**Department of Employment**

**Financial Statements 2014–15**

In our opinion, the attached financial statements for the year ended 30 June 2015 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 Employment will be able to pay its debts as and when they fall due.

|  |  |
| --- | --- |
| Signed................................ | Signed................................ |
| Reneé Leon PSM  Accountable Authority | Glen Casson  Chief Financial Officer |
| 11 September 2015 | 11 September 2015 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **2015** |  | 2014 |
|  | **Notes** | **$'000** |  | $'000 |
| **NET COST OF SERVICES** |  |  |  |  |
| **EXPENSES** |  |  |  |  |
| Employee benefits | 4A | **181,711** |  | 171,548 |
| Suppliers | 4B | **123,488** |  | 91,679 |
| Grants | 4C | **1,439** |  | 1,925 |
| Depreciation and amortisation | 8A | **27,875** |  | 43,362 |
| Finance costs | 4D | **474** |  | 35 |
| Write-down and impairment of assets | 4E | **848** |  | 19,046 |
| Losses from asset sales |  | **224** |  | 1,576 |
| ***Total expenses*** |  | **336,059** |  | 329,171 |
|  |  |  |  |  |
| **OWN-SOURCE INCOME** |  |  |  |  |
| **Own-source revenue** |  |  |  |  |
| Sale of goods and rendering of services | 5A | **26,100** |  | 13,813 |
| External audit |  | **460** |  | 465 |
| **Total own-source revenue** |  | **26,560** |  | 14,278 |
|  |  |  |  |  |
| **Gains** |  |  |  |  |
| Gains from sale of assets |  | **-** |  | 436 |
| Other gains | 5B | **1,361** |  | 821 |
| **Total gains** |  | **1,361** |  | 1,257 |
| ***Total own-source income*** |  | **27,921** |  | 15,535 |
|  |  |  |  |  |
| ***Net cost of services*** |  | **308,138** |  | 313,636 |
|  |  |  |  |  |
| Revenue from Government |  | **295,989** |  | 288,195 |
| ***Deficit attributable to the Australian Government*** |  | **(12,149)** |  | (25,441) |
|  |  |  |  |  |
| **OTHER COMPREHENSIVE INCOME** |  |  |  |  |
| **Items not subject to subsequent reclassification to net cost of services** |  |  |  |  |
| Changes in asset revaluation surplus |  | **-** |  | 3,376 |
| ***Total other comprehensive income*** |  | **-** |  | 3,376 |
|  |  |  |  |  |
| ***Total comprehensive loss*** |  | **(12,149)** |  | (22,065) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **2015** |  | 2014 |
|  | **Notes** | **$'000** |  | $'000 |
| **ASSETS** |  |  |  |  |
| **Financial Assets** |  |  |  |  |
| Cash and cash equivalents |  | **6,321** |  | 5,669 |
| Trade and other receivables | 7A | **116,131** |  | 73,454 |
| Other financial assets | 7B | **4,094** |  | 2,604 |
| **Total financial assets** |  | **126,546** |  | 81,727 |
|  |  |  |  |  |
| **Non-financial Assets** |  |  |  |  |
| Leasehold improvements | 8A | **20,260** |  | 21,017 |
| Infrastructure, plant and equipment | 8A | **13,239** |  | 13,102 |
| Intangibles | 8A | **65,761** |  | 40,011 |
| Other non-financial assets | 8B | **12,011** |  | 16,050 |
| **Total non-financial assets** |  | **111,271** |  | 90,180 |
|  |  |  |  |  |
| ***Total assets*** |  | **237,817** |  | 171,907 |
|  |  |  |  |  |
| **LIABILITIES** |  |  |  |  |
| **Payables** |  |  |  |  |
| Suppliers | 9A | **16,720** |  | 6,146 |
| Other payables | 9B | **34,936** |  | 29,165 |
| **Total payables** |  | **51,656** |  | 35,311 |
|  |  |  |  |  |
| **Provisions** |  |  |  |  |
| Employee provisions | 10A | **62,596** |  | 59,560 |
| Other provisions | 10B | **6,264** |  | 2,597 |
| **Total provisions** |  | **68,860** |  | 62,157 |
|  |  |  |  |  |
| ***Total liabilities*** |  | **120,516** |  | 97,468 |
|  |  |  |  |  |
| ***Net assets*** |  | **117,301** |  | 74,439 |
|  |  |  |  |  |
| **EQUITY** |  |  |  |  |
| Contributed equity |  | **151,515** |  | 96,504 |
| Reserves |  | **3,376** |  | 3,376 |
| Accumulated deficit |  | **(37,590)** |  | (25,441) |
| ***Total equity*** |  | **117,301** |  | 74,439 |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Retained earnings** | | **Asset revaluation surplus** | | **Contributed equity/capital** | | **Total equity** | |
|  | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
|  | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 |
| **Opening balance** |  |  |  |  |  |  |  |  |
| Balance carried forward from previous period | **(25,441)** | - | **3,376** | - | **96,504** | - | **74,439** | - |
| **Adjusted opening balance** | **(25,441)** | - | **3,376** | - | **96,504** | - | **74,439** | - |
|  |  |  |  |  |  |  |  |  |
| **Comprehensive income** |  |  |  |  |  |  |  |  |
| Other comprehensive income | **-** | - |  | 3,376 | **-** | - | **-** | 3,376 |
| Deficit for the period | **(12,149)** | (25,441) | **-** | **-** | **-** |  | **(12,149)** | (25,441) |
| **Total comprehensive income** | **(12,149)** | (25,441) | **-** | 3,376 | **-** | - | **(12,149)** | (22,065) |
| **Contributions by owners** |  |  |  |  |  |  |  |  |
| Equity injection - Appropriation | **-** | - | **-** | - | **23,987** | 2,127 | **23,987** | 2,127 |
| Departmental capital budget | **-** | - | **-** | - | **31,024** | 21,265 | **31,024** | 21,265 |
| Restructuring (Note 10) | **-** | - | **-** | - | **-** | 73,112 | **-** | 73,112 |
| **Sub-total transactions with owners** | **-** | - | **-** | - | **55,011** | 96,504 | **55,011** | 96,504 |
| **Closing balance attributable to Australian Government** | **(37,590)** | (25,441) | **3,376** | 3,376 | **151,515** | 96,504 | **117,301** | 74,439 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **2015** |  | 2014 |
|  | **Notes** | **$'000** |  | $'000 |
|  |  |  |  |  |
| **OPERATING ACTIVITIES** |  |  |  |  |
| **Cash received** |  |  |  |  |
| Appropriations |  | **281,233** |  | 262,471 |
| Sale of goods and rendering of services |  | **28,130** |  | 16,405 |
| Net GST received |  | **13,559** |  | 8,357 |
| **Total cash received** |  | **322,922** |  | 287,233 |
|  |  |  |  |  |
| **Cash used** |  |  |  |  |
| Employees |  | **182,157** |  | 165,197 |
| Suppliers |  | **110,617** |  | 94,897 |
| Grants |  | **1,439** |  | 1,925 |
| Section 74 receipts transferred to the OPA |  | **26,198** |  | 84 |
| **Total cash used** |  | **320,411** |  | 262,103 |
|  |  |  |  |  |
| ***Net cash from operating activities*** | 12 | **2,511** |  | 25,130 |
|  |  |  |  |  |
| **INVESTING ACTIVITIES** |  |  |  |  |
| **Cash received** |  |  |  |  |
| Proceeds from sales of infrastructure, plant and equipment |  | **54** |  | 439 |
| **Total cash received** |  | **54** |  | 439 |
|  |  |  |  |  |
| **Cash used** |  |  |  |  |
| Purchase of infrastructure, plant and equipment |  | **4,591** |  | 2,665 |
| Purchase / development of intangibles |  | **41,634** |  | 19,025 |
| Purchase of leasehold improvements |  | **7,526** |  | 205 |
| **Total cash used** |  | **53,751** |  | 21,895 |
|  |  |  |  |  |
| ***Net cash used by investing activities*** |  | **(53,697)** |  | (21,456) |
|  |  |  |  |  |
| **FINANCING ACTIVITIES** |  |  |  |  |
| **Cash received** |  |  |  |  |
| Contributed equity - restructure |  | **-** |  | 1,995 |
| Contributed equity - equity injection and capital budget |  | **51,838** |  | - |
| **Total cash received** |  | **51,838** |  | 1,995 |
|  |  |  |  |  |
| ***Net cash from financing activities*** |  | **51,838** |  | 1,995 |
|  |  |  |  |  |
| ***Net increase in cash held*** |  | **652** |  | 5,669 |
| Cash and cash equivalents at the beginning of the reporting period |  | **5,669** |  | - |
| ***Cash and cash equivalents at the end of the reporting period1*** |  | **6,321** |  | 5,669 |

1. As shown in the Statement of Financial Position.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
| **BY TYPE** | **$'000** |  | $'000 |
| **Commitments receivable** |  |  |  |
| Sublease rental income1 | **(6,490)** |  | (10,424) |
| Other commitments receivable | **(109)** |  | - |
| Net GST recoverable on commitments | **(20,752)** |  | (10,694) |
| **Total commitments receivable** | **(27,351)** |  | (21,118) |
|  |  |  |  |
| **Commitments payable** |  |  |  |
| **Other commitments** |  |  |  |
| Operating leases1 | **191,961** |  | 81,028 |
| IT commitments2 | **17,118** |  | 27,164 |
| Research and development | **28** |  | 30 |
| Other3 | **21,554** |  | 22,628 |
| **Total other commitments** | **230,661** |  | 130,850 |
| ***Net commitments by type*** | **203,310** |  | 109,732 |
|  |  |  |  |
| **BY MATURITY** |  |  |  |
| **Commitments receivable** |  |  |  |
| **Operating lease income** |  |  |  |
| Within one year | **(3,359)** |  | (4,374) |
| Between one to five years | **(2,878)** |  | (4,924) |
| More than five years | **(253)** |  | (1,126) |
| **Total operating lease income** | **(6,490)** |  | (10,424) |
|  |  |  |  |
| **Other commitments receivable** |  |  |  |
| Within one year | **(5,488)** |  | (5,209) |
| Between one to five years | **(7,838)** |  | (4,931) |
| More than five years | **(7,535)** |  | (554) |
| **Total other commitments receivable** | **(20,861)** |  | (10,694) |
| **Total commitments receivable** | **(27,351)** |  | (21,118) |
|  |  |  |  |
| **Commitments payable** |  |  |  |
| **Operating lease commitments1** |  |  |  |
| Within one year | **30,806** |  | 30,360 |
| Between one to five years | **78,273** |  | 43,442 |
| More than five years | **82,882** |  | 7,226 |
| **Total operating lease commitments** | **191,961** |  | 81,028 |
|  |  |  |  |
| **IT commitments2** |  |  |  |
| Within one year | **10,501** |  | 13,680 |
| Between one to five years | **6,617** |  | 13,484 |
| **Total IT commitments** | **17,118** |  | 27,164 |
|  |  |  |  |
| **Research and development commitments** |  |  |  |
| Within one year | **28** |  | 30 |
| **Total research and development commitments** | **28** |  | 30 |
|  |  |  |  |
|  |  |  |  |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Other commitments3** |  |  |  |
| Within one year | **18,931** |  | 19,665 |
| Between one to five years | **2,623** |  | 2,963 |
| **Total other commitments** | **21,554** |  | 22,628 |
| **Total commitments payable** | **230,661** |  | 130,850 |
| ***Net commitments by maturity*** | **203,310** |  | 109,732 |

Note: Commitments are GST inclusive where relevant.

1 Operating leases included are effectively non-cancellable and comprise:

|  |  |
| --- | --- |
| Nature of lease | General description of leasing arrangement |
| Leases for office accommodation | Lease payments are subject to periodic market value or indexed increases. |
| Sub lease revenue for office accommodation | Vacant office space is sub leased where possible. The total of future minimum lease payments expected to be received over the next five years is $6.5 million including GST. |
| Agreement for provision of motor vehicles to senior executive officers | No contingent rentals exist. There are no renewal or purchase options available to the department. |

