<i>93,052</i>
<b>Outcome 4</b>						
Administered 2008-09	4,000	0	3,970	7,970		7,970
<i>Administered 2007-08</i>	<i>4,000</i>	<i>0</i>	<i>3,910</i>	<i>7,910</i>		<i>7,910</i>
Departmental 2008-09	538	0	0	538		538
<i>Departmental 2007-08</i>	<i>538</i>	<i>0</i>	<i>0</i>	<i>538</i>		<i>538</i>
Total Outcome 2008-09	4,538	0	3,970	8,508		8,508
<i>Total Outcome 2007-08</i>	<i>4,538</i>	<i>0</i>	<i>3,910</i>	<i>8,448</i>		<i>8,448</i>

**Table 3.1.4: Australian Government Indigenous Expenditure (cont)**

Outcome	Appropriations				Other \$'000 (E)	Total \$'000 (F)=(D)+(E)
	Bill	Bill	Special	Total		
	No. 1	No. 2	Approp	Approp		
	\$'000 (A)	\$'000 (B)	\$'000 (C)	\$'000 (D)		
<b>Outcome 7</b>						
Administered 2008-09	115,595	0	0	115,595		115,595
<i>Administered 2007-08</i>	<i>113,348</i>	<i>0</i>	<i>0</i>	<i>113,348</i>		<i>113,348</i>
Departmental 2008-09	60,387	0	0	60,387		60,387
<i>Departmental 2007-08</i>	<i>80,941</i>	<i>0</i>	<i>0</i>	<i>80,941</i>		<i>80,941</i>
Total Outcome 2008-09	175,982	0	0	175,982		175,982
<i>Total Outcome 2007-08</i>	<i>194,289</i>	<i>0</i>	<i>0</i>	<i>194,289</i>		<i>194,289</i>
<hr/>						
Total Administered 2008-09	151,448	5,700	548,046	705,194		705,194
<i>Total Administered 2007-08</i>	<i>149,197</i>	<i>5,700</i>	<i>541,484</i>	<i>696,381</i>		<i>696,381</i>
<hr/>						
Total Departmental 2008-09	96,792	0	0	96,792		96,792
<i>Total Departmental 2007-08</i>	<i>117,346</i>	<i>0</i>	<i>0</i>	<i>117,346</i>		<i>117,346</i>
<hr/>						
<b>Total AGIE 2008-09</b>	<b>248,240</b>	<b>5,700</b>	<b>548,046</b>	<b>801,986</b>		<b>801,986</b>
<i>Total AGIE 2007-08</i>	<i>266,543</i>	<i>5,700</i>	<i>541,484</i>	<i>813,727</i>		<i>813,727</i>

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Differences in agency resourcing and financial statements**

The Department was established by the Administrative Arrangement Orders of 3 December 2007 and 25 January 2008. The Budget papers provide a part year 2007-08 comparator for the period 3 December 2007 to 30 June 2008 reflecting the establishment of the new Department of Education, Employment and Workplace Relations.

A full year 2007-08 comparator has been provided in financial tables, including the budgeted financial statements, which is made up of:

- all former Department of Education, Science and Training functions from 1 July 2007 to 3 December 2007 (including the science and research functions transferred to the Departments of Industry, Innovation, Science and Research, Resources, Energy and Tourism).
- all former Department of Employment and Workplace Relations functions from 1 July 2007 to 3 December 2007 (including the Community Development and Employment Projects Program and the Disability Support Program transferred to the Department of Families, Housing, Communities and Indigenous Affairs); and
- all functions of the new Department of Education, Employment and Workplace Relations for the period 3 December 2007 to 30 June 2008 (including the child care and youth functions gained from the Department of Families, Housing, Communities and Indigenous Affairs).

The exception is in Tables 2.1 to 2.9 (Total Resources for Outcomes) where science and research functions have not been included as there is no longer an appropriate outcome under which to present this data.

### **3.2.2 Analysis of budgeted financial statements**

An analysis of the Department's budgeted financial statements, which consists of the budgeted departmental financial statements and administered schedules is provided below. The 2007-08 estimated actual is used as the comparative year for the analysis although some comments on broader trends in the forward estimates are provided.