2 IT commitments include contracts for data services, IT software licensing and hardware maintenance agreements.

3 Other commitments include a range of contracts such as fees for provision of services.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **2015** |  | 2014 |
|  | **Notes** | **$'000** |  | $'000 |
| **NET COST OF SERVICES** |  |  |  |  |
| **EXPENSES** |  |  |  |  |
| Suppliers | 18A | **1,298,369** |  | 1,333,586 |
| Subsidies | 18B | **170,844** |  | 161,784 |
| Personal benefits | 18C | **384,959** |  | 212,836 |
| Grants | 18D | **89,773** |  | 37,279 |
| Write-down and impairment of assets |  | **155** |  | 203 |
| Payments to corporate Commonwealth entities |  | **7,563** |  | 1,433 |
| **Total expenses** |  | **1,951,663** |  | 1,747,121 |
|  |  |  |  |  |
| **INCOME** |  |  |  |  |
| **Revenue** |  |  |  |  |
| **Taxation revenue** |  |  |  |  |
| Other taxes |  | **159,401** |  | 133,578 |
| **Total taxation revenue** |  | **159,401** |  | 133,578 |
|  |  |  |  |  |
| **Non-taxation revenue** |  |  |  |  |
| Interest |  | **20** |  | 6 |
| Commonwealth asset recoveries |  | **23,278** |  | 16,778 |
| Other revenue |  | **5,643** |  | 3,969 |
| **Total non-taxation revenue** |  | **28,941** |  | 20,753 |
| ***Total revenue*** |  | **188,342** |  | 154,331 |
|  |  |  |  |  |
| **Gains** |  |  |  |  |
| Reversals of previous asset write-downs and impairment |  | **-** |  | 155 |
| ***Total gains*** |  | **-** |  | 155 |
| **Total income** |  | **188,342** |  | 154,486 |
|  |  |  |  |  |
| **Net cost of services** |  | **(1,763,321)** |  | (1,592,635) |
|  |  |  |  |  |
| **OTHER COMPREHENSIVE INCOME** |  |  |  |  |
| **Items not subject to subsequent reclassification to net cost of services** |  |  |  |  |
| Changes in asset revaluation surplus |  | **79,181** |  | 28,752 |
| **Total other comprehensive income** |  | **79,181** |  | 28,752 |
|  |  |  |  |  |
| ***Total comprehensive loss*** |  | **(1,684,140)** |  | (1,563,883) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **2015** |  | 2014 |
|  | **Notes** | **$'000** |  | $'000 |
| **ASSETS** |  |  |  |  |
| **Financial assets** |  |  |  |  |
| Cash and cash equivalents |  | **104** |  | - |
| Trade and other receivables | 20A | **32,165** |  | 23,340 |
| Other investments | 20B | **224,658** |  | 145,477 |
| **Total financial assets** |  | **256,927** |  | 168,817 |
|  |  |  |  |  |
| **Non-financial assets** |  |  |  |  |
| Prepayments |  | **5,014** |  | 4,968 |
| **Total non-financial assets** |  | **5,014** |  | 4,968 |
|  |  |  |  |  |
| **Total assets administered on behalf of Government** |  | **261,941** |  | 173,785 |
|  |  |  |  |  |
| **LIABILITIES** |  |  |  |  |
| **Payables** |  |  |  |  |
| Suppliers | 21A | **127,076** |  | 21,641 |
| Subsidies | 21B | **24,973** |  | 14,810 |
| Personal benefits | 21C | **6,692** |  | 9,441 |
| Grants | 21D | **-** |  | 459 |
| Other payables | 21E | **2,794,446** |  | 2,784,003 |
| **Total payables** |  | **2,953,187** |  | 2,830,354 |
|  |  |  |  |  |
| **Total liabilities administered on behalf of Government** |  | **2,953,187** |  | 2,830,354 |
|  |  |  |  |  |
| **Net liabilities** |  | **(2,691,246)** |  | (2,656,569) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **2015** |  | 2014 |
|  |  | **$'000** |  | $'000 |
|  |  |  |  |  |
| **Opening assets less liabilities** |  | **(2,656,569)** |  | - |
| Adjustment for errors |  | **5,023** |  | - |
| **Adjusted opening assets less liabilities** |  | **(2,651,546)** |  | - |
|  |  |  |  |  |
| **Net cost of services** |  |  |  |  |
| Income |  | **188,342** |  | 154,486 |
| **Expenses** |  |  |  |  |
| Payments to entities other than corporate Commonwealth entities |  | **(1,944,100)** |  | (1,745,688) |
| Payments to corporate Commonwealth entities |  | **(7,563)** |  | (1,433) |
|  |  |  |  |  |
| **Other comprehensive income** |  |  |  |  |
| Revaluations transferred to reserves |  | **79,181** |  | 28,752 |
|  |  |  |  |  |
| **Transfers (to)/from the Australian Government** |  |  |  |  |
|  |  |  |  |  |
| **Appropriation transfers from Official Public Account** |  |  |  |  |
| Administered assets and liabilities appropriations |  | **-** |  | 80 |
| Annual appropriations |  |  |  |  |
| Payments to entities other than corporate Commonwealth entities |  | **1,290,262** |  | 1,439,078 |
| Payments to corporate Commonwealth entities |  | **7,563** |  | 1,433 |
| Special appropriations (unlimited) |  |  |  |  |
| Payments to corporate Commonwealth entities |  | **198,110** |  | 159,388 |
| Payments to entities other than corporate Commonwealth entities |  | **334,246** |  | 162,615 |
|  |  |  |  |  |
| **Appropriation transfers to Official Public Account** |  |  |  |  |
| Transfers to Official Public Account |  | **(185,741)** |  | (152,610) |
| Restructuring |  | **-** |  | (2,702,670) |
| ***Closing assets less liabilities as at 30 June*** |  | **(2,691,246)** |  | (2,656,569) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **2015** |  | 2014 |
|  | **Notes** | **$'000** |  | $'000 |
| **OPERATING ACTIVITIES** |  |  |  |  |
| **Cash received** |  |  |  |  |
| Interest |  | **20** |  | 6 |
| Net GST received |  | **111,982** |  | 144,261 |
| Levies |  | **158,606** |  | 127,622 |
| Other |  | **28,982** |  | 20,747 |
| **Total cash received** |  | **299,590** |  | 292,636 |
|  |  |  |  |  |
| **Cash used** |  |  |  |  |
| Suppliers |  | **1,308,506** |  | 1,482,956 |
| Subsidies |  | **160,681** |  | 154,999 |
| Personal benefits |  | **387,719** |  | 205,671 |
| Grants |  | **71,792** |  | 55,743 |
| Payments to corporate Commonwealth entities |  | **7,563** |  | 1,433 |
| **Total cash used** |  | **1,936,261** |  | 1,900,802 |
| ***Net cash flows used by operating activities*** | 22 | **(1,636,671)** |  | (1,608,166) |
|  |  |  |  |  |
| **Net decrease in cash held** |  | **(1,636,671)** |  | (1,608,166) |
|  |  |  |  |  |
| Cash and cash equivalents at the beginning of the reporting period |  | **-** |  | - |
|  |  |  |  |  |
| **Cash from the Official Public Account for** |  |  |  |  |
| - Appropriations |  | **1,830,183** |  | 1,762,594 |
| - GST appropriations |  | **115,076** |  | 43,205 |
|  |  | **1,945,259** |  | 1,805,799 |
|  |  |  |  |  |
| **Cash to the Official Public Account for** |  |  |  |  |
| - Appropriations |  | **(185,741)** |  | (152,610) |
| - Return of GST appropriations |  | **(122,743)** |  | (45,023) |
|  |  | **(308,484)** |  | (197,633) |
|  |  |  |  |  |
| **Cash and cash equivalents at the end of the reporting period1** |  | **104** |  | - |
|  |  |  |  |  |
| 1. As shown in the Statement of Financial Position |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
| **BY TYPE** | **$'000** |  | $'000 |
| **Commitments receivable** |  |  |  |
| Net GST recoverable on commitments | **(855,520)** |  | (145,685) |
| ***Total commitments receivable*** | **(855,520)** |  | (145,685) |
|  |  |  |  |
| **Commitments payable** |  |  |  |
| **Other commitments** |  |  |  |
| Employment programs | **9,222,564** |  | 1,592,246 |
| Goods and services | **177,798** |  | 3,519 |
| Grants | **3,446** |  | 6,770 |
| ***Total other commitments*** | **9,403,809** |  | 1,602,535 |
| ***Net commitments by type*** | **8,548,289** |  | 1,456,850 |
|  |  |  |  |
| **BY MATURITY** |  |  |  |
| **Commitments receivable** |  |  |  |
| Within one year | **(147,212)** |  | (144,861) |
| Between one to five years | **(708,308)** |  | (824) |
| ***Total commitments receivable*** | **(855,520)** |  | (145,685) |
|  |  |  |  |
| **Commitments payable** |  |  |  |
| **Other Commitments** |  |  |  |
| Within one year | **1,619,334** |  | 1,593,469 |
| Between one to five years | **7,784,474** |  | 9,066 |
| ***Total other commitments*** | **9,403,809** |  | 1,602,535 |
| ***Net commitments by maturity*** | **8,548,289** |  | 1,456,850 |
|  | | | | |
| Note: All commitments are GST inclusive where relevant.  The value of commitments is determined based on expected value of services contracted, but yet to be performed under the agreement. | | | | |

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[Note 2: Events After the Reporting Period 117](#_Toc428443079)

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1. Summary of Significant Accounting Policies
   1. Objectives of Employment

The Department of Employment (the department) is an Australian Government controlled entity. It is a not-for-profit entity.

The department provides advice to the Government and administers programmes to achieve the Government’s objectives to create more jobs and increase productivity. The department works in partnership with the states and territories, non-government authorities, job service providers and industry.

The department is structured to meet the following outcomes:

Outcome 1: Fostering a productive and competitive labour market through employment policies and programmes that assist job seekers into work, meet employer needs and increase Australia’s workforce participation.

Outcome 2: Facilitating jobs growth through policies that promote fair, productive and safe workplaces.

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

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.

The department conducts the following administered activities on behalf of the Government:

* Aid the gaining of paid employment, delivering benefits for individuals, their families and the community through job service providers.
* Provide advice and support on the national workplace relations system that encourages employers and employees to agree, and productive and competitive working arrangements to support jobs growth, and advise on workplace health and safety and workers compensation.
  1. Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements and notes have been prepared in accordance with:

* Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014
* Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are 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.

Unless an alternative treatment is specifically required by an accounting standard or the FFRs, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the department or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Contingencies note.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Due to the Machinery of Government changes on 18 September 2013, comparatives for 2013–14 are from 19 September 2013 to 30 June 2014.

* 1. Significant Accounting Judgements and Estimates

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

* The fair value of leasehold improvements and infrastructure, plant and equipment has been taken to be the market value of similar items as determined by an independent valuer.
* The liability for long service leave has been estimated using an actuarial assessment based on the FRR requirements. This takes into account expected salary growth, attrition and future discounting using the government bond rates.

The department made no other assumptions or estimates identified as having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

* 1. New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

The following new and amended standards were issued prior to the signing of the statement by the accountable authority and chief financial officer, were applicable to the current reporting period and had a material effect on the entity’s financial statements:

|  |  |
| --- | --- |
| AASB 1055 | Budgetary Reporting—March 2013 (Principal): this requires the department to explain significant variances between the original budget and actual expenditure. |
| AASB 2015-7 | The department has early adopted AASB 2015-7 *Amendments to Australian Accounting Standards—Fair Value Disclosures of Not-for-Profit Public Sector Entities*. AASB 2015-7 amends AASB 13 *Fair Value Measurement* to provide disclosure relief to not-for-profit public sector entities from certain disclosures about the fair value measurements of property, plant and equipment held for their current service potential rather than to generate net cash inflows. This includes relief from disclosures of quantitative information about the significant unobservable inputs used in fair value measurements and of the sensitivity of certain fair value measurements to changes in unobservable inputs. |

All other accounting standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the department’s financial statements.

Future Australian Accounting Standard Requirements

The following new standards, revised standards, interpretations and amending standards were issued by the Australian Accounting Standards Board prior to the sign-off date and apply to future reporting periods, which are expected to have a material impact on the departments financial statements for future reporting periods:

|  |  |
| --- | --- |
| AASB 2015-2, AASB 101 | *Presentation of Financial Statements*—Initiatives to improve disclosures. |
| AASB 15 | *Revenue from Contracts with Customers*—specifies the accounting treatment for all revenue arising from contracts with customers. |

All other new standards and interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on the entity’s financial statements.

* 1. Revenue

Revenue from the sale of goods is recognised when:

* the risks and rewards of ownership have been transferred to the buyer
* the department retains no managerial involvement or effective control over the goods
* the revenue and transaction costs incurred can be reliably measured
* it is probable that the economic benefits associated with the transaction will flow to the department.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

* the amount of revenue, stage of completion and transaction costs incurred can be reliably measured
* the probable economic benefits associated with the transaction will flow to the department.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

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 at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Resources Received Free of Charge

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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another non-corporate or corporate Commonwealth entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Revenue from Government

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.

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment to this entity) is recognised as Revenue from Government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.

* 1. Gains

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

* 1. Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as ‘equity injections’ for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from, or relinquished to, another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The FRR require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

* 1. Employee Benefits

Liabilities for ‘short-term employee benefits’ (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

*Leave*

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the department is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees’ remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the department’s employer superannuation contribution rates, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2014 and which has been assessed by the department as being relevant for 2015. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

The majority of the Department’s staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or the Australian Government Employees Superannuation Trust (AGEST).

The CSS, PSS and AGEST 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 schedules and notes.

The department makes employer contributions to the employee’s superannuation scheme 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 liability for superannuation recognised as at 30 June 2015 represents outstanding contributions for the final fortnight of the year.

* 1. Leases

An operating lease is a lease that is not a finance lease and where the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Lease Incentives

Lease incentives taking the form of ‘free’ leasehold improvements and rent free holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

* 1. Fair Value Measurements

The department deems transfers between the levels of the fair value hierarchy to have occurred at the end of the reporting period.

* 1. Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

* cash on hand
* cash held by outsiders
* cash in special accounts.
  1. Financial Assets

The department classifies its financial assets in the following category:

* loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. The department’s loans and receivables are measured at their nominal amount less impairment.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of the reporting period.

* *Financial assets held at cost*—If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.
  1. 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.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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).

* 1. Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset 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.

* 1. 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.

* 1. Property, Plant and Equipment

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 are carried at valuation less 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 at the end of each reporting period.

Revaluation adjustments were 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 were recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

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 following useful lives:

|  |  |
| --- | --- |
| Asset Class | 2015 |
| Leasehold improvements | Lease term |
| Infrastructure, plant and equipment | 3-25 years |

Impairment

All assets were assessed for impairment at 30 June 2015. 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.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

* 1. Intangibles

The department’s intangibles comprise purchased and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Purchases costing less than $200,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the department’s software are 2-15 years.

All software assets were assessed for indications of impairment as at 30 June 2015.

* 1. Taxation

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

Revenues, expenses and non-financial assets are recognised net of GST except:

* where the amount of GST incurred is not recoverable from the Australian Taxation Office
* for receivables and payables.

|  |
| --- |
| * 1. Reporting of Administered Activities   Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.  Except where otherwise stated below, 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.  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.  Revenue  All administered revenues are revenues relating to the course of ordinary activities performed by the department on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.  Administered fee 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.  Loans and Receivables  Where loans and 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. |
| Administered Investments  Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.  Administered investments other than those held for sale are classified as available-for-sale and are measured at their fair value as at 30 June 2015. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at the end of the reporting period.  Prepayments  All administered prepayments are current assets.  Grants and Subsidies  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:   * + - 1. the services required to be performed by the grantee have been performed; or       2. 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 but services have not been performed or criteria satisfied.   The Australian Government continues to have regard to developments in case law, including the High Court’s most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.  Personal Benefits  The department administers personal benefit programmes on behalf of the government that provide entitlements to individuals. Payments are determined in accordance with provisions of the *Fair Entitlements Guarantee Act 2012* and the funding agreementfor the New Enterprise Incentive Scheme under Job Services Australia.  Payments to Corporate Commonwealth Entities  Payments to Comcare from amounts appropriated for that purpose are classified as administered expenses of the department. The appropriation to the department is disclosed in Table A of the appropriations note. |

1. 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.

1. Net Cash Appropriation Arrangements

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| ***Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations*1** | **15,726** |  | 21,297 |
| Plus: depreciation/amortisation expenses previously funded through revenue appropriation | **(27,875)** |  | (43,362) |
| ***Total comprehensive loss - as per the Statement of Comprehensive Income*** | **(12,149)** |  | (22,065) |

1. From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

1. Expenses

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2015** | |  | | 2014 | |
|  | **$'000** | |  | | $'000 | |
| **Note 4A: Employee Benefits** |  | |  | |  | |
| Wages and salaries | **122,601** | |  | | 113,789 | |
| Superannuation |  | |  | |  | |
| Defined contribution plans | **12,392** | |  | | 9,929 | |
| Defined benefit plans | **16,391** | |  | | 16,899 | |
| Leave and other entitlements | **28,362** | |  | | 23,025 | |
| Separations and redundancies | **540** | |  | | 6,546 | |
| Other employee expenses | **1,425** | |  | | 1,360 | |
| ***Total employee benefits*** | **181,711** | |  | | 171,548 | |
|  |  | |  | |  | |
| **Note 4B: Suppliers** | |  | |  | |  | |
| **Goods and services supplied or rendered** | |  | |  | |  | |
| Consultants | | **8,854** | |  | | 9,775 | |
| Contractors | | **8,980** | |  | | 1,795 | |
| Travel | | **4,512** | |  | | 2,165 | |
| IT services | | **24,180** | |  | | 23,467 | |
| Property | | **8,838** | |  | | 6,522 | |
| Resources provided free of charge | | **460** | |  | | 7,403 | |
| Legal | | **2,870** | |  | | 1,041 | |
| Other | | **14,100** | |  | | 7,210 | |
| **Total goods and services supplied or rendered** | | **72,794** | |  | | 59,378 | |
| **Goods and services are made up of** | |  | |  | |  | |
| Provision of goods - related parties | | **52** | |  | | 84 | |
| Provision of goods - external parties | | **2,047** | |  | | 3,536 | |
| Rendering of services - related parties | | **6,145** | |  | | 11,663 | |
| Rendering of services - external parties | | **64,550** | |  | | 44,095 | |
| **Total goods and services supplied or rendered** | | **72,794** | |  | | 59,378 | |
| **Expenses paid on behalf of portfolio agency1** | | **19,315** | |  | | **-** | |
| **Other suppliers** | |  | |  | |  | |
| **Operating lease rentals in connection with** | |  | |  | |  | |
| Minimum lease repayments - related parties | | **2,758** | |  | | - | |
| Minimum lease repayments - external parties | | **25,180** | |  | | 30,174 | |
| Workers compensation expenses | | **3,441** | |  | | 2,127 | |
| **Total other suppliers** | | **31,379** | |  | | 32,301 | |
| ***Total suppliers*** | | **123,488** | |  | | 91,679 | |

1. Payments made to the Office of the Fair Work Building Industry Inspectorate to cover their operating costs from 1 July 2014 to 31 January 2015, due to legislative instruments not being enacted under the PGPA Act.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **2015** | |  | | 2014 | |
|  | | **$'000** | |  | | $'000 | |
| **Note 4C: Grants** | |  | |  | |  | |
| **Private sector** | |  | |  | |  | |
| Non-profit organisations | | **423** | |  | | 1,139 | |
| Other | | **1,016** | |  | | 786 | |
| ***Total grants*** | | **1,439** | |  | | 1,925 | |
|  |  | |  | |  | |
| **Note 4D: Finance Costs** |  | |  | |  | |
| Unwinding of discount for restoration | **17** | |  | | 35 | |
| Unwinding of discount for surplus lease space | **53** | |  | | - | |
| Discount on lease incentives | **404** | |  | | - | |
| ***Total finance costs*** | **474** | |  | | 35 | |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 4E: Write-Down and Impairment of Assets** |  |  |  |
| **Asset write-downs and impairments from** |  |  |  |
| Write-off of receivables - goods and services | **8** |  | 13 |
| Impairment of receivables - goods and services | **10** |  | 10 |
| Impairment of leasehold improvements | **689** |  | 159 |
| Write-off of leasehold improvements | **2** |  | - |
| Write-off of infrastructure, plant and equipment | **81** |  | 75 |
| Impairment of infrastructure, plant and equipment | **-** |  | 2,878 |
| Write-off of intangibles | **58** |  | 33 |
| Impairment of intangibles | **-** |  | 15,878 |
| ***Total write-down and impairment of assets*** | **848** |  | 19,046 |