#### **Departmental financial statements**

##### **Income Statement**

The Department is budgeting for a break even operating result for 2008-09. Total income and expenses are estimated to be \$1,957 million, an increase of \$53.7 million. The increase represents the effect of previous budget measures (particularly measures

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ceasing and the cumulative impact of efficiency dividends), measures announced in the 2008-09 budget and the impact of Machinery of Government changes.

The estimates for income and expenses decline by an expected \$204.9 million from the 2008-09 budget to the 2009-2010 forward estimate. Of this decrease \$152.6 million relates to Centrelink payments, \$13.7 million reduction in relation to Employment Services purchasing and \$21.0 million relates to funding for the Northern Territory Emergency Response.

### **Balance Sheet**

The budgeted net asset position of \$182.2 million, represents a \$6.4 million increase from the 2007-08 estimated actual. The increase largely reflects investment in office fit-out and internally developed software as a result of the formation of the new department and in support of the delivery of government measures.

The structure of the balance sheet reflects the nature of the organisation. Key assets are office fit-out (included in land and buildings), computer and office machines (included in infrastructure, plant and equipment) and computer software (included in intangibles). The most significant liability relates to employees and the leave provisions that are accrued as a result of their employment.

### **Administered Schedules**

#### **Income and expenses**

It is estimated that the department will receive revenue administered on behalf of the Government of \$604.4 million, an increase of \$200.8 million. The main item and cause of the increase is interest from the HEEF which increases from \$255.0 million in 2007-08 to \$443.8 million in 2008-09 due to investments in the fund in 2007-08 being made throughout the year so a full year of interest will not be earned.

Administered expenses in 2008-09 are \$38,173 million, a decrease of \$56.6 million. This decrease is largely a result of:

- \$4,806 million of expenses included in the 2007-08 estimated outcome that relate to programs that have transferred to other agencies as a result of machinery of government changes, offset by
- An increase of \$2,197 million of expenses due to the part year effect of the transfer of childcare programs to the department as a result of machinery of government changes
- Budget measures of \$548.4 million
- Flow through effects and funding patterns associated with previous government measures
- Adjustments due to changes in beneficiary numbers and average rates for income support programs



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- Increases reflecting the application of economic parameters to expense estimates.

**Assets and Liabilities**

Total assets administered on behalf of Government are forecast to increase by \$1,121 million to \$21,803 million. The increase is mainly due to the:

- increase in the fair value of loans under the HELP as further loans are made
- increase in the value of the HEEF due to interest being accrued and no payments being planned.

Administered liabilities are expected to decline by \$157.1 million to \$945.6 million due to a reduction in the grants provision for unfunded university superannuation due to payments as costs emerge and changes to the estimated accrued benefits for income support payments as at 30 June 2009.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement  
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	1,810,628	<b>1,883,693</b>	1,678,801	1,682,920	1,707,448
Goods and services	64,857	<b>46,446</b>	46,449	46,447	46,450
Interest	40	<b>0</b>	0	0	0
Other	10,562	<b>9,671</b>	9,670	9,670	9,671
<b>Total revenue</b>	<b>1,886,087</b>	<b>1,939,810</b>	<b>1,734,920</b>	<b>1,739,037</b>	<b>1,763,569</b>
<b>Gains</b>					
Other	17,459	<b>17,460</b>	17,462	17,458	17,460
<b>Total gains</b>	<b>17,459</b>	<b>17,460</b>	<b>17,462</b>	<b>17,458</b>	<b>17,460</b>
<b>Total income</b>	<b>1,903,546</b>	<b>1,957,270</b>	<b>1,752,382</b>	<b>1,756,495</b>	<b>1,781,029</b>
<b>EXPENSE</b>					
Employees	469,377	<b>435,049</b>	408,862	398,238	402,602
Suppliers	1,356,688	<b>1,441,870</b>	1,260,047	1,273,276	1,288,016
Grants	2,284	<b>2,284</b>	2,284	2,284	2,284
Depreciation and amortisation	75,197	<b>78,067</b>	81,189	82,697	88,127
<b>Total expenses</b>	<b>1,903,546</b>	<b>1,957,270</b>	<b>1,752,382</b>	<b>1,756,495</b>	<b>1,781,029</b>
<b>Surplus (Deficit) before income tax</b>					
<b>Income tax expense</b>					
<b>Surplus/(Deficit)</b>					
Minority interest in surplus (deficit)					
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus (Deficit) before income tax</b>					
<b>Income tax expense</b>					
<b>Surplus/(Deficit)</b>					
Minority interest in surplus (deficit)					
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 3.2.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Estimated actual 2007-08 \$'000	<b>Budget estimate 2008-09 \$'000</b>	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	7,178	<b>6,809</b>	6,462	5,763	5,763
Trade and other Receivables	177,192	<b>180,213</b>	160,293	159,516	154,937
Other	3,498	<b>3,498</b>	3,498	3,498	3,498
<b>Total financial assets</b>	<b>187,868</b>	<b>190,520</b>	170,253	168,777	164,198
<b>Non-financial assets</b>					
Land and buildings	59,456	<b>77,812</b>	114,545	109,881	102,942
Infrastructure, plant and equipment	71,865	<b>67,581</b>	71,947	79,795	85,970
Inventories	1,861	<b>1,861</b>	1,861	1,861	1,861
Intangibles	87,983	<b>98,368</b>	100,417	98,316	100,653
Other	14,532	<b>14,532</b>	14,532	14,532	14,532
<b>Total non-financial assets</b>	<b>235,697</b>	<b>260,154</b>	303,302	304,385	305,958
Assets held for sale					
<b>Total assets</b>	<b>423,565</b>	<b>450,674</b>	473,555	473,162	470,156
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
<b>Total interest bearing liabilities</b>	<b>0</b>	<b>0</b>	0	0	0
<b>Provisions</b>					
Employees	147,969	<b>150,210</b>	151,195	151,621	151,421
Other	11,110	<b>11,110</b>	11,110	11,110	11,110
<b>Total provisions</b>	<b>159,079</b>	<b>161,320</b>	162,305	162,731	162,531
<b>Payables</b>					
Suppliers	64,371	<b>82,845</b>	81,269	79,872	78,470
Other	24,284	<b>24,284</b>	24,284	24,284	24,284
<b>Total payables</b>	<b>88,655</b>	<b>107,129</b>	105,553	104,156	102,754
Liabilities included in disposal groups held for sale					
<b>Total liabilities</b>	<b>247,734</b>	<b>268,449</b>	267,858	266,887	265,285
<b>Net assets</b>	<b>175,831</b>	<b>182,225</b>	205,697	206,275	204,871

**Table 3.2.2: Budgeted departmental balance sheet  
(as at 30 June) (cont)**

	Estimated actual 2007-08 \$'000	<b>Budget estimate 2008-09 \$'000</b>	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	175,831	<b>182,225</b>	205,697	206,275	204,871
Reserves	0	<b>0</b>	0	0	0
Retained surpluses or accumulated deficits	0	<b>0</b>	0	0	0
<b>Total parent entity interest</b>	<b>175,831</b>	<b>182,225</b>	<b>205,697</b>	<b>206,275</b>	<b>204,871</b>
<b>Minority interest</b>					
<b>Total minority interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total equity</b>	<b>175,831</b>	<b>182,225</b>	<b>205,697</b>	<b>206,275</b>	<b>204,871</b>
<b>Current assets</b>	148,248	<b>157,736</b>	165,744	165,607	164,555
<b>Non-current assets</b>	275,317	<b>292,938</b>	307,811	307,555	305,601
<b>Current liabilities</b>	215,529	<b>233,551</b>	233,036	232,192	230,798
<b>Non-current liabilities</b>	32,205	<b>34,898</b>	34,822	34,695	34,487