1. Income

|  |  |  |  |
| --- | --- | --- | --- |
| **OWN-SOURCE REVENUE** |  |  |  |
| **Note 5A: Sale of Goods and Rendering of Services** |  |  |  |
|  |  |  |  |
| Sales of goods - external parties | **16** |  | 5 |
| Rendering of services - related parties | **21,935** |  | 8,911 |
| Rendering of services - external parties | **4,149** |  | 4,897 |
| ***Total sale of goods and rendering of services*** | **26,100** |  | 13,813 |
| **Note 5B: Other Gains** |  |  |  |
| Gain on write back of restoration provision | **229** |  | - |
| First time recognition of assets – infrastructure, plant and equipment | **266** |  | 689 |
| Write back of provision for surplus lease space | **11** |  | - |
| Write back of leaseholds impairment | **155** |  | - |
| Other | **700** |  | 132 |
| ***Total other gains*** | **1,361** |  | 821 |

1. Fair Value Measurement

The following table provides an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

|  |  |
| --- | --- |
| Level 1: | Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date. |
| Level 2: | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3: | Unobservable inputs for the asset or liability. |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Note 6A: Fair Value Measurements** | | | | | |
| **Fair value measurements at the end of the reporting period** | | | | **For Levels 2 and 3 fair value measurements** | |
|  | **2015** | **2014** | **Category (Level 1, 2 or 3)** | **Valuation Techniques 1** | **Inputs Used** |
|  | **$'000** | **$'000** |
| **Non-financial assets** |  |  |  |  |  |
| Leasehold Improvements | - | 409 | 2 | Replacement Cost | Replacement cost new (price per square metre) |
| 18,928 | 20,608 | 3 | Depreciated Replacement Cost | Replacement cost new (price per square metre) |
| Useful life (consumed economic benefit/ obsolescence of asset) |
|  | 320 | - | 3 | Present Value | Current restoration costs (price per square metre) Discount rate Indexation rates |
| Infrastructure, plant and equipment | - | 101 | 2 | Replacement Cost | Replacement cost new (price per square metre) |
| 4,684 | 4,433 | 2 | Market Approach | Adjusted market transactions |
| 8,525 | 8,568 | 3 | Depreciated Replacement Cost | Replacement cost new (price per square metre) |
| Useful life (consumed economic benefit/ obsolescence of asset) |
| ***Total non-financial assets*** | **32,457** | **34,119** |  |  |  |
| ***Total fair value measurements of assets in the Statement of Financial Position*** | **32,457** | **34,119** |  |  |  |
| 1. There has been no change to valuation techniques. | | | | | |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2015**  **$’000** | **2014**  **$’000** |  |  |  |
| **Assets not measured at fair value in the statement of financial position** |  |  |  |  |  |
| Leasehold Improvements - AUC | 1,013 | - |  |  |  |
| Infrastructure, Plant & Equipment - AUC | 32 | - |  |  |  |
|  |  |  |  |  |
| **Total assets not measured at fair value in the statement of financial position** | **1,045** | **-** |  |  |  |
| The Department has a number of assets and liabilities not measured at fair value in the Statement of Financial Position. The carrying amounts of these assets and liabilities are considered to be a reasonable approximation of their fair value. | | | | | |
| **Fair value measurement - highest and best use** | | | | | |
| The Department's assets are held for operational purposes not for the purposes of deriving a profit. The current use of all controlled assets is considered the highest and best use. | | | | | |
| **Recurring and non-recurring Level 3 fair value measurements - valuation processes** | | | | | |
| Australian Valuation Solutions (AVS) provided a comprehensive valuation of all leasehold improvements as at 30 June 2014. The department has a policy of testing the currency of the valuation of various asset classes at least once every 12 months and to obtain a comprehensive valuation at least once every three years. AVS provided written assurance to the department that the models developed comply with AASB 13. | | | | | |
| Significant Level 3 inputs used by the department are derived and evaluated as follows: | | | | | |
| Leasehold improvements, infrastructure, plant and equipment - depreciated replacement cost | | | | | |
| Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured using the depreciated replacement cost (DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its economic useful life and obsolescence (accumulated depreciation). The economic useful lives and asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. | | | | | |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Note 6B: Reconciliation for Recurring Level 3 Fair Value Measurements** | | | | | | |
|  |  |  |  |  |  |  |
| **Recurring Level 3 fair value measurements - reconciliation for assets** | | | | | | |
|  | **Non-financial assets** | | | | | |
|  | **Leasehold Improvements** | | **Infrastructure, plant and equipment** | | **Total** | |
|  | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
|  | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 |
| **Opening balance** | **20,608** | 24,946 | **8,568** | 12,966 | **29,176** | 37,912 |
| Total losses recognised in net cost of services1 | **(8,289)** | (6,870) | **(2,852) (2,852)** | (6,025) | **(11,141)** | (12,895) |
| Total gains recognised in comprehensive income | **(2)** | 3,376 | **(17)** | - | **(19)** | 3,376 |
| Purchases | **6,522** | 507 | **2,806** | 1,728 | **9,328** | 2,235 |
| Disposals | **-** | (1,351) |  | (101) | **-** | (1,452) |
| Transfers into Level 32 | **409** | - | 20 | - | **429** | - |
| **Closing balance** | **19,248** | 20,608 | **8,525** | 8,568 | **27,773** | 29,176 |

1. These losses are presented in the Statement of Comprehensive Income under ‘depreciation and amortisation’ and ‘write-down and Impairment of assets’.

2. Transfers into level 3 represent assets that were moved from AUC level 2 category into level 3 during the year.

1. Financial Assets

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 7A: Trade and Other Receivables** |  |  |  |
|  |  |  |  |
| Goods and services - related parties | **4,319** |  | 5,763 |
| Goods and services - external parties | **1,229** |  | 1,296 |
| Appropriation receivables - for existing programs | **109,207** |  | 65,080 |
| GST receivable from the Australian Taxation Office | **1,386** |  | 1,325 |
| ***Total trade and other receivables (gross)*** | **116,141** |  | 73,464 |
|  |  |  |  |
| **Less impairment allowance account** |  |  |  |
| Goods and services | **(10)** |  | (10) |
| **Total impairment allowance account** | **(10)** |  | (10) |
| ***Total trade and other receivables (net)*** | **116,131** |  | 73,454 |
|  |  |  |  |
| **Trade and other receivables (net) expected to be recovered** |  |  |  |
| No more than 12 months | **116,027** |  | 72,677 |
| More than 12 months | **104** |  | 777 |
| ***Total trade and other receivables (net)*** | **116,131** |  | 73,454 |
|  |  |  |  |
| **Trade and other receivables (gross) aged as follows** |  |  |  |
| Not overdue | **115,876** |  | 72,068 |
| Overdue by |  |  |  |
| 0 to 30 days | **20** |  | 232 |
| 31 to 60 days | **60** |  | 153 |
| 61 to 90 days | **28** |  | 218 |
| More than 90 days | **157** |  | 793 |
| ***Total trade and other receivables (gross)*** | **116,141** |  | 73,464 |
|  |  |  |  |
| **Impairment allowance account aged as follows** |  |  |  |
| Overdue by: |  |  |  |
| More than 90 days | **(10)** |  | (10) |
| ***Total impairment allowance*** | **(10)** |  | (10) |
|  |  |  |  |
| Credit terms are net 30 days. | |  |  |

|  |  |  |
| --- | --- | --- |
| **Reconciliation of the Impairment Allowance** |  |  |
| **Movements in relation to 2015** |  |  |
|  | **Goods and services** | **Total** |
|  | **$'000** | **$'000** |
| **Opening balance** | **(10)** | **(10)** |
| Amounts written off | **10** | **10** |
| Decrease recognised in net cost of services | **(10)** | **(10)** |
| **Closing balance** | **(10)** | **(10)** |
|  |  |  |

**Note 7A: Financial Assets (continued)**

|  |  |  |
| --- | --- | --- |
| **Reconciliation of the Impairment Allowance** |  |  |
|  |  |  |
| **Movements in relation to 2015** |  |  |
|  | **Goods and services** | **Total** |
|  | **$'000** | **$'000** |
| **Opening balance** | **(10)** | **(10)** |
| Amounts written off | **10** | **10** |
| Decrease recognised in net cost of services | **(10)** | **(10)** |
| **Closing balance** | **(10)** | **(10)** |
|  |  |  |
| **Movements in relation to 2014** |  |  |
|  | Goods and services | Total |
|  | $'000 | $'000 |
| **Opening balance** | - | - |
| Decrease recognised in net cost of services | (10) | (10) |
| **Closing balance** | (10) | (10) |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 7B: Other Financial Assets** |  |  |  |
|  |  |  |  |
| Accrued revenue | **4,094** |  | 2,604 |
| ***Total other financial assets*** | **4,094** |  | 2,604 |
|  |  |  |  |
| All accrued revenue is expected to be received in no more than 12 months. |  |  |  |
|  |  |  |  |

1. Non-Financial Assets

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Note 8A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles 2014 -15** | | | | | |
|  | **Leasehold improvements** | **Other plant & equipment** | **Computer software internally developed** | **Computer software purchased** | **Total** |
|  | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **As at 30 June 2014** |  |  |  |  |  |
| Gross book value | **21,599** | **21,582** | **86,190** | **706** | **130,077** |
| Opening adjustment - gross book value | **-** | **80** | **-** | **(5)** | **75** |
| Accumulated depreciation and impairment | **(582)** | **(8,480)** | **(46,744)** | **(141)** | **(55,947)** |
| Opening adjustment - accumulated depreciation and impairment | **155** | **(80)** | **-** | **5** | **80** |
| **Net book value 30 June 2014** | **21,172** | **13,102** | **39,446** | **565** | **74,285** |
| Additions |  |  |  |  |  |
| Purchase or internally developed | **7,533** | **4,990** | **41,169** | **-** | **53,692** |
| First time recognition | **-** | **152** | **114** | **-** | **266** |
| Impairments recognised in net cost of services | **(689)** | **-** | **-** | **-** | **(689)** |
| Depreciation/amortisation expense | **(7,754)** | **(4,762)** | **(15,145)** | **(214)** | **(27,875)** |
| Disposals |  |  |  |  |  |
| Other | **-** | **(162)** | **(116)** | **-** | **(278)** |
| Write-offs | **(2)** | **(81)** | **(58)** | **-** | **(141)** |
| **Total as at 30 June 2015** | **20,260** | **13,239** | **65,410** | **351** | **99,260** |
| **Total as at 30 June 2015 represented by:** |  |  |  |  |  |
| Gross book value |  |  |  |  |  |
| Fair Value | **27,545** | **23,697** | **78,492** | **701** | **130,435** |
| Work in progress | **1,037** | **-** | **929** | **-** | **1,966** |
| Accumulated amortisation | **-** | **-** | **(13,143)** | **(319)** | **(13,462)** |
| Accumulated depreciation | **(7,432)** | **(9,239)** | **-** | **-** | **(16,671)** |
| Accumulated impairment | **(890)** | **(1,219)** | **(868)** | **(31)** | **(3,008)** |
| **Total as at 30 June 2015** | **20,260** | **13,239** | **65,410** | **351** | **99,260** |

There were no indicators of impairment identified for internally developed software during 2015 (2014: $15.8m). During 2015, $0.58 million of internally developed software was written off (2014: nil). There were no write offs of purchased software during 2015 (2014: $0.33m).

There are 5 leased properties that the department manages which are due to be vacated within the next 12 months that have leasehold improvement assets. The total net book value of the leasehold improvements, including restoration for these properties, was $0.59 million as at 30 June 2015.

An impairment loss of $0.69 million was recognised for 7 properties associated with surplus lease space (2014: $0.159m, 5 properties).

No material amounts of infrastructure, plant and equipment are expected to be sold or disposed of within the next 12 months.

**Revaluations of non-financial assets**

All revaluations were conducted in accordance with the revaluation policy stated at Note 1.

Revaluation increments for leasehold improvements credited to the asset revaluation reserve were included in the equity section of the Statement of Financial Position, no increments were expensed.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Note 8A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (2013 -14) (continued)** | | | | | |
|  | **Leasehold improvements** | **Other plant & equipment** | **Computer software internally developed** | **Computer software purchased** | **Total** |
|  | $'000 | $'000 | $'000 | $'000 | $'000 |
| **As at 19 September 2013** |  |  |  |  |  |
| Gross book value | 25,283 | 18,267 | 67,102 | 184 | 110,836 |
| Accumulated depreciation and impairment | - | - | - | - | - |
| **Net book value 19 September 20131** | 25,283 | 18,267 | 67,102 | 184 | 110,836 |
| Additions |  |  |  |  |  |
| Purchase or internally developed | 360 | 3,367 | 19,088 | - | 22,815 |
| First time recognition | 380 | 309 | - | 527 | 1,216 |
| Reclassification | - | (28) | - | 28 | - |
| Revaluations and impairments recognised in other comprehensive income | 3,376 | - | - | - | 3,376 |
| Impairments recognised in the operating result | (159) | (2,878) | (15,824) | (54) | (18,915) |
| Depreciation/amortisation expense | (6,753) | (5,602) | (30,920) | (87) | (43,362) |
| Disposals |  |  |  |  |  |
| From disposal of entities or operations (including restructuring) | (119) | (28) | - | - | (147) |
| Other | (1,351) | (230) | - | - | (1,581) |
| Write-offs | - | (75) | - | (33) | (108) |
| **Net book value 30 June 2014** | 21,017 | 13,102 | 39,446 | 565 | 74,130 |
| **Net book value as of 30 June 2014 represented by:** |  |  |  |  |  |
| Gross book value |  |  |  |  |  |
| Fair Value | 21,190 | 21,582 | 84,686 | 706 | 128,164 |
| Work in progress | 409 | - | 1,504 | - | 1,913 |
| Accumulated amortisation | - | - | (30,920) | (87) | (31,007) |
| Accumulated depreciation | - | (5,602) | - | - | (5,602) |
| Accumulated impairment | (582) | (2,878) | (15,824) | (54) | (19,338) |
| **Net book value 30 June 2014** | 21,017 | 13,102 | 39,446 | 565 | 74,130 |

1. Opening balances represent the balances transferred as a result of the 18 September 2013 restructure (Refer Note 11).

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 8B: Other Non-Financial Assets** |  |  |  |
|  |  |  |  |
| Prepayments | **12,011** |  | 16,050 |
| ***Total other non-financial assets*** | **12,011** |  | 16,050 |
|  |  |  |  |
| **Other non-financial assets expected to be recovered in** |  |  |  |
| No more than 12 months | **10,314** |  | 13,743 |
| More than 12 months | **1,697** |  | 2,307 |
| ***Total other non-financial assets*** | **12,011** |  | 16,050 |

No indicators of impairment were found for other non-financial assets.

1. Payables

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| **Note 9A: Suppliers** |  |  |  |
|  |  |  |  |
| Trade creditors - related parties | **136** |  | 745 |
| Trade creditors - external parties | **14,470** |  | 2,658 |
| Operating lease rentals - external parties | **2,114** |  | 2,743 |
| ***Total suppliers*** | **16,720** |  | 6,146 |
|  |  |  |  |
| **Suppliers expected to be settled** |  |  |  |
| No more than 12 months | **15,652** |  | 4,047 |
| More than 12 months | **1,068** |  | 2,099 |
| ***Total suppliers*** | **16,720** |  | 6,146 |

Settlement is usually made within 30 days.