\* 'Equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	<b>Budget estimate 2008-09 \$'000</b>	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	64,847	<b>46,446</b>	46,449	46,447	46,450
Appropriations	1,818,326	<b>1,879,272</b>	1,697,321	1,682,297	1,710,627
Interest	40	<b>0</b>	0	0	0
Net GST received	35,609	<b>39,903</b>	39,558	40,023	40,179
Other	10,995	<b>9,671</b>	9,670	9,670	9,670
<b>Total cash received</b>	<b>1,929,817</b>	<b>1,975,292</b>	<b>1,792,998</b>	<b>1,778,437</b>	<b>1,806,926</b>
<b>Cash used</b>					
Employees	473,415	<b>432,808</b>	407,877	397,812	402,802
Suppliers	1,356,967	<b>1,405,955</b>	1,244,180	1,257,236	1,271,980
Grants	2,284	<b>2,284</b>	2,284	2,284	2,284
Net GST paid	39,691	<b>39,884</b>	39,539	40,004	40,160
<b>Total cash used</b>	<b>1,872,357</b>	<b>1,880,931</b>	<b>1,693,880</b>	<b>1,697,336</b>	<b>1,717,226</b>
<b>Net cash from or (used by) operating activities</b>	<b>57,460</b>	<b>94,361</b>	<b>99,118</b>	<b>81,101</b>	<b>89,700</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment					
Proceeds from sales of financial instruments					
Investments					
Other					
<b>Total cash received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	31,166	<b>59,570</b>	85,522	47,873	49,431
Purchase of intangibles	25,784	<b>42,954</b>	38,815	35,907	40,269
Investments					
Other					
<b>Total cash used</b>	<b>56,950</b>	<b>102,524</b>	<b>124,337</b>	<b>83,780</b>	<b>89,700</b>
<b>Net cash from or (used by) investing activities</b>	<b>(56,950)</b>	<b>(102,524)</b>	<b>(124,337)</b>	<b>(83,780)</b>	<b>(89,700)</b>

**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June) (cont)**

	Estimated actual 2007-08 \$'000	<b>Budget estimate 2008-09 \$'000</b>	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	6,668	<b>7,794</b>	24,872	1,980	0
Proceeds from issuing financial instruments					
Other					
<b>Total cash received</b>	<b>6,668</b>	<b>7,794</b>	<b>24,872</b>	<b>1,980</b>	<b>0</b>
<b>Cash used</b>					
Repayments of debt					
Dividends paid					
Other	0	<b>0</b>	0	0	0
<b>Total cash used</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash from or (used by) financing activities</b>	<b>6,668</b>	<b>7,794</b>	<b>24,872</b>	<b>1,980</b>	<b>0</b>
<b>Net increase or (decrease) in cash held</b>	<b>7,178</b>	<b>(369)</b>	<b>(347)</b>	<b>(699)</b>	<b>0</b>
Cash at the beginning of the reporting period		<b>7,178</b>	6,809	6,462	5,763
Effect of exchange rate movements on cash at the beginning of reporting period					
<b>Cash at the end of the reporting period</b>	<b>7,178</b>	<b>6,809</b>	<b>6,462</b>	<b>5,763</b>	<b>5,763</b>

Prepared on Australian Accounting Standards basis

**Table 3.2.4: Departmental statement of changes in equity – summary of movement (Budget year 2007-08)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2008</b>					
Balance carried forward from previous period	0	0	0	175,831	175,831
Adjustment for changes in accounting policies					
<b>Adjusted opening balance</b>	0	0	0	175,831	175,831
<b>Income and expense</b>					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property					
<b>Sub-total income and expense</b>	0	0	0	0	0
Surplus (deficit) for the period					
<b>Total income and expenses recognised directly in equity</b>	0	0	0	175,831	175,831
<b>Transactions with owners</b>					
<i>Distribution to owners</i>					
Returns on capital					
Dividends					
Returns of capital					
Restructuring				(1,400)	(1,400)
Other					
<i>Contribution by owners</i>					
Appropriation (equity injection)				7,794	7,794
Other:					
Restructuring					
<b>Sub-total transactions with owners</b>	0	0	0	6,394	6,394
Transfers between equity components					
<b>Estimated closing balance as at 30 June 2009</b>	0	0	0	182,225	182,225

Prepared on Australian Accounting Standards basis

**Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Other taxes, fees and fines	68,080	74,900	82,400	90,610	90,610
<b>Total taxation</b>	<b>68,080</b>	<b>74,900</b>	<b>82,400</b>	<b>90,610</b>	<b>90,610</b>
<b>Non-taxation</b>					
Interest	254,955	443,805	457,563	469,002	480,727
Other sources of non-taxation revenues	80,599	85,712	83,707	93,276	93,127
<b>Total non-taxation</b>	<b>335,554</b>	<b>529,517</b>	<b>541,270</b>	<b>562,278</b>	<b>573,854</b>
<b>Total revenues administered on behalf of Government</b>	<b>403,634</b>	<b>604,417</b>	<b>623,670</b>	<b>652,888</b>	<b>664,464</b>
<b>Total income administered on behalf of Government</b>	<b>403,634</b>	<b>604,417</b>	<b>623,670</b>	<b>652,888</b>	<b>664,464</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	16,007,797	17,154,709	18,634,511	19,147,094	20,293,638
Subsidies	720,759	749,865	776,124	804,360	810,666
Personal benefits	18,383,683	16,939,529	17,020,324	17,586,373	18,052,142
Suppliers	2,708,841	2,838,694	2,842,494	2,892,302	2,914,049
Write down and impairment of assets	275,843	360,488	363,890	371,770	366,662
Deferral costs	133,063	130,128	132,072	122,851	107,467
<b>Total expenses administered on behalf of Government</b>	<b>38,229,986</b>	<b>38,173,413</b>	<b>39,769,415</b>	<b>40,924,750</b>	<b>42,544,624</b>

Prepared on Australian Accounting Standards basis



**Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	6,267,995	6,714,485	6,788,721	6,953,723	7,127,173
Receivables	12,434,466	13,108,514	13,995,944	14,858,091	15,563,104
Investments	1,913,871	1,913,871	1,913,871	1,913,871	1,913,871
Other financial assets	196	445	507	528	528
<b>Total financial assets</b>	<b>20,616,528</b>	<b>21,737,315</b>	<b>22,699,043</b>	<b>23,726,213</b>	<b>24,604,676</b>
<b>Non-financial assets</b>					
Inventories	216	216	216	216	216
Prepayments	1,308	1,308	1,308	1,308	1,308
Other	64,214	64,101	64,101	64,101	64,101
<b>Total non-financial assets</b>	<b>65,738</b>	<b>65,625</b>	<b>65,625</b>	<b>65,625</b>	<b>65,625</b>
<b>Total assets administered on behalf of Government</b>	<b>20,682,266</b>	<b>21,802,940</b>	<b>22,764,668</b>	<b>23,791,838</b>	<b>24,670,301</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Interest bearing liabilities</b>					
Loans	16,621	16,621	16,621	16,621	16,621
<b>Total interest bearing liabilities</b>	<b>16,621</b>	<b>16,621</b>	<b>16,621</b>	<b>16,621</b>	<b>16,621</b>
<b>Provisions</b>					
Grants provision	3,032,558	2,915,345	2,795,388	2,672,703	2,547,590
<b>Total provisions</b>	<b>3,032,558</b>	<b>2,915,345</b>	<b>2,795,388</b>	<b>2,672,703</b>	<b>2,547,590</b>
<b>Payables</b>					
Suppliers	112,473	112,520	112,607	112,607	112,607
Subsidies	25,733	25,733	25,733	25,733	25,733
Personal benefits payable	842,530	695,554	722,075	786,415	852,924
Grants	67,292	57,117	50,440	38,718	22,508
Other payables	54,714	54,714	54,714	54,714	54,714
<b>Total payables</b>	<b>1,102,742</b>	<b>945,638</b>	<b>965,569</b>	<b>1,018,187</b>	<b>1,068,486</b>
<b>Total liabilities administered on behalf of Government</b>	<b>4,151,921</b>	<b>3,877,604</b>	<b>3,777,578</b>	<b>3,707,511</b>	<b>3,632,697</b>