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 9B: Other Payables** |  |  |  |
|  |  |  |  |
| Salaries and wages | **6,252** |  | 5,176 |
| Superannuation | **1,004** |  | 976 |
| Separations and redundancies | **108** |  | 5,242 |
| Other employee benefits | **58** |  | 210 |
| Lease incentive | **16,817** |  | 6,548 |
| Unearned income | **3,979** |  | 2,545 |
| Accrued expenses | **6,718** |  | 8,468 |
| ***Total other payables*** | **34,936** |  | 29,165 |
|  |  |  |  |
| **Other payables expected to be settled** |  |  |  |
| No more than 12 months | **20,142** |  | 25,317 |
| More than 12 months | **14,794** |  | 3,848 |
| ***Total other payables*** | **34,936** |  | 29,165 |

1. Provisions

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 10A: Employee Provisions** |  |  |  |
|  |  |  |  |
| Leave | **62,596** |  | 59,560 |
| ***Total employee provisions*** | **62,596** |  | 59,560 |
|  |  |  |  |
| **Employee provisions expected to be settled** |  |  |  |
| No more than 12 months | **18,545** |  | 18,239 |
| More than 12 months | **44,051** |  | 41,321 |
| ***Total employee provisions*** | **62,596** |  | 59,560 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 10B: Other Provisions** |  |  |  |
|  |  |  |  |
| Provision for restoration | **1,030** |  | 1,315 |
| Provision for surplus lease space | **5,234** |  | 1,282 |
| ***Total other provisions*** | **6,264** |  | 2,597 |
|  |  |  |  |
| **Other provisions expected to be settled** |  |  |  |
| No more than 12 months | **4,224** |  | 759 |
| More than 12 months | **2,040** |  | 1,838 |
| ***Total other provisions*** | **6,264** |  | 2,597 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Provision for restoration** | **Provision for surplus lease space** | **Total** |
|  | **$’000** | **$’000** | **$’000** |
| **As at 30 June 2014** | **1,315** | **1,282** | **2,597** |
| Additional provisions made | **14** | **4,346** | **4,360** |
| Amounts reversed | **(316)** | **(11)** | **(327)** |
| Amounts used | **-** | **(436)** | **(436)** |
| Unwinding of discount or change in discount rate | **17** | **53** | **70** |
| **Total as at 30 June 2015** | **1,030** | **5,234** | **6,264** |

The department currently has three agreements for the leasing of premises which have provisions requiring the department to restore the premises to their original condition at the conclusion of the lease (2014: 5 agreements). The department has made a provision to reflect the present value of this obligation.

The department has recognised a provision for surplus lease on nine properties. Three of these properties have lease end dates in 2015–16. Five properties have a lease end date within two years. One property has a lease end date greater than two years.

1. Restructuring

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 11A: Departmental Restructuring** | | | | |
|  |  |  |  |  |
|  | 2014 | | | |
|  | Employment and Workplace Relations Functions | State Network and Corporate Functions | Indigenous Functions | Disability Employment Functions |
|  | Department of Education, Employment and Workplace Relations1 | Department of Education2 | Department of the Prime Minister and Cabinet3 | Department of Social Services4 |
|  | $'000 | $'000 | $'000 | $'000 |
| **FUNCTIONS ASSUMED** |  |  |  |  |
| **Assets recognised** |  |  |  |  |
| Cash and cash equivalents | 1,995 | - | - | - |
| Trade and other receivables | 21,858 | - | - | - |
| Other financial assets | 3,948 | - | - | - |
| Leasehold improvements | 25,283 | - | - | - |
| Infrastructure, plant and equipment | 18,267 | - | - | - |
| Intangibles | 67,286 | - | - | - |
| Other non-financial assets | 18,893 | - | - | - |
| **Total assets recognised** | 157,530 | - | - | - |
| **Liabilities recognised** |  |  |  |  |
| Suppliers | (5,194) | - | - | - |
| Other payables | (17,344) | - | - | - |
| Employee provisions | (71,176) | (14,277) | - | - |
| Other provisions | (1,526) | - | - | - |
| **Total liabilities recognised** | (95,240) | (14,277) | - | - |
| **Net assets/(liabilities) recognised** | 62,290 | (14,277) | - | - |
| **Income assumed** |  |  |  |  |
| Recognised by the receiving entity | 303,685 | - | - | - |
| Recognised by the losing entity | 41,538 | - | - | - |
| **Total income assumed** | 345,223 | - | - | - |
| **Expenses assumed** |  |  |  |  |
| Recognised by the receiving entity | (329,126) | - | - | - |
| Recognised by the losing entity | (83,340) | - | - | - |
| **Total expenses assumed** | (412,466) | - | - | - |

**Note 11A: Departmental Restructuring (continued)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2014 | | | |
|  | Employment and Workplace Relations Functions | State Network and Corporate Functions | Indigenous Functions | Disability Employment Functions |
|  | Department of Education, Employment and Workplace Relations1 | Department of Education2 | Department of the Prime Minister and Cabinet3 | Department of Social Services4 |
|  | $'000 | $'000 | $'000 | $'000 |
| **FUNCTIONS RELINQUISHED** |  |  |  |  |
| **Assets relinquished** |  |  |  |  |
| Cash and cash equivalents | - | - | - | - |
| Trade and other receivables | - | - | - | - |
| Other financial assets | - | - | - | - |
| Leasehold improvements | - | - | 119 | - |
| Infrastructure, plant and equipment | - | - | 27 | 1 |
| Other non-financial assets |  |  |  |  |
| **Total assets relinquished** | - | - | 146 | 1 |
| **Liabilities relinquished** |  |  |  |  |
| Suppliers |  |  |  |  |
| Other payables | - | - | - | - |
| Employee provisions | - | (6,504) | (9,970) | (8,772) |
| **Total liabilities relinquished** | - | (6,504) | (9,970) | (8,772) |
| **Net liabilities relinquished** | - | (6,504) | (9,824) | (8,771) |

The employment and workplace relation functions were assumed from the Department of Education, Employment and Workplace Relations (DEEWR) as a result of the Administrative Arrangement Orders on 18 September 2013.

Responsibility for corporate and state network functions in relation to the former DEEWR were acquired/relinquished from/to the Department of Education on 28 February 2014. The transfer of staff followed the transfer of function resulting from the Administrative Arrangement Orders on 18 September 2013.

Indigenous functions were relinquished to the Department of the Prime Minister and Cabinet (PM&C) during 2013-14 as a result of Administrative Arrangements Orders on 18 September 2013.

The disability and income support functions were relinquished to the Department of Social Services (DSS) during 2013-14 as a result of Administrative Arrangements Orders on 18 September 2013.

The net assets assumed from DEEWR and Education was $48,013,000 and net liabilities relinquished to Education, PM&C and DSS was $25,099,000.

In respect of functions assumed/relinquished, the net book values of assets and liabilities were transferred/received for no consideration.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Note 11B: Administered Restructuring** | | | | | |
|  |  | |  | |  |
|  | 2014 | | | | |
|  | Employment and workplace relations | Indigenous functions relating to employment | | Disability employment functions | |
|  | Department of Education, Employment and Workplace Relations1 | Department of the Prime Minister and Cabinet2 | | Department of Social Services3 | |
|  | $’000 | $’000 | | $’000 | |
| **FUNCTIONS ASSUMED** |  |  | |  | |
| **Assets recognised** |  |  | |  | |
| Cash on hand | 78 | - | | - | |
| Trade and other receivables | 17,357 | - | | - | |
| Other non-financial assets | 2,329 | - | | - | |
| Investments | 116,725 | - | | - | |
| ***Total assets recognised*** | 136,489 | - | | - | |
|  |  |  | |  | |
| **Liabilities recognised** |  |  | |  | |
| Payables | (2,840,851) | - | | - | |
| ***Total liabilities recognised*** | (2,840,851) | - | | - | |
| ***Net liabilities recognised*** | (2,704,362) | - | | - | |
|  |  |  | |  | |
| **FUNCTIONS RELINQUISHED** |  |  | |  | |
| **Assets relinquished** |  |  | |  | |
| Trade and other receivables | - | 63 | | 2,801 | |
| ***Total assets relinquished*** | - | 63 | | 2,801 | |
|  |  |  | |  | |
| **Liabilities relinquished** |  |  | |  | |
| Payables | - | (4,556) | | - | |
| ***Total liabilities relinquished*** | - | (4,556) | | - | |
| ***Net (liabilities)/assets relinquished*** | - | (4,493) | | 2,801 | |
|  |  |  | |  | |
| **Expenses** |  |  | |  | |
| Recognised by gaining entity | 1,321,024 | - | | - | |
| Recognised by losing entity | 345,604 | - | | - | |
| ***Total expenses*** | 1,666,628 | - | | - | |
|  |  |  | |  | |
| **Income** |  |  | |  | |
| Recognised by gaining entity | 153,802 | - | | - | |
| Recognised by losing entity | 24,266 | - | | - | |
| ***Total income*** | 178,068 | - | | - | |

**Note 11B: Administered Restructuring (continued)**

The employment and workplace relations functions were assumed from the former DEEWR on 18 September 2013 as a result of the Administrative Arrangement Orders.

Indigenous functions were relinquished to PM&C during 2013-14 as a result of the Administrative Arrangement Orders on 18 September 2013.

Disability employment functions were relinquished to the DSS during 2013–14 due to the Administrative Arrangement Order of 18 September 2013.

The net liabilities assumed from DEEWR were $2,704,362,000, net liabilities relinquished to PM&C were $4,493,000 and net assets relinquished to DSS were $2,801,000.

In respect of functions assumed/relinquished, the net book values of assets and liabilities were transferred/received for no consideration

1. Cash Flow Reconciliation

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Reconciliation of net cost of services to net cash from (used by) operating activities** | |  |  |
| Net cost of services | **(308,138)** |  | (313,636) |
| Revenue from Government | **295,989** |  | 288,195 |
|  |  |  |  |
| **Adjustments for non-cash items** |  |  |  |
| First time recognition of non-financial assets | **(266)** |  | (689) |
| Depreciation / amortisation | **27,875** |  | 43,362 |
| Net write-down and impairment of non-financial assets | **830** |  | 19,023 |
| Net losses from sale of assets | **224** |  | 1,140 |
| Finance costs | **474** |  | 35 |
| Asset other movements | **(153)** |  | - |
| Restructure | **-** |  | (39,572) |
|  |  |  |  |
| **Movements in assets and liabilities** |  |  |  |
| **Assets** |  |  |  |
| Increase in net receivables | **(39,504)** |  | (50,062) |
| Increase in accrued revenue | **(1,490)** |  | (2,604) |
| Decrease / (increase) in prepayments | **4,039** |  | (16,050) |
| **Liabilities** |  |  |  |
| Increase in employee provisions | **3,036** |  | 59,560 |
| Increase in supplier payables | **10,157** |  | 4,701 |
| Increase in other provisions | **3,667** |  | 1,315 |
| Increase in other payables | **5,771** |  | 30,412 |
| **Net cash from operating activities** | **2,511** |  | 25,130 |

1. Contingent Assets and Liabilities

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Claims for Damages and Costs** | | **Total** | |
|  |  | **2015** | 2014 | **2015** | 2014 |
|  |  | **$'000** | $'000 | **$'000** | $'000 |
| **Contingent liabilities** |  |  |  |  |  |
| Balance from previous period |  | **180** | - | **180** | - |
| New contingent liabilities recognised |  | **125** | 244 | **125** | 244 |
| Re-measurement |  | **3** | (64) | **3** | (64) |
| **Total contingent liabilities** |  | **308** | 180 | **308** | 180 |
| **Net contingent liabilities** |  | **(308)** | (180) | **(308)** | (180) |

Notes:

Quantifiable Contingencies

The above table reports contingent liabilities in respect of claims for damages of $0.308 million (2014: $0.180). The department had no contingent assets in respect of claims for damages.

Unquantifiable Contingencies

As at 30 June 2015, the department had no contingent liabilities likely to be paid in respect of damages and claims that are not quantifiable.

Significant Remote Contingencies

The value of contingent liabilities where the likelihood of payment is remote is $60.0 million. This represents the indemnities provided to the Administrator and the Assistant Administrators of the Health Services Union.

In addition to the unquantifiable contingencies listed above, the department has provided an indemnity to the Reserve Bank of Australia against loss or damage arising from the bank acting in good faith on the instructions given to it under the provision of the contract for the department’s transactional banking services for any error, mistake, fraud or negligence and any failure of the department to observe its obligations. The likelihood of any payment being required under the indemnity is remote and unquantifiable.

The department has also provided for four (4) indemnities in relation to venue hire agreements which are considered to be remote and unquantifiable.

1. Senior Management Personnel Remuneration

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Short-term employee benefits** |  |  |  |
| Salary | **11,090** |  | 8,843 |
| Other1 | **2,357** |  | 1,722 |
| ***Total short-term employee benefits*** | **13,447** |  | 10,565 |
|  |  |  |  |
| **Post-employment benefits** |  |  |  |
| Superannuation | **2,107** |  | 1,880 |
| ***Total post-employment benefits*** | **2,107** |  | 1,880 |
|  |  |  |  |
| **Other long-term employee benefits** |  |  |  |
| Annual leave accrued | **990** |  | 621 |
| Long-service leave | **670** |  | 368 |
| ***Total other long-term employee benefits*** | **1,660** |  | 989 |
|  |  |  |  |
| **Termination benefits** |  |  |  |
| Separation and redundancy payments | **135** |  | 200 |
| ***Total termination benefits*** | **135** |  | 200 |
| ***Total senior executive remuneration expenses*** | **17,349** |  | 13,634 |

The total number of senior management personnel that are included in the above table is 66 (2014: 86).

This note was prepared on an accrual basis and excludes acting arrangements, unless these are deemed to be significant long-term acting.

In 2014, the reporting period was from 19 September 2013 to 30 June 2014.

Due to changes in reporting requirements all substantive SES are included as headcount in the note regardless of time engaged with the agency for the reporting period or dollar value of remuneration. Accordingly SES staff movements may result in SES numbers that exceed the number of SES positions. This is particularly evident in 2014 due to the Machinery of Government changes.

1. Other includes motor vehicle allowances, other allowances and reportable fringe benefits.

1. Jointly Controlled Operations

The Shared Services Centre (SSC) commenced operation on 1 July 2014. The SSC provides operational, transactional, advisory and support functions for information technology and a range of corporate services for the partner departments: the Departments of Employment (Employment) and Education and Training (Education).The SSC also provides services to other agencies across the Commonwealth on a fee for service basis.

The SSC is classed as a joint operation under *AASB 11*—*Joint Arrangement,* whereby Employment and Education have joint control of the arrangement with rights to the assets and obligations for the liabilities relating to the SSC. The rights and obligations, as well as the contributions by the partner agencies, are underpinned by a Heads of Agreement between the two partner departments. The financial statements of both departments recognise their share of the assets, liabilities, revenues and expenses of the SSC.

The partner’s ownership in the SSC is 50:50. Items are generally shared between the partners on a 50:50 basis, with the main exception being property related items which are allocated based on occupancy at an agreed date. The resultant overall share of net assets for Employment in 2014–15 is 52%.

1. Financial Instruments

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 16A: Categories of Financial Instruments** |  |  |  |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Financial Assets** |  |  |  |
| **Loans and receivables** |  |  |  |
| Cash and cash equivalents | **6,321** |  | 5,669 |
| Goods and services receivables | **5,538** |  | 7,049 |
| ***Total loans and receivables*** | **11,859** |  | 12,718 |
|  |  |  |  |
| ***Total financial assets*** | **11,859** |  | 12,718 |
|  |  |  |  |
| **Financial Liabilities** |  |  |  |
| **Financial liabilities measured at amortised cost** |  |  |  |
| Trade creditors | **16,720** |  | 6,146 |
| ***Total financial liabilities measured at amortised cost*** | **16,720** |  | 6,146 |
|  |  |  |  |
| ***Total financial liabilities*** | **16,720** |  | 6,146 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 16B: Net Gains or Losses on Financial Assets** |  |  |  |
|  |  |  |  |
| **Loans and receivables** |  |  |  |
| Write off - goods and services | **(8)** |  | (13) |
| Impairment of receivables - goods and services | **(10)** |  | (10) |
| **Net losses on loans and receivables** | **(18)** |  | (23) |
|  |  |  |  |
| ***Net losses on financial assets*** | **(18)** |  | (23) |