Prepared on Australian Accounting Standards basis

**Table 3.2.7: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Taxes	68,080	74,900	82,400	90,610	90,610
Sales of goods and rendering of services	7	0	0	0	0
Interest	254,955	443,805	457,563	469,002	480,727
GST input credit receipts	1,128,555	1,028,805	1,087,899	1,155,789	1,233,225
Other	1,407,977	1,527,269	1,692,533	1,858,637	2,054,421
<b>Total cash received</b>	<b>2,859,574</b>	<b>3,074,779</b>	<b>3,320,395</b>	<b>3,574,038</b>	<b>3,858,983</b>
<b>Cash used</b>					
Grant payments	19,445,757	19,882,459	21,547,278	22,178,249	23,413,620
Subsidies paid	720,759	746,514	772,536	800,810	807,134
Personal benefits	17,907,524	17,133,266	16,780,631	17,507,179	17,975,943
Suppliers	2,709,172	2,838,527	2,842,408	2,892,301	2,918,227
GST payments	1,128,555	1,028,805	1,087,899	1,155,789	1,233,225
Other					
<b>Total cash used</b>	<b>41,911,767</b>	<b>41,629,571</b>	<b>43,030,752</b>	<b>44,534,328</b>	<b>46,348,149</b>
<b>Net cash from or (used by) operating activities</b>	<b>(39,052,193)</b>	<b>(38,554,792)</b>	<b>(39,710,357)</b>	<b>(40,960,290)</b>	<b>(42,489,166)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment and intangibles	0	0	0	0	0
Transfers from other entities	0	0	0	0	0
Other	0	0	0	0	0
<b>Total cash received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	0	0	0	0	0
Transfers to other entities	6,000,000	0	0	0	0
Other					
<b>Total cash used</b>	<b>6,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash from or (used by) investing activities</b>	<b>(6,000,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	0	0	0	0	0
Other	0	0	0	0	0
<b>Total cash received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Prepared on Australian Accounting Standards basis

DEEWR Budget Statements – Budgeted financial statements

**Table 3.2.7: Schedule of budgeted administered cash flows  
(for the period ended 30 June) (cont)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>Cash used</b>					
Cash to Official Public Account	0	0	0	0	0
Other	0	0	0	0	0
<b>Total cash used</b>	0	0	0	0	0
<b>Net cash from or (used by) financing activities</b>	0	0	0	0	0
<b>Net increase or (decrease) in cash held</b>	(45,052,193)	(38,554,792)	(39,710,357)	(40,960,290)	(42,489,166)
Cash at beginning of reporting period	10,357	267,995	714,485	953,723	1,127,173
Cash from Official Public Account for:					
- appropriations	40,774,868	40,628,014	41,574,569	43,100,243	44,834,524
- special accounts	6,000,000	0	0	0	0
Cash to Official Public Account for:					
- appropriations	(1,465,037)	(1,626,732)	(1,789,976)	(1,974,951)	(2,171,908)
- special accounts	0	0	0	0	0
<b>Cash at end of reporting period</b>	267,995	714,485	788,721	953,723	1,127,173

Prepared on Australian Accounting Standards basis

### **3.2.4 Notes to the financial statements**

#### **Accounting Policy**

The budgeted financial statements have been prepared in accordance with the requirements of the Finance Minister's Orders issued by the Minister for Finance and Deregulation.

The statements have been prepared:

- on an accrual accounting basis
- in compliance with Australian Accounting Standards and Australian Equivalents to International Financial Reporting Standards (AEIFRS) and other authoritative pronouncements of the Australian Accounting Standards Board and the Consensus Views of the Urgent Issues Group
- having regard to Statements of Accounting Concepts.

#### **Departmental revenue from government**

Revenue from government represents the purchase of outputs from the department by the government. The change reflected in the ordinary annual appropriations are a result of those new measures and variations that are explained in Section 1: Agency overview and resources.

#### **Departmental revenue from other sources**

Revenue from the sale of goods and services is recognised upon the delivery of the goods or services to the customers.

#### **Departmental gains**

Services received free of charge are recognised as gains 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.

#### **Departmental expenses – employees**

This item represents payments made and net increases or decreases in entitlements owed to employees for their services provided in the financial year.

#### **Departmental expenses – suppliers**

This item represents payments to suppliers for goods and services. It includes contracted payments made to Centrelink for services received.

**Departmental expenses – depreciation and amortisation**

Property, plant and equipment assets are written-off to their estimated residual value over their estimated useful lives to the department using the straight-line method of depreciation. Forward estimates of depreciation expense are made using forecasts of net capital acquisitions over the forward years.

**Departmental assets – financial assets – receivables**

Receivables represent amounts owing to the department for goods and services it has provided to external parties, cash reserves held in the Official Public Account which are recorded as receivable and prepayments.