The carrying amount of financial assets and liabilities is a reasonable approximation of fair value.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 16C: Credit Risk** |  |  |  |  |  | |  |
| The department is exposed to minimal credit risk as loans and receivables were cash, cash on deposit and trade receivables. The maximum exposure to credit risk was the risk that arises from potential default of a debtor. This amount was equal to the total amount of trade receivables of $5,548,000 (2014: $7,059,000). The department assessed the risk of the default on payment and allocated $10,000 to an impairment allowance account (2014: $10,000). | | | | | | | |
| The department has no significant exposures to any concentrations of credit risk. All figures for credit risk referred to did not take into account the value of any collateral of other security. | | | | | | | |
| **Maximum exposure to credit risk (excluding any collateral or credit enhancements)** | | | |  | **2015** | | 2014 |
|  |  |  |  |  | **$'000** | | $'000 |
| **Financial assets** |  |  |  |  |  | |  |
| Cash and cash equivalents |  |  |  |  | **6,321** | | 5,669 |
| Goods and services receivables |  |  |  |  | **5,548** | | 7,059 |
| **Total** |  |  |  |  | **11,869** | | 12,728 |
|  |  |  |  |  |  | |  |
| In relation to the department’s gross credit risk there is no collateral held however in 2015, 11 limited indemnities were given in respect of venue hire between the Commonwealth and third parties. | | | | | | | |
| **Credit quality of financial instruments not past due or individually determined as impaired** | | | **Not past due nor impaired** | Not past due nor impaired | **Past due or impaired** | Past due or impaired | |
|  |  |  | **2015** | 2014 | **2015** | 2014 | |
|  |  |  | **$'000** | $'000 | **$'000** | $'000 | |
| Cash and cash equivalents |  |  | **6,321** | 5,669 | **-** | - | |
| Goods and services receivables |  |  | **5,283** | 5,663 | **265** | 1,396 | |
| **Total** |  |  | **11,604** | 11,332 | **265** | 1,396 | |
|  |  |  |  |  |  |  | |
| **Ageing of financial assets that were past due but not impaired in 2015** | | | | | |  | |
|  | **0 to 30** | **31 to 60** | **61 to 90** | **90+** |  |  | |
|  | **days** | **days** | **days** | **days** | **Total** |  | |
|  | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |  | |
| Goods and services receivables | **20** | **60** | **28** | **147** | **255** |  | |
| **Total** | **20** | **60** | **28** | **147** | **255** |  | |
|  |  |  |  |  |  |  | |
| Ageing of financial assets that were past due but not impaired for 2014 | | | | |  |  | |
|  | 0 to 30 | 31 to 60 | 61 to 90 | 90+ |  |  | |
|  | days | days | days | days | Total |  | |
|  | $'000 | $'000 | $'000 | $'000 | $'000 |  | |
| Goods and services receivables | 232 | 153 | 218 | 783 | 1,386 |  | |
| **Total** | 232 | 153 | 218 | 783 | 1,386 |  | |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Note 16D: Liquidity Risk** |  |  |  |  |  |  |
| The Department’s financial liabilities were trade creditors. The exposure to liquidity risk was based on the notion that the department will encounter difficulty in meeting its obligations associated with financial liabilities. This was highly unlikely as the department 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. | | | | | | |
|  |  |  |  |  |  |  |
| **Maturities for non-derivative financial liabilities in 2015** | | | |  |  |  |
|  | **On demand** | **Within one year** | **Between one to two years** | **Between two and five years** | **More than five years** | **Total** |
|  | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Trade creditors | **-** | **15,652** | **656** | **109** | **303** | **16,720** |
| **Total** | **-** | **15,652** | **656** | **109** | **303** | **16,720** |
|  |  |  |  |  |  |  |
| Maturities for non-derivative financial liabilities 2014 | | |  |  |  |  |
|  | On demand | Within one year | Between one to two years | Between two and five years | More than five years | Total |
|  | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Trade creditors | - | 4,047 | 1,045 | 584 | 470 | 6,146 |
| **Total** | - | 4,047 | 1,045 | 584 | 470 | 6,146 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 16E: Market Risk** |  |  |  |
| The department held basic financial instruments that did not expose the department to market risks. | | | |

1. Financial Assets Reconciliation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **2015** |  | 2014 |
|  |  | **$'000** |  | $'000 |
| **Financial assets** | **Notes** |  |  |  |
|  |  |  |  |  |
| ***Total financial assets as per Statement of Financial Position*** |  | **126,546** |  | 81,727 |
| **Less: non-financial instrument components** |  |  |  |  |
| Appropriations receivable | 7A | **109,207** |  | 65,080 |
| GST receivable from the ATO | 7A | **1,386** |  | 1,325 |
| Accrued revenue | 7B | **4,094** |  | 2,604 |
| **Total non-financial instrument components** |  | **114,687** |  | 69,009 |
| ***Total financial assets as per financial instruments note*** | 16A | **11,859** |  | 12,718 |

1. Administered - Expenses

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 18A: Suppliers** | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Services rendered** |  |  |  |
| Labour market assistance to job seekers and industry - external parties | **1,280,720** |  | 940,845 |
| Industrial relations - external parties | **17,649** |  | 7,974 |
| Assistance to people with disabilities - related parties | **-** |  | 73,240 |
| Assistance to people with disabilities - external parties | **-** |  | 311,527 |
| ***Total suppliers*** | **1,298,369** |  | 1,333,586 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 18B: Subsidies** |  |  |  |
| **Subsidies in connection with** |  |  |  |
| Labour market assistance to job seekers and industry - external parties | **11,443** |  | 19,916 |
| Industrial relations - related parties | **159,401** |  | 133,578 |
| Assistance to people with disabilities - external parties | **-** |  | 8,290 |
| ***Total subsidies*** | **170,844** |  | 161,784 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 18C: Personal Benefits** |  |  |  |
| Labour market assistance to job seekers and industry - direct | **72,515** |  | 56,823 |
| Industrial relations - indirect | **312,444** |  | 156,013 |
| ***Total personal benefits*** | **384,959** |  | 212,836 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 18D: Grants** |  |  |  |
| **Public sector** |  |  |  |
| Australian Government entities (related parties) | **84,299** |  | 30,812 |
| **Private sector** |  |  |  |
| Non-profit organisations | **957** |  | 1,521 |
| Other | **4,517** |  | 4,946 |
| ***Total grants*** | **89,773** |  | 37,279 |

1. Administered - Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

|  |  |
| --- | --- |
|  | |
| Level 1: | Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date. |
| Level 2: | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3: | Unobservable inputs for the asset or liability. |
|  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Note 19A: Fair Value Measurements** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  | **Fair value measurements at the end of the reporting period using** | | | **For Levels 2 and 3 fair value measurements** | | |
|  | **2015** | **2014** | **Category Level 1, 2 or 3)** | **Valuation Techniques** | **Inputs used** | **Weighted average** |
|  | **$'000** | **$'000** |
| **Financial assets** |  |  |  |  |  |  |
| Administered investments | **224,658** | **145,477** | **3** | **Net assets of the entity** | **Net Assets** |  |
| ***Total financial assets*** | **224,658** | **145,477** |  | **-** | **-** | **-** |
| ***Total fair value measurements of assets in the Administered Schedule of Assets and Liabilities*** | **224,658** | **145,477** |  | **-** | **-** | **-** |
| There are a number of administered assets and liabilities not measured at fair value in the Administered Schedule of Assets and Liabilities. The carrying amounts of these assets and liabilities are considered to be a reasonable approximation of their fair value.  The department’s administered investments are classified as available-for-sale financial assets and are measured at their fair value as at 30 June 2015. Fair value is assessed as the Australian Government's proportional interest in the net assets of the entity at balance date. The methods and valuation techniques used for the purpose of measuring fair value of assets and liabilities in 2015 are unchanged from the prior year.  Changing inputs to the level 3 hierarchy valuations to reasonably possible alternate assumptions would not significantly change amounts recognised in net cost of service or other comprehensive income. | | | | | | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 19B: Reconciliation For Recurring Level 3 Fair Value Measurements** |  |  |  |  |
| There have been no transfers between levels during the period. | | | | |
| **Recurring Level 3 fair value measurements - reconciliation for assets** |  |  |  |  |
|  | **Financial assets** | | | |
|  | **Administered investments** | | **Total** | |
|  | **2015** | 2014 | **2015** | 2014 |
|  | **$'000** | $'000 | **$'000** | $'000 |
| **Opening balance** | **145,477** | 116,725 | **145,477** | 116,725 |
| Total gains recognised in administered equity | **79,181** | 28,752 | **79,181** | 28,752 |
| **Closing balance** | **224,658** | 145,477 | **224,658** | 145,477 |
|  |  |  |  |  |

1. Administered - Financial Assets

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2015** | |  | 2014 |
| **Note 20A: Receivables** | **$'000** | |  | $'000 |
|  |  | |  |  |
| Taxation receivables - related parties | **14,002** | |  | 13,207 |
| Goods and services receivables - related parties | **124** | |  | - |
| Goods and services receivables - external parties | **711** | |  | 543 |
| GST receivable from the ATO | **17,465** | |  | 9,731 |
| ***Total trade and other receivables (gross)*** | **32,302** | |  | 23,481 |
|  |  | |  |  |
| **Less impairment allowance** |  | |  |  |
| Goods and services | **(137)** | |  | (141) |
| **Total impairment allowance** | **(137)** | |  | (141) |
| ***Total trade and other receivables (net)*** | **32,165** | |  | 23,340 |
|  |  | |  |  |
| **Trade and other receivables (net) expected to be recovered** |  | |  |  |
| No more than 12 months | **32,072** | |  | 23,340 |
| More than 12 months | **93** | |  |  |
| ***Total trade and other receivables (net)*** | **32,165** | |  | 23,340 |
|  |  | |  |  |
| **Receivables (gross) aged as follows** |  | |  |  |
| Not overdue | **31,682** | |  | 22,939 |
| Overdue by: |  | |  |  |
| 0 to 30 days | **14** | |  | 24 |
| 31 to 60 days | **14** | |  | 125 |
| 61 to 90 days | **53** | |  | 85 |
| More than 90 days | **539** | |  | 308 |
| ***Total trade and other receivables (gross)*** | **32,302** | |  | 23,481 |
|  |  | |  |  |
| **Impairment allowance aged as follows** |  | |  |  |
| Overdue by: |  | |  |  |
| More than 90 days | **(137)** | |  | (141) |
| ***Total impairment allowance*** | **(137)** | |  | (141) |
| Credit terms are within 30 days. | | | | |
|  |  | |  |  |
| **Reconciliation of the Impairment Allowance** |  | |  |  |
|  |  | |  |  |
| **Movements in relation to 2015** |  | |  |  |
|  | **Goods and services** | |  | **Total** |
|  | **$'000** | |  | **$'000** |
| **Opening balance** | **(141)** | |  | **(141)** |
| Amounts written off | **141** | |  | **141** |
| Increase/(decrease) recognised in net cost of services | **(137)** | |  | **(137)** |
| ***Closing balance*** | **(137)** | |  | **(137)** |
|  |  | |  |  |
| Movements in relation to 2014 |  | |  |  |
|  | Goods and services | |  | Total |
|  | $'000 | |  | $'000 |
| Opening balance | - | |  | - |
| Increase/(decrease) recognised in net cost of services | (141) | |  | (141) |
| *Closing balance* | (141) | |  | (141) |
|  | | **2015** |  | 2014 |
|  | | **$'000** |  | $'000 |
| **Note 20B: Other Investments** | |  |  |  |
|  | |  |  |  |
| **Other Investments** | |  |  |  |
| Coal Mining Industry Corporation1 | | **224,658** |  | 145,477 |
| ***Total other investments*** | | **224,658** |  | 145,477 |
|  | |  |  |  |
| All other investments are expected to be recovered in greater than 12 months.  The department retains 100 per cent ownership of the listed investment. The principle activity of the department’s administered investment is as follows:  1. *Coal Mining Industry Corporation (CMIC)* –the administration of the Coal Mining Industry Long Service Leave Fund (The Fund). The Fund has operated since 1949 to provide reimbursement payments to employers paying long service leave to persons employed in the black coal industry in New South Wales, Queensland, Western Australia and Tasmania on the basis of industry employment service.  No indicators of impairment were found for non-financial assets. | | | | |

1. Administered - Payables

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 21A: Suppliers** |  |  |  |
| Trade creditors and accruals - external parties | **127,076** |  | 21,641 |
| ***Total suppliers*** | **127,076** |  | 21,641 |
| All suppliers are expected to be settled in no more than 12 months. |  |  |  |
| Settlement was made within 30 days. | | | |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 21B: Subsidies** |  |  |  |
| **Subsidies in connection with** |  |  |  |
| Related parties | **14,001** |  | 13,207 |
| External parties | **10,972** |  | 1,603 |
| ***Total subsidies*** | **24,973** |  | 14,810 |
| All subsidies are expected to be settled in no more than 12 months |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 21C: Personal Benefits** |  |  |  |
| Labour market assistance to job seekers and industry - direct | **2,142** |  | 2,166 |
| Industrial relations - external parties | **4,550** |  | 7,275 |
| ***Total personal benefits*** | **6,692** |  | 9,441 |
| All personal benefits are expected to be settled in no more than 12 months. |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 21D: Grants** |  |  |  |
| **Private sector** |  |  |  |
| Non-profit organisations | **-** |  | 459 |
| ***Total grants*** | **-** |  | 459 |
| All grants are expected to be settled in no more than 12 months. |  |  |  |
| Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility. | | | |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 21E: Other Payables** |  |  |  |
| Comcare payable1 | **2,787,681** |  | 2,769,241 |
| GST payable | **6,765** |  | 14,762 |
| ***Total other payables*** | **2,794,446** |  | 2,784,003 |
|  |  |  |  |
| **Other payables expected to be settled** |  |  |  |
| No more than 12 months | **6,765** |  | 14,762 |
| More than 12 months | **2,787,681** |  | 2,769,241 |
| ***Total other payables*** | **2,794,446** |  | 2,784,003 |
| The amount payable to Comcare represents amounts payable by the Commonwealth for:   * workers compensation claims resulting from injuries that occurred prior to 1 July 1989, referred to as ‘pre-premium’ claims; * workers compensation claims resulting from injuries that have occurred since 1 July 1989, referred to as ‘premium’ claims; and * the management of asbestos related personal injury common law disease claims against the Commonwealth.   Full details of the amounts payable may be found in the Comcare annual report. | | | |

1. Administered - Cash Flow Reconciliation

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Reconciliation of net cost of services to net cash from / (used by) operating activities** | |  |  |
| Net cost of services | **(1,763,321)** |  | (1,592,635) |
|  |  |  |  |
| **Adjustments for non-cash items** |  |  |  |
| Net write down of non-financial assets | **155** |  | 203 |
| Reversals of previous asset write-downs and impairments | **-** |  | (155) |
|  |  |  |  |
| **Movements in assets / liabilities** |  |  |  |
| **Assets** |  |  |  |
| (Increase) / decrease in net receivables | **(8,987)** |  | (6,225) |
| (Increase) / decrease in other non-financial assets | **(46)** |  | (2,639) |
| **Liabilities** |  |  |  |
| Increase / (decrease) in supplier payables | **105,432** |  | (2,201) |
| Increase in subsidies payable | **10,163** |  | 6,785 |
| Increase / (decrease) in personal benefits payable | **(2,749)** |  | 7,164 |
| Increase / (decrease) in other payables | **23,141** |  | (18,922) |
| Increase / (decrease) in grants payable | **(459)** |  | 459 |
| ***Net cash used by operating activities*** | **(1,636,671)** |  | (1,608,166) |

1. Administered - Contingent Assets and Liabilities

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Claims for damages or costs** | | **Total** | |
|  |  | **2015** | 2014 | **2015** | 2014 |
|  |  | **$'000** | $'000 | **$'000** | $'000 |
| **Contingent assets** |  |  |  |  |  |
| Balance from previous period |  | **22,724** | 20,172 | **22,724** | 20,172 |
| New contingent assets recognised |  | **-** | 2,615 | **-** | 2,615 |
| Re-measurement |  | **25,471** | 19,049 | **25,471** | 19,049 |
| Assets realised |  | **(23,292)** | (19,112) | **(23,292)** | (19,112) |
| **Total contingent assets** |  | **24,903** | 22,724 | **24,903** | 22,724 |
|  |  |  |  |  |  |
| **Contingent liabilities** |  |  |  |  |  |
| Balance from previous period |  | **114,469** | 90,126 | **114,469** | 90,126 |
| Re-measurement |  | **(70,036)** | 24,343 | **(70,036)** | 24,343 |
| **Total contingent liabilities** |  | **44,433** | 114,469 | **44,433** | 114,469 |
| **Net contingent assets / (liabilities)** |  | **(19,530)** | (91,745) | **(19,530)** | (91,745) |
| Quantifiable Contingencies  The above table reports contingent assets and liabilities in respect of estimated payments and recoveries in relation to dividends for General Employee Entitlements and Redundancy Scheme (GEERS), the Fair Entitlements Guarantee (FEG), and proceedings in the Dust Disease Tribunal as a result of the department’s administration in prior years. The estimated contingent liability is $44.433 million. The estimated contingent asset is $24.903 million.  Unquantifiable Contingencies  As at 30 June 2015, the department had a number of claims for employee entitlements under the *Fair Entitlements Guarantee Act 2012* which were currently subject to review by the Administrative Appeals Tribunal.  Relating to FEG, it is known that there are employers with outstanding employee entitlements that have been placed into liquidation. The amounts are unable to be quantified as no claim forms have been received.  Significant Remote Contingencies  The value of contingent assets and liabilities where the likelihood of receipt or payment is remote is nil. | | | | | |