**Departmental assets – non-financial assets**

These items represent future economic benefits that the department will consume in producing outputs. Following initial recognition at cost, Land and Buildings, Infrastructure, Plant and Equipment are carried at fair value less accumulated depreciation. Valuations are conducted with sufficient frequency to ensure that the carrying amount does not differ materially from the assets' fair values at reporting date.

Computer software, disclosed in the Departmental Balance Sheet as Intangibles, are expensed in the year of acquisition except for purchases of internally developed software costing more than the appropriate threshold which are capitalised at cost.

**Departmental liabilities – provisions – employees**

Provision has been made for the department's liability for employee entitlements arising from services rendered by employees to balance date. This liability encompasses wages and salaries, that are yet to be paid, annual and long service leave. No provision is made for sick leave.

Employee entitlements payable are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. Liabilities expected to be settled within twelve months are measured at the nominal amount.

**Departmental liabilities – payables – suppliers**

Suppliers 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).

**Administered revenue – taxation revenue**

Black Coal Mining Industry Levy: Since 1993, employers have been required to pay a levy of payroll into a central fund managed by the Coal Mining Industry (Long Service Leave) Corporation.

**Administered revenue – interest**

This amount comprises interest earned on the Higher Education Endowment Fund which was established under the *Higher Education Endowment Fund Act 2007*.

**Administered revenue - non taxation revenue**

Reflects the amounts owed by students under the Student Financial Supplement Scheme (SFSS) being increased through the application of CPI.

**Administered expenses – grants**

The Grants expenses include funding provided to the schools, vocational education and training and higher education (multi-jurisdictional) sectors.

**Administered expenses – subsidies**

Subsidies reflect the amount of funding estimated to be provided to employers under the Australian Apprenticeship Scheme and payments under the Indigenous Employment Program and the *Coal Mining Industry (Long Service Leave) Payroll Levy Act 1992*.

**Administered expenses – personal benefits**

These include payments made in respect of the Child Care Tax Rebate, Child Care Benefit, New Enterprise Incentive Scheme, General Employee Entitlements and Redundancy Scheme payments, Parenting Payments, Newstart Allowance, Pensioner Education Supplement, Partner Allowance, Widow Allowance, Youth Allowance, ABSTUDY, Sickness Allowance, Mobility Allowance, Mature Age Allowance, Special Employee Entitlements Scheme for Ansett Group Employees, Ex Gratia Payment, Utilities Allowance, Asbestos, Act of Grace and Modified Compliance Framework.

**Administered expenses – suppliers**

These comprise a range of administered programs the most significant being the Job Network, New Apprenticeship Centres, Workforce Skills Development, New Apprenticeship Access Program, the Language, Literacy and Numeracy Program, Work for the Dole, Rehabilitation Services, and Indigenous Employment.

**Administered expenses – deferral cost**

This component reflects deferral costs on loans provided to students under HELP. Deferral costs arise due to the income contingent nature of the repayment arrangement and is the cost resulting from payments being received over an extended period.

**Administered expenses - write down and impairment of assets**

This relates to loans provided to students under HELP and reflects those amounts not expected to be repaid, partially offset by the amounts owed by students increasing due to the application of CPI.

**Administered assets - financial assets - cash and cash equivalents**

This includes the balance of the HEEF that is managed by the Future Fund Management Agency (FFMA). Pending the development of legislation establishing the Education Investment Fund (EIF), the administered financial schedules in these Portfolio Budget Statements reflect the amounts currently held in the HEEF. Following the establishment of the EIF the amounts currently held in the HEEF, together with the associated interest and payment flows, will be transferred to the new fund.

**Administered assets – financial assets – receivables**

The main component of the receivable is loans provided to students under HELP and SFSS. The value of these loans are based on a 'fair value' which accounts for an estimate of those amounts that are not expected to be repaid as well as the cost of repayments being deferred due to the income contingent nature of the repayment arrangements. The other significant component is receivables relating to personal benefit overpayments.

**Administered liabilities**

This chiefly comprises a grants provision for the Australian Government share of the unfunded superannuation liability in respect of university employees.