1. Administered - Financial Instruments

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** |  | 2014 |
|  | **$'000** |  | $'000 |
| **Note 24A: Categories of Financial Instruments** |  |  |  |
| **Financial Assets** |  |  |  |
| **Available-for-sale financial assets** |  |  |  |
| Investments | **224,658** |  | 145,477 |
| **Total available-for-sale financial assets** | **224,658** |  | 145,477 |
|  |  |  |  |
| **Loans and receivables** |  |  |  |
| Cash and cash equivalents | **104** |  | - |
| Goods and services receivables | **698** |  | 402 |
| **Total loans and receivables** | **802** |  | 402 |
|  |  |  |  |
| **Total financial assets** | **225,460** |  | 145,879 |
|  |  |  |  |
| **Financial Liabilities** |  |  |  |
| **Financial liabilities measured at amortised cost** |  |  |  |
| Trade creditors | **127,076** |  | 21,641 |
| Grants payables | **-** |  | 459 |
| **Total financial liabilities measured at amortised cost** | **127,076** |  | 22,100 |
|  |  |  |  |
| **Total financial liabilities** | **127,076** |  | 22,100 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 24B: Net Gains or Losses on Financial Assets** |  |  |  |
| **Available-for-sale financial assets** |  |  |  |
| Gains recognised in equity | **79,181** |  | 28,752 |
| **Net gains from available-for-sale financial assets** | **79,181** |  | 28,752 |
|  |  |  |  |
| **Loans and receivables** |  |  |  |
| Interest revenue | **20** |  | 6 |
| Reversal of impairment - goods and services | **-** |  | 155 |
| Write-down and impairment | **(155)** |  | (203) |
| **Net losses from loans and receivables** | **(135)** |  | (42) |
|  |  |  |  |
| **Net gains on financial assets** | **79,046** |  | 28,710 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 24C: Fair value of Financial Instruments** | | | | |
|  | **Carrying amount** | **Fair value** | Carrying amount | Fair value |
|  |
|  | **2015** | **2015** | 2014 | 2014 |
|  | **$'000** | **$'000** | $'000 | $'000 |
| **Financial Assets** |  |  |  |  |
| **Available-for-sale financial assets** |  |  |  |  |
| Investments | **224,658** | **224,658** | 145,477 | 145,477 |
| **Loans and receivables** |  |  |  |  |
| Cash at bank and on hand | **104** | **104** | - | - |
| Receivables for goods and services | **698** | **711** | 402 | 543 |
| ***Total financial assets*** | **225,460** | **225,473** | 145,879 | 146,020 |
|  |  |  |  |  |
| **Financial Liabilities** |  |  |  |  |
| **Financial liabilities measured at amortised cost** |  |  |  |  |
| Trade creditors | **127,076** | **127,076** | 21,641 | 21,641 |
| Grants payable | **-** | **-** | 459 | 459 |
| ***Total financial liabilities*** | **127,076** | **127,076** | 22,100 | 22,100 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 24D: Credit Risk** | | | | | | | | | | | |
| The administered loans and receivables of the department were not exposed to a high level of credit risk as the financial assets were trade receivables. The department manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the department had policies and procedures that guide employees’ debt recovery techniques that were to be applied.  The department assessed the risk of the default on payment and allocated $0.137 million in 2015 (2014: $0.141m) to an impairment allowance for doubtful debts for goods and services receivables.  The department held no collateral to mitigate against credit risk. | | | | | | | | | | | |
| **Credit quality of financial instruments not past due or individually determined as impaired** | | | | **Not past due nor impaired** | | Not past due nor impaired | | **Past due or impaired** | | Past due or impaired | |
|  | | | | **2015** | | 2014 | | **2015** | | 2014 | |
|  | | | | **$'000** | | $'000 | | **$'000** | | $'000 | |
| **Loans and receivables** | | | |  | |  | |  | |  | |
| Cash at bank and on hand | | | | **104** | | - | | **-** | | **-** | |
| Goods and services receivables | | | | **91** | | 1 | | **620** | | 542 | |
| **Total** | | | | **195** | | 1 | | **620** | | 542 | |
| **Ageing of financial assets that were past due but not impaired for 2015** | | | | | | | | | | | |
|
|  | | | **0 to 30** | | **31 to 60** | | **61 to 90** | | **90+** | |  |
|  | | | **days** | | **days** | | **days** | | **days** | | **Total** |
|  | | | **$'000** | | **$'000** | | **$'000** | | **$'000** | | **$'000** |
| Goods and services receivables | | | **14** | | **14** | | **53** | | **402** | | **483** |
| **Total** | | | **14** | | **14** | | **53** | | **402** | | **483** |
| Ageing of financial assets that were past due but not impaired for 2014 | | | | | | | | | | | |
|
|  |  |  | 0 to 30 | | 31 to 60 | | 61 to 90 | | 90+ | |  |
|  |  |  | days | | days | | days | | days | | Total |
|  |  |  | $'000 | | $'000 | | $'000 | | $'000 | | $'000 |
| Goods and services receivables |  |  | 24 | | 125 | | 85 | | 167 | | 401 |
| **Total** |  |  | 24 | | 125 | | 85 | | 167 | | 401 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 24E: Liquidity Risk** |  |  |  | |  | |  | |  |
| The department’s financial liabilities were trade creditors. The exposure to liquidity risk is based on the notion that the department would encounter difficulty in meeting its obligations associated with financial liabilities. This was highly unlikely as the department was appropriated funding from the Australian Government and the department manages its budgeted funds to ensure it had adequate funds to meet payments as they fall due. In addition, the department has policies in place to ensure timely payments were made when due and had no past experience of default. | | | | | | | | | |
| **Maturities for non-derivative financial liabilities in 2015** | | | | | | | | | |
|  | **On demand** | **Within one year** | **Between one to two years** | | **Between two to five years** | | **More than five years** | | **Total** |
|  | **$’000** | **$’000** | **$’000** | | **$’000** | | **$’000** | | **$’000** |
| **Financial Liabilities** |  |  |  | |  | |  | |  |
| Trade creditors | **-** | **127,076** | **-** | | **-** | | **-** | | **127,076** |
| **Total** | **-** | **127,076** | **-** | | **-** | | **-** | | **127,076** |
|  |  |  |  | |  | |  | |  |
| Maturities for non-derivative financial liabilities 2014 | | | | | | | | | |
|  | On | Within one | Between one to two | | Between two to five | | More than five | |  |
|  | demand | year | years | | years | | years | | Total |
|  | $’000 | $’000 | $’000 | | $’000 | | $’000 | | $’000 |
| **Financial Liabilities** |  |  |  | |  | |  | |  |
| At amortised cost: |  |  |  | |  | |  | |  |
| Trade creditors | - | 21,641 | - | | - | | - | | 21,641 |
| Grants payable | - | 459 | - | | - | | - | | 459 |
| ***Total*** | - | 22,100 | - | | - | | - | | 22,100 |
| The department has no derivative financial liabilities in the current year and prior year. | | | | | | | | | |
| **Note 24F: Market Risk** | | | |  | |  | |  | | |
| The department held basic financial instruments that did not expose it to certain market risks including to ‘currency risk’ and ‘other price risks’. | | | | | | | | | | |

1. Administered – Financial Assets Reconciliation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **2015** |  | 2014 |
|  |  | **$’000** |  | $’000 |
| **Financial assets** | **Notes** |  |  |  |
|  |  |  |  |  |
| **Total financial assets as per Administered Schedule of Assets and Liabilities** |  | **256,927** |  | 168,817 |
| **Less: non-financial instrument components** |  |  |  |  |
| GST receivable from Australian Taxation Office | 20A | **17,465** |  | 9,731 |
| Taxation receivables | 20A | **14,002** |  | 13,207 |
| **Total non-financial instrument components** |  | **31,467** |  | 22,938 |
| **Total financial assets as per financial instruments note** | 24A | **225,460** |  | 145,879 |

1. Appropriations

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 26A: Annual Appropriations (‘Recoverable GST exclusive’)** | | |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  | **2015 Appropriations** | | | | | **Appropriation applied in 2015 (current and prior years)** |  |  |
|  | ***Appropriation Act*** | | ***PGPA Act*** | | **Total appropriation** |  |  |
|  | **Annual Appropriation** | **AFM** | **Section 74** | **Section 75** | **Variance1** | **Section 51 determinations** |
|  | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** |
| **DEPARTMENTAL** |  |  |  |  |  |  |  |  |
| Ordinary annual services | **327,013** | **-** | **26,198** | **-** | **353,211** | **307,996** | **45,215** | **-** |
| Other services |  |  |  |  |  |  |  |  |
| Equity | **23,987** | **-** | **-** | **-** | **23,987** | **26,114** | **(2,127)** | **-** |
| **Total departmental** | **351,000** | **-** | **26,198** | **-** | **377,198** | **334,110** | **43,088** | **-** |
| **ADMINISTERED** |  |  |  |  |  |  |  |  |
| Ordinary annual services |  |  |  |  |  |  |  |  |
| Administered items | **1,552,552** | **-** | **-** | **-** | **1,552,552** | **1,290,262** | **262,290** | **-** |
| Payments to corporate Commonwealth |  |  |  |  |  |  |  | **-** |
| entities | **7,563** | **-** | **-** | **-** | **7,563** | **7,563** | **-** | **-** |
| **Total administered** | **1,560,115** | **-** | **-** | **-** | **1,560,115** | **1,297,825** | **262,290** | **-** |

The departmental ordinary annual services variance is due to closing liabilities not yet paid and operating surplus. The administered items variance relates to lower than planned administered expenditure.

**Note 26A: Annual Appropriations (‘Recoverable GST exclusive’) (continued)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2014 Appropriations** | | | | | | | **Appropriation applied in 2014 (current and prior years)** | **Variance** |
|  | ***Appropriation Act*** | | | ***FMA Act*** | | | **Total appropriation** |
|  | **Annual Appropriation** | **Appropriations reduced1** | **AFM2** | **Section 30** | **Section 31** | **Section 32** |
|  | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** |
| **DEPARTMENTAL** |  |  |  |  |  |  |  |  |  |
| **Ordinary annual services** | 195 | - | - | - | 16,672 | 309,265 | 326,132 | 274,060 | 52,072 |
| **Other services** |  |  |  |  |  |  |  |  |  |
| Equity | 2,127 | - | - | - | - | - | 2,127 | - | 2,127 |
| **Total departmental** | 2,322 | - | - | - | 16,672 | 309,265 | 328,259 | 274,060 | 54,199 |
| **ADMINISTERED** |  |  |  |  |  |  |  |  |  |
| **Ordinary annual services** |  |  |  |  |  |  |  |  |  |
| Administered items | 14,321 | (127,366) | **-** | 1,440 | - | 1,576,708 | 1,465,103 | 1,439,078 | 26,025 |
| Payments to CAC Act bodies | 1,433 | - | **-** | - | - | - | 1,433 | 1,433 | - |
| **Other services** |  |  |  |  |  |  |  |  |  |
| Administered assets and liabilities | 2,967 | (2,887) | **-** | - | - | - | 80 | 80 | - |
| **Total administered** | 18,721 | (130,253) | - | 1,440 | - | 1,576,708 | 1,466,616 | 1,440,591 | 26,025 |

1. Appropriations reduced under Appropriation Acts (No. 1, 3 & 5) 2013–14: sections 10,11 and 12 and under Appropriation Acts (No. 2, 4 & 6) 2013–14: sections 12, 13 and 14. Departmental appropriations do not lapse at the end of the financial year. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister’s determination and is disallowable by Parliament.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of the Appropriations Acts (Nos 1, 3 & 5) 2013–14 and section 12 of Appropriation Acts (No. 2, 4 & 6) 2013–14, the appropriation is taken to be reduced to the required amount specified in Table F of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister’s determination which is disallowable by Parliament

1. Advance to the Finance Minister (AFM) – Appropriation Acts (No. 1, 3 & 5) 2013–14: section 13 and Appropriation Acts (No. 2, 4 & 6) 2013–14: section 15.
2. Administered and departmental variances are due to the 18 September 2013 restructure and resultant section 32 transfers relating to opening and closing liabilities.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 26B: Departmental and Administered Capital Budgets (‘Recoverable GST exclusive’)** | | | | | | |  | |  | |  |
|  |  | |  |  | |  |  | |  | |  |
|  | **2015 Capital Budget Appropriations** | | | | | **Capital Budget Appropriations applied in 2015 (current and prior years)** | | | | | **Variance3** |
|  | ***Appropriation Act*** | ***PGPA Act*** | | | **Total Capital Budget Appropriations** | **Payments for non-financial assets2** | | **Payments for other purposes** | | **Total payments** |
|  | **Annual Capital Budget** | **Section 75** | | |
|  | **$’000** | **$’000** | | | **$’000** | **$’000** | | **$’000** | | **$’000** | **$’000** |
| **DEPARTMENTAL** |  |  | | |  |  | |  | |  |  |
| Ordinary annual services |  |  | | |  |  | |  | |  |  |
| Departmental Capital Budget1 | **31,024** | **-** | | | **31,024** | **47,619** | | **-** | | **47,619** | **(16,595)** |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2014 Capital Budget Appropriations** | | | | **Capital Budget Appropriations applied in 2014** | | | **Variance3** |
|  | ***Appropriation Act*** | | ***FMA Act*** | **Total Capital Budget Appropriations** | **Payments for non-financial assets2** | **Payments for other purposes** | **Total payments** |
|  | **Annual Capital Budget** | **Appropriations reduced** | **Section 32** |
|  | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** | **$’000** |
| **DEPARTMENTAL** |  |  |  |  |  |  |  |  |
| Ordinary annual services |  |  |  |  |  |  |  |  |
| Departmental Capital Budget1 | - | - | 21,265 | 21,265 | - | - | - | 21,265 |

1. Departmental 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. For more information on ordinary annual services appropriation, please see Note 26A: Annual appropriations.

2. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

3. The variances in 2014 and 2015 are a timing difference between the purchase of the assets and drawdown of the capital budget.

|  |  |  |
| --- | --- | --- |
| **Note 26C: Unspent Annual Appropriations ('Recoverable GST exclusive')** | | |
|  |  |  |
|  | **2015** | 2014 |
| **$'000** | $'000 |
| **Departmental** |  |  |
|  |  |
| Appropriation Act (No. 1) 2013-14 | **18,428** | 41,493 |
| Appropriation Act (No. 1) Capital Budget 2013-14 | **-** | 21,265 |
| Appropriation Act (No. 3) 2013-14 | **195** | 195 |
| Appropriation Act (No. 4) 2013-14 | **-** | 2,127 |
| Appropriation Act (No. 1) 2014–15 | **45,505** | - |
| Appropriation Act (No. 1) Capital Budget 2014–15 | **2,059** | - |
| Appropriation Act (No. 3) 2014–15 | **40,409** | - |
| Appropriation Act (No. 3) Capital Budget 2014–15 | **2,611** | - |
| Appropriation Act (No. 4) 2014–15 | **-** | - |
| Cash at bank | **6,321** | 5,669 |
| ***Total*** | **115,528** | 70,749 |
| **Administered** |  |  |
|  |  |
| Appropriation Act (No.1) 2013-14 | **25,880** | 141,654 |
| Appropriation Act (No. 3) 2013-14 | **-** | 11,592 |
| Appropriation Act (No. 4) 2013-14 | **-** | 2,887 |
| Appropriation Act (No. 1) 2014–15 | **191,498** | - |
| Appropriation Act (No. 3) 2014–15 | **70,792** | - |
| ***Total*** | **288,170** | 156,133 |
|  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 26D: Special Appropriations ('Recoverable GST exclusive')** | | | | |
| **Authority** | **Type** | **Purpose** | **Appropriation applied** | |
| **2015** | 2014 |
| **$'000** | $'000 |
| *Fair Entitlements Guarantee Act 2012* - Section 50 (Administered) | Unlimited Amount | An Act to provide for financial assistance for workers who have not been fully paid for work done for insolvents or bankrupts, and for related purposes. | **307,890** | 144,647 |
| *Coal Mining Industry (Long Service Leave Funding) Act 1992* (Administered) | Unlimited Amount | An Act to manage the long service leave entitlement of the Coal Mining Industry. | **158,607** | 127,622 |
| *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) (Administered) | Unlimited Amount | An Act to provide for the payment of workers compensation claims and associated expenses in accordance with the provisions of the SRC Act. | **39,503** | 31,766 |
| *Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005* (Administered) | Unlimited Amount | An Act to assign responsibility for the management of certain liabilities relating to asbestos-related claims, and for related purposes. | **26,356** | 17,968 |
| **Total special appropriations applied** |  |  | **532,356** | 322,003 |

1. Reporting of Outcomes

The department has two outcomes and details of each outcome are provided in the front of the 2014–15 Annual Report. The department uses a cost allocation model to determine the attribution of its shared items.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 27A: Net Cost of Outcome Delivery** | | |  | |  |  |  |  |  |
|  | **Outcome 1** | | **Outcome 2** | | | **Payments to corporate Commonwealth entities\*** | | **Total** | |
|  | **2015** | 2014 | **2015** | 2014 | | **2015** | 2014 | **2015** | 2014 |
|  | **$'000** | $'000 | **$'000** | $'000 | | **$'000** | $'000 | **$'000** | $'000 |
| **Departmental** |  |  |  |  | |  |  |  |  |
| Expenses | **252,959** | 231,015 | **83,100** | 98,111 | | **-** | - | **336,059** | 329,126 |
| Own-source income | **23,490** | 10,872 | **4,431** | 4,618 | | **-** | - | **27,921** | 15,490 |
| **Administered** |  |  |  |  | |  |  |  |  |
| Expenses | **1,367,249** | 1,414,696 | **576,851** | 330,992 | | **7,563** | 1,433 | **1,951,663** | 1,747,121 |
| Income | **276** | 2,577 | **188,066** | 151,909 | | **-** | - | **188,342** | 154,486 |
| **Net cost of outcome delivery** | **1,596,442** | 1,632,262 | **467,454** | 272,576 | | **7,563** | 1,433 | **2,071,459** | 1,906,271 |

Outcomes are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Appendix 2 of this annual report for Agency resource statements and resources.

\* Payments to corporate Commonwealth entities are not related to outcomes. They are included here so the total agrees to the resourcing table.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 27B: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcome** | | | | | | | |  |
|  | **Outcome 1** | | **Outcome 2** | | **Not attributed#** | | **Total** | |
| **Expenses** | **2015**  **$'000** | 2014  $'000 | **2015**  **$'000** | 2014  $'000 | **2015**  **$'000** | 2014  $'000 | **2015**  **$'000** | 2014  $'000 |
| Employee benefits | **147,938** | 121,208 | **33,773** | 50,340 | **-** | - | **181,711** | 171,548 |
| Suppliers | **81,381** | 64,744 | **42,107** | 26,890 | **-** | - | **123,488** | 91,634 |
| Grants | **589** | 461 | **850** | 1,464 | **-** | - | **1,439** | 1,925 |
| Depreciation and amortisation | **21,891** | 30,007 | **5,984** | 13,355 | **-** | - | **27,875** | 43,362 |
| Other | **1,160** | 14,595 | **386** | 6,062 | **-** | - | **1,546** | 20,657 |
| **Total expenses** | **252,959** | 231,015 | **83,100** | 98,111 | **-** | - | **336,059** | 329,126 |
| **Income** |  |  |  |  |  |  |  |  |
| Sales of goods and rendering of services | **22,582** | 9,985 | **3,978** | 4,248 | **-** | - | **26,560** | 14,233 |
| Income from government | **203,254** | 199,432 | **92,735** | 88,763 | **-** | - | **295,989** | 288,195 |
| Other | **908** | 887 | **453** | 370 | **-** | - | **1,361** | 1,257 |
| **Total income** | **226,744** | 210,304 | **97,166** | 93,381 | **-** | - | **323,910** | 303,685 |
| **Assets** |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | **-** | - | **-** | - | **6,321** | 5,669 | **6,321** | 5,669 |
| Trade and other receivables | **5,206** | 4,851 | **1,718** | 2,159 | **109,207** | 66,444 | **116,131** | 73,454 |
| Other financial assets | **2,808** | 1,918 | **1,286** | 686 | **-** | - | **4,094** | 2,604 |
| Leaseholds | **15,977** | 14,545 | **4,283** | 6,472 | **-** | - | **20,260** | 21,017 |
| Infrastructure, plant and equipment | **9,928** | 9,067 | **3,311** | 4,035 | **-** | - | **13,239** | 13,102 |
| Intangibles | **55,897** | 34,009 | **9,864** | 6,002 | **-** | - | **65,761** | 40,011 |
| Other non-financial assets | **9,031** | 13,524 | **2,980** | 2,526 | **-** | - | **12,011** | 16,050 |
| **Total assets** | **98,847** | 77,914 | **23,442** | 21,880 | **115,528** | 72,113 | **237,817** | 171,907 |
| **Liabilities** |  |  |  |  |  |  |  |  |
| Suppliers | **13,130** | 4,253 | **3,590** | 1,893 | **-** | - | **16,720** | 6,146 |
| Other payables | **27,436** | 21,071 | **7,500** | 9,376 | **-** | - | **34,936** | 30,447 |
| Employee provisions | **49,157** | 41,219 | **13,439** | 18,341 | **-** | - | **62,596** | 59,560 |
| Other provisions | **4,919** | 910 | **1,345** | 405 | **-** | - | **6,264** | 1,315 |
| **Total liabilities** | **94,642** | 67,453 | **25,874** | 30,015 | **-** | - | **120,516** | 97,468 |

Outcomes are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Appendix 2 of this annual report for Agency resource statements and resources. # Assets and liabilities that could not be reliably attributed to outcomes.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 27C: Major Classes of Administered Expenses, Income, Assets, and Liabilities by Outcome** | | | | | | | | |
|  | **Outcome 1** | | **Outcome 2** | | **Payments to corporate Commonwealth entities** | | **Total** | |
|  | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
|  | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 |
| **Expenses** |  |  |  |  |  |  |  |  |
| Suppliers | **1,280,720** | 1,325,612 | **17,648** | 7,974 | **-** | - | **1,298,369** | 1,333,586 |
| Subsidies | **11,443** | 28,206 | **159,401** | 133,578 | **-** | - | **170,844** | 161,784 |
| Personal benefits | **72,530** | 56,812 | **312,429** | 156,024 | **-** | - | **384,959** | 212,836 |
| Grants | **2,411** | 3,873 | **87,362** | 33,406 | **-** | - | **89,773** | 37,279 |
| Other | **145** | 193 | **10** | 10 | **7,563** | 1,433 | **7,718** | 1,636 |
| ***Total expenses*** | **1,367,249** | 1,414,696 | **576,851** | 330,992 | **7,563** | 1,433 | **1,951,663** | 1,747,121 |
| **Income** |  |  |  |  |  |  |  |  |
| Taxation | **-** | - | **159,401** | 133,578 | **-** | - | **159,401** | 133,578 |
| Non-taxation revenue | **276** | 2,422 | **28,665** | 18,331 | **-** | - | **28,941** | 20,753 |
| Gains | **-** | 155 | **-** | - | **-** | - | **-** | 155 |
| ***Total income*** | **276** | 2,577 | **188,066** | 151,909 | **-** | - | **188,342** | 154,486 |
| **Assets** |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | **86** | - | **18** | - | **-** | - | **104** | - |
| Receivables | **17,754** | 10,186 | **14,411** | 13,154 | **-** | - | **32,165** | 23,340 |
| Investments | **-** | - | **224,658** | 145,477 | **-** | - | **224,658** | 145,477 |
| Other non-financial assets | **34** | - | **4,980** | 4,968 | **-** | - | **5,014** | 4,968 |
| ***Total assets*** | **17,874** | 10,186 | **244,067** | 163,599 | **-** | - | **261,941** | 173,785 |
| **Liabilities** |  |  |  |  |  |  |  |  |
| Suppliers | **126,153** | 21,539 | **923** | 102 | **-** | - | **127,076** | 21,641 |
| Subsidies | **10,971** | 1,604 | **14,002** | 13,206 | **-** | - | **24,973** | 14,810 |
| Personal benefits | **2,221** | 2,240 | **4,471** | 7,201 | **-** | - | **6,692** | 9,441 |
| Grants | **-** | 459 | **-** | - | **-** | - | **-** | 459 |
| Other payables | **7,541** | 14,752 | **2,786,905** | 2,769,251 | **-** | - | **2,794,446** | 2,784,003 |
| ***Total liabilities*** | **146,886** | 40,594 | **2,806,301** | 2,789,760 | **-** | - | **2,953,187** | 2,830,354 |

Outcomes are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Appendix 2 of this annual report for Agency resource statements and resources.

1. Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison between the 2014–15 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2014–15 financial statements. The Budget and Revised Budget is not audited and does not reflect budget estimates provided as part of the 2015–16 Portfolio Budget Statements (PBS). However, major changes in budget have been explained as part of the variance analysis where relevant.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 28A: Departmental Budgetary Reports** | | |  |  |  |  |  |  |
| **Statement of Comprehensive income** | | |  |  |  |  |  |  |
| *for the period ended 30 June 2015* | |  |  |  |  |  |  |  |
|  |  | **Actual** |  | **Budget estimate** | | |  | **Revised** |
|  |  |  |  | **Original1** |  | Variance2 |  | **budget3** |
|  |  | **2015** |  | **2015** |  | 2015 |  | **2015** |
|  |  | **$'000** |  | **$'000** |  | $'000 |  | **$'000** |
| **NET COST OF SERVICES** |  |  |  |  |  |  |  |  |
| **EXPENSES** |  |  |  |  |  |  |  |  |
| Employee benefits |  | **181,711** |  | **192,604** |  | (10,893) |  | **211,414** |
| Suppliers |  | **123,488** |  | **80,601** |  | 42,887 |  | **104,957** |
| Grants |  | **1,439** |  | **200** |  | 1,239 |  | **200** |
| Depreciation and amortisation |  | **27,875** |  | **37,102** |  | (9,227) |  | **30,349** |
| Finance costs |  | **474** |  | **-** |  | 474 |  | **-** |
| Write-down and impairment of assets |  | **848** |  | **-** |  | 848 |  | **-** |
| Losses from asset sales |  | **224** |  | **-** |  | 224 |  | **-** |
| ***Total expenses*** |  | **336,059** |  | **310,507** |  | 25,552 |  | **346,920** |
|  |  |  |  |  |  |  |  |  |
| **OWN-SOURCE INCOME** |  |  |  |  |  |  |  |  |
| **Own-source revenue** |  |  |  |  |  |  |  |  |
| Sale of goods and rendering of services |  | **26,100** |  | **17,454** |  | 8,646 |  | **20,182** |
| Other Revenue |  | **460** |  | **400** |  | 60 |  | **400** |
| **Total own-source revenue** |  | **26,560** |  | **17,854** |  | 8,706 |  | **20,582** |
|  |  |  |  |  |  |  |  |  |
| **Gains** |  |  |  |  |  |  |  |  |
| Other gains |  | **1,361** |  | **620** |  | 741 |  | **-** |
| **Total gains** |  | **1,361** |  | **620** |  | 741 |  | **-** |
| ***Total own-source income*** |  | **27,921** |  | **18,474** |  | 9,447 |  | **20,582** |
|  |  |  |  |  |  |  |  |  |
| ***Net cost of services*** |  | **308,138** |  | **292,033** |  | 16,105 |  | **326,338** |
|  |  |  |  |  |  |  |  |  |
| Revenue from Government |  | **295,989** |  | **254,931** |  | 41,058 |  | **295,989** |
| ***Deficit attributable to the Australian Government*** |  | **(12,149)** |  | **(37,102)** |  | 24,953 |  | **(30,349)** |
|  |  |  |  |  |  |  |  |  |
| ***Total comprehensive loss*** |  | **(12,149)** |  | **(37,102)** |  | 24,953 |  | **(30,349)** |
|  |  |  |  |  |  |  |  |  |
| 1. Employment’s original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15. | | | | | | | | |
| 2. Between actual and original budgeted amounts for 2015. Explanations of major variances are provided further below. | | | | | | | | |
| 3. Employment’s revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. Employee and Supplier budgets have been amended from the revised budget to align budget with actuals. The total expense budget did not change. | | | | | | | | |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Statement of Financial Position** | |  |  |  |  |  |  |  |
| *as at 30 June 2015* |  |  |  |  |  |  |  |  |
|  |  | **Actual** |  | **Budget estimate** | | |  | **Revised** |
|  |  |  |  | **Original1** |  | Variance2 |  | **budget3** |
|  |  | **2015** |  | **2015** |  | 2015 |  | **2015** |
|  |  | **$'000** |  | **$'000** |  | $'000 |  | **$'000** |
|  |  |  |  |  |  |  |  |  |
| **ASSETS** |  |  |  |  |  |  |  |  |
| **Financial Assets** |  |  |  |  |  |  |  |  |
| Cash and cash equivalents |  | **6,321** |  | **2,768** |  | 3,553 |  | **2,768** |
| Trade and other receivables |  | **116,131** |  | **71,137** |  | 44,994 |  | **67,921** |
| Other financial assets |  | **4,094** |  | **4,111** |  | (17) |  | **4,111** |
| **Total financial assets** |  | **126,546** |  | **78,016** |  | 48,530 |  | **74,800** |
|  |  |  |  |  |  |  |  |  |
| **Non-financial Assets** |  |  |  |  |  |  |  |  |
| Leasehold improvements |  | **20,260** |  | **38,263** |  | (18,003) |  | **21,344** |
| Infrastructure, plant and equipment | | **13,239** |  | **20,318** |  | (7,079) |  | **13,770** |
| Intangibles |  | **65,761** |  | **75,371** |  | (9,610) |  | **63,678** |
| Other non-financial assets |  | **12,011** |  | **15,941** |  | (3,930) |  | **10,252** |
| **Total non-financial assets** |  | **111,271** |  | **149,893** |  | (38,622) |  | **109,044** |
|  |  |  |  |  |  |  |  |  |
| ***Total assets*** |  | **237,817** |  | **227,909** |  | 9,908 |  | **183,844** |
|  |  |  |  |  |  |  |  |  |
| **LIABILITIES** |  |  |  |  |  |  |  |  |
| **Payables** |  |  |  |  |  |  |  |  |
| Suppliers |  | **16,720** |  | **8,019** |  | 8,701 |  | **6,146** |
| Other payables |  | **34,936** |  | **26,902** |  | 8,034 |  | **11,690** |
| **Total payables** |  | **51,656** |  | **34,921** |  | 16,735 |  | **17,836** |
|  |  |  |  |  |  |  |  |  |
| **Provisions** |  |  |  |  |  |  |  |  |
| Employee provisions |  | **62,596** |  | **60,380** |  | 2,216 |  | **65,592** |
| Other provisions |  | **6,264** |  | **1,235** |  | 5,029 |  | **1,315** |
| **Total provisions** |  | **68,860** |  | **61,615** |  | 7,245 |  | **66,907** |
|  |  |  |  |  |  |  |  |  |
| ***Total liabilities*** |  | **120,516** |  | **96,536** |  | 23,980 |  | **84,743** |
|  |  |  |  |  |  |  |  |  |
| ***Net assets*** |  | **117,301** |  | **131,373** |  | (14,072) |  | **99,101** |
|  |  |  |  |  |  |  |  |  |
| **EQUITY** |  |  |  |  |  |  |  |  |
| Contributed equity |  | **151,515** |  | **197,066** |  | (45,551) |  | **151,515** |
| Reserves |  | **3,376** |  | **-** |  | 3,376 |  | **3,376** |
| Accumulated deficit |  | **(37,590)** |  | **(65,693)** |  | 28,103 |  | **(55,790)** |
| ***Total equity*** |  | **117,301** |  | **131,373** |  | (14,072) |  | **99,101** |
|  |  |  |  |  |  |  |  |  |
| 1. Employment’s original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15. Contributed equity and Reserves budgets have been amended from the original budget to align budget with actuals. The total equity budget did not change. | | | | | | | | |
| 2. Between actual and original budgeted amounts for 2015. Explanations of major variances are provided further below. | | | | | | | | |
| 3. Employment’s revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. Trade and other receivables and Other financial assets budgets have been amended from the revised budget to align budget with actuals. The total assets budget did not change. | | | | | | | | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Statement of Changes in Equity** | | | |  |  |  | |  |  |  | |  |  |  | | |
| *for the period ended 30 June 2015* | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Retained earnings** | | | | **Asset revaluation surplus** | | | | **Contributed equity** | | | | **Total** | | | |
|  |  | **Budget estimate** | |  |  | **Budget estimate** | |  |  | **Budget estimate** | |  |  | **Budget estimate** | | |
|  | **Actual**  **2015**  **$'000** | **Original1**  **2015**  **$'000** | Variance2  2015  $'000 | **Revised Budget3**  **2015**  **$'000** | **Actual**  **2015**  **$'000** | **Original1**  **2015**  **$'000** | Variance2  2015  $'000 | **Revised Budget3**  **2015**  **$'000** | **Actual**  **2015**  **$'000** | **Original1**  **2015**  **$'000** | Variance2  2015  $'000 | **Revised Budget3**  **2015**  **$'000** | **Actual**  **2015**  **$'000** | **Original1**  **2015**  **$'000** | Variance2  2015  $'000 | **Revised Budget3**  **2015**  **$'000** |
| **Opening balance** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Balance carried forward from previous period | **(25,441)** | **(28,591)** | 3,150 | **(25,441)** | **3,376** | **-** | 3,376 | **3,376** | **96,504** | **163,965** | (67,461) | **96,504** | **74,439** | **135,374** | (60,935) | **74,439** |
| Adjustment for errors | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **-** | **-** | - | **-** |
| Adjustment for changes in accounting policies | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **-** | **-** | - | **-** |
| **Adjusted opening balance** | **(25,441)** | **(28,591)** | 3,150 | **(25,441)** | **3,376** | **-** | 3,376 | **3,376** | **96,504** | **163,965** | (67,461) | **96,504** | **74,439** | **135,374** | (60,935) | **74,439** |
| **Comprehensive income** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other comprehensive income | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **-** | **-** | - | **-** |
| Adjustment to provision for restoration | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **-** | **-** | - | **-** |
| Deficit for the period | **(12,149)** | **(37,102)** | 24,953 | **(30,349)** | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **(12,149)** | **(37,102)** | 24,953 | **(30,349)** |
| **Total comprehensive income** | **(12,149)** | **(37,102)** | 24,953 | **(30,349)** | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **(12,149)** | **(37,102)** | 24,953 | **(30,349)** |
| **Contributions by owners** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Equity injection - Appropriation | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **23,987** | **5,926** | 18,061 | **23,987** | **23,987** | **5,926** | 18,061 | **23,987** |
| Departmental capital budget | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **31,024** | **27,174** | 3,850 | **31,024** | **31,024** | **27,174** | 3,850 | **31,024** |
| Return of Unspent Appropriation | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **-** | **-** | - | **-** |
| Restructuring (Note 10) | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **-** | **1** | (1) | **-** | **-** | **1** | (1) | **-** |
| **Sub-total transactions with owners** | **-** | **-** | - | **-** | **-** | **-** | - | **-** | **55,011** | **33,101** | 21,910 | **55,011** | **55,011** | **33,101** | 21,910 | **55,011** |
| **Closing balance attributable to Australian Government** | **(37,590)** | **(65,693)** | 28,103 | **(55,790)** | **3,376** | **-** | 3,376 | **3,376** | **151,515** | **197,066** | (45,551) | **151,515** | **117,301** | **131,373** | (14,072) | **99,101** |
| 1. Employment’s original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15. Contributed equity and Reserves budgets have been amended from the original budget to align budget with actuals. The total equity budget did not change. | | | | | | | | | | | | | | | | |
| 2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below. | | | | | | | | | | | | | | | | |
| 3. Employment’s revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. | | | | | | | | | | | | | | | | |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Cash Flow Statement** |  |  |  |  |  |  |  |  |
| *for the period ended 30 June 2015* |  |  |  |  |  |  |  |  |
|  |  | **Actual** |  | **Budget estimate** | | |  | **Revised** |
|  |  |  |  | **Original1** |  | Variance2 |  | **budget3** |
|  |  | **2015** |  | **2015** |  | 2015 |  | **2015** |
|  |  | **$'000** |  | **$'000** |  | $'000 |  | **$'000** |
| **OPERATING ACTIVITIES** |  |  |  |  |  |  |  |  |
| **Cash received** |  |  |  |  |  |  |  |  |
| Appropriations |  | **281,233** |  | **254,861** |  | 26,372 |  | **292,803** |
| Sale of goods and rendering of services |  | **28,130** |  | **17,454** |  | 10,676 |  | **22,996** |
| Net GST received |  | **13,559** |  | **-** |  | 13,559 |  | **9,236** |
| **Total cash received** |  | **322,922** |  | **272,315** |  | 50,607 |  | **325,035** |
| **Cash used** |  |  |  |  |  |  |  |  |
| Employees |  | **182,157** |  | **192,534** |  | (10,377) |  | **216,986** |
| Suppliers |  | **110,617** |  | **79,781** |  | 30,836 |  | **110,950** |
| Grants |  | **1,439** |  | **-** |  | 1,439 |  | **-** |
| Section 74 receipts transferred to the OPA |  | **26,198** |  | **-** |  | 26,198 |  | **-** |
| **Total cash used** |  | **320,411** |  | **272,315** |  | 48,096 |  | **327,936** |
|  |  |  |  |  |  |  |  |  |
| ***Net cash from operating activities*** |  | **2,511** |  | **-** |  | 2,511 |  | **(2,901)** |
|  |  |  |  |  |  |  |  |  |
| **INVESTING ACTIVITIES** |  |  |  |  |  |  |  |  |
| **Cash received** |  |  |  |  |  |  |  |  |
| Proceeds from sales of leasehold improvements |  | **54** |  | **-** |  | 54 |  | **-** |
| **Total cash received** |  | **54** |  | **-** |  | 54 |  | **-** |
| **Cash used** |  |  |  |  |  |  |  |  |
| Purchase of infrastructure, plant and equipment |  | **4,591** |  | **6,000** |  | (1,409) |  | **5,410** |
| Purchase / development of intangibles |  | **41,634** |  | **25,600** |  | 16,034 |  | **41,799** |
| Purchase of leasehold improvements |  | **7,526** |  | **1,500** |  | 6,026 |  | **7,802** |
| **Total cash used** |  | **53,751** |  | **33,100** |  | 20,651 |  | **55,011** |
|  |  | **-** |  |  |  |  |  |  |
| ***Net cash used by investing activities*** |  | **(53,697)** |  | **(33,100)** |  | (20,597) |  | **(55,011)** |
|  |  |  |  |  |  |  |  |  |
| **FINANCING ACTIVITIES** |  |  |  |  |  |  |  |  |
| **Cash received** |  |  |  |  |  |  |  |  |
| Contributed equity - capital budget |  | **51,838** |  | **33,100** |  | 18,738 |  | **55,011** |
| **Total cash received** |  | **51,838** |  | **33,100** |  | 18,738 |  | **55,011** |
|  |  |  |  |  |  |  |  |  |
| ***Net cash from financing activities*** |  | **51,838** |  | **33,100** |  | 18,738 |  | **55,011** |
|  |  |  |  |  |  |  |  |  |
| ***Net increase in cash held*** |  | **652** |  | **-** |  | 652 |  | **(2,901)** |
| Cash and cash equivalents at the beginning of the reporting period |  | **5,669** |  | **2,768** |  | 2,901 |  | **5,669** |
| ***Cash and cash equivalents at the end of the reporting period*** |  | **6,321** |  | **2,768** |  | 3,553 |  | **2,768** |

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| 1. Employment’s original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15. Purchase of infrastructure, plant and equipment, Purchase of/development of Intangibles and Purchase of leasehold improvements budgets have been amended from the original budget to align budget with actuals. The total Investing Cash used budget did not change. |
| 2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below. |
| 3. Employment’s revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. Employee and Supplier budgets have been amended from the revised budget to align budget with actuals. The total Operating Cash used budget did not change. |

Variances are considered to be ‘major’ based on the following criteria:

* the variance between budget and actual is greater than 10%
* an item below this threshold but is considered important for the reader’s understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of an entity.

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| **Note 28B: Departmental Major Budget Variances for 2015** | |
| **Explanations of major variances** | **Affected line items (and schedule)** |
| The Machinery of Government changes of 18 September 2013 were not finalised until June 2014. The 2014–15 Portfolio Budget Statements reported the best estimate based on information available. This contributed to variances for Expenses, Assets, Liabilities and Equity to varying degrees. | Employee Benefits, Suppliers (Statement of Comprehensive Income)  Trade and other receivables  Non-Financial Assets, Contributed Equity, Reserves and Accumulated Deficit  (Statement of Financial Position) |
| Lower than planned staffing numbers and higher capitalisation of employee costs associated with the development of software to support the implementation of jobactive reduced Employee Benefits by $10.9m against the original budget. | Employee Benefits (Statement of Comprehensive Income),  Employees (Cash Flow Statement) |
| Suppliers were $42.9m higher against budget primarily due to the use of contractors to support the implementation of jobactive, additional legal costs, recognition of surplus lease, additional staff training. An additional, $24.2m in suppliers budget was provided in the revised budget from the finalisation of the Machinery of Government changes and jobactive bringing the spend above budget down to $18.7m. | Suppliers  (Statement of Comprehensive Income)  Suppliers (Cash Flow Statement) |
| During the year, the department provided funding for several non-reciprocal research projects that directly support the strategic priorities of the portfolio, which increased Grants by $1.2m against the original budget. | Grants  (Statement of Comprehensive Income)  Grants (Cash Flow Statement) |
| Write-down and impairment of assets primarily relates to the fit out of properties that had surplus lease provisioned in 2014–15, for which the department does not budget. | Write-down and impairment of assets (Statement of Comprehensive Income) |
| The department received funding that was not in the original budget from other departments to assist with the coordination of the G20 Labour and Employment Ministerial meeting in Melbourne and higher than planned funding from other departments for tender and IT services and revenue from the Shared Services Centre for property sub-leases and fees for service. | Own-source revenue  (Statement of Comprehensive Income)  Sale of goods and rendering of services (Cash Flow Statement) |
| The first time recognition of assets, the disposal of make-good from a terminated lease increased Other Gains. These are all one off revenues and not budgeted for. | Other gains  (Statement of Comprehensive Income) |
| Operating and capital surpluses, higher than planned payables and the finalisation of the Machinery of Government changes increased the Appropriation Receivable by $44.2m against the original budget. | Trade and other receivables  (Statement of Financial Position) |
| When the original budget was set, asset balances were not settled due to the Machinery of Government changes. This was addressed in the revised budget. | Leasehold Improvements, Infrastructure, Plant and Equipment and Intangibles  (Statement of Financial Position) |
| Software licences required to maintain replaced systems reduced, as such decreasing prepayments against the original budget. | Other non-financial assets  (Statement of Financial Position) |
| Higher than planned creditor payables increased Supplier Payables against the budget due to higher than planned supplier expenses. | Supplier payables  (Statement of Financial Position) |
| Higher than planned accrued expenses and revenue received in advance and a lease incentive associated with the department’s national office increased Other Payables against the original budget. The lease incentive is amortised over the life of the lease. | Other payables  (Statement of Financial Position) |
| The department has recognised a provision for surplus lease on nine properties. Three of these properties have lease end dates in 2015–16. Five properties have a lease end date within two years. One property has a lease end date greater than two years. | Other provisions  (Statement of Financial Position) |
| As the Machinery of Government changes were not finalised this significantly impacted the variance against the original budget. The Department also received an additional $21.9m in Capital and Equity injections associated with new measures. | Contributed Equity  (Statement of Financial Position)  Equity injection – appropriation, Departmental capital budget (Statement of Changes in Equity) |
| The assets of the department were revalued as at 30 June 2014. This reserve value was not known at the time of preparing the original budget. | Reserves (Statement of Financial Position)  Asset Revaluation Surplus (Statement of Changes in Equity) |
| A capital and operating surplus in 2014–15 reduced the Accumulated Deficit by $28.9m against the original budget. The variance against the revised budget is $18.2m. | Accumulated deficit  (Statement of Financial Position)  Retained Earnings  (Statement of Changes in Equity) |
| GST received from the ATO was $4.3m higher than the revised budget due to higher than planned supplier expenses. | Net GST received  (Cash Flow Statement) |
| There is no budget for the transfer of cash to the OPA from revenue received under Section 74 of the *Public Governance, Performance and Accountability Act 2013.* | Section 74 transfers to the OPA (Cash Flow Statement) |
| A later than planned transfer to a new data centre reduced Purchase of Infrastructure Plant and Equipment by $0.8m against the revised budget. | Purchase of Infrastructure Plant and Equipment (Cash Flow Statement) |

|  |  |  |  |  |  |  |  |  |
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| **Note 28C: Administered Budgetary Reports** |  |  |  |  |  |  |  |  |
| **Administered Statement of Comprehensive income** |  |  |  |  |  |  |  |  |
| *for the period ended 30 June 2015* |  |  |  |  |  |  |  |  |
|  |  | **Actual** |  | **Budget estimate** | | |  | **Revised** |
|  |  |  |  | **Original1** |  | Variance2 |  | **budget3** |
|  |  | **2015** |  | **2015** |  | 2015 |  | **2015** |
|  |  | **$'000** |  | **$'000** |  | $'000 |  | **$'000** |
| **NET COST OF SERVICES** |  |  |  |  |  |  |  |  |
| **EXPENSES** |  |  |  |  |  |  |  |  |
| Suppliers |  | **1,298,369** |  | **1,344,198** |  | (45,829) |  | **1,414,647** |
| Subsidies |  | **170,844** |  | **225,882** |  | (55,038) |  | **226,091** |
| Personal benefits |  | **384,959** |  | **284,958** |  | 100,001 |  | **288,346** |
| Grants |  | **89,773** |  | **72,208** |  | 17,565 |  | **66,451** |
| Write-down and impairment of assets |  | **155** |  | **-** |  | 155 |  | **-** |
| Payments to corporate Commonwealth entities |  | **7,563** |  | **7,563** |  | - |  | **7,563** |
| **Total expenses** |  | **1,951,663** |  | **1,934,809** |  | 16,854 |  | **2,003,098** |
|  |  |  |  |  |  |  |  |  |
| **INCOME** |  |  |  |  |  |  |  |  |
| **Revenue** |  |  |  |  |  |  |  |  |
| **Taxation revenue** |  |  |  |  |  |  |  |  |
| Other taxes |  | **159,401** |  | **174,618** |  | (15,217) |  | **174,618** |
| **Total taxation revenue** |  | **159,401** |  | **174,618** |  | (15,217) |  | **174,618** |
|  |  |  |  |  |  |  |  |  |
| **Non-taxation revenue** |  |  |  |  |  |  |  |  |
| Interest |  | **20** |  | **-** |  | 20 |  | **-** |
| Commonwealth asset recoveries |  | **23,278** |  | **14,732** |  | 8,546 |  | **14,732** |
| Other revenue |  | **5,643** |  | **3,993** |  | 1,650 |  | **3,993** |
| **Total non-taxation revenue** |  | **28,941** |  | **18,725** |  | 10,216 |  | **18,725** |
| ***Total revenue*** |  | **188,342** |  | **193,343** |  | (5,001) |  | **193,343** |
| **Total income** |  | **188,342** |  | **193,343** |  | (5,001) |  | **193,343** |
|  |  |  |  |  |  |  |  |  |
| **Net cost of services** |  | **(1,763,321)** |  | **(1,741,466)** |  | (21,855) |  | **(1,809,755)** |
|  |  |  |  |  |  |  |  |  |
| **OTHER COMPREHENSIVE INCOME** |  |  |  |  |  |  |  |  |
| **Items not subject to subsequent reclassification to net cost of services** |  |  |  |  |  |  |  |  |
| Changes in asset revaluation surplus |  | **79,181** |  | **-** |  | 79,181 |  | **-** |
| **Total other comprehensive income** |  | **79,181** |  | **-** |  | 79,181 |  | **-** |
|  |  |  |  |  |  |  |  |  |
| ***Total comprehensive loss*** |  | **(1,684,140)** |  | **(1,741,466)** |  | 57,326 |  | **(1,809,755)** |
| 1. Employment’s original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15. Suppliers, Subsidies, Personal Benefits, and Grants have been amended from the original budget to align budget with actuals. The total expense budget did not change. | | | | | | | | |
| 2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below. | | | | | | | | |
| 3. Employment’s revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. Suppliers, Subsidies, Personal Benefits, and Grants have been amended from the revised budget to align budget with actuals. The total expense budget did not change. | | | | | | | | |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Administered Statement of Financial Position** |  |  |  |  |  |  |  |  |
| *as at 30 June 2015* |  |  |  |  |  |  |  |  |
|  |  | **Actual** |  | **Budget estimate** | | |  | **Revised** |
|  |  |  |  | **Original1** |  | Variance2 |  | **budget3** |
|  |  | **2015** |  | **2015** |  | 2015 |  | **2015** |
|  |  | **$'000** |  | **$'000** |  | $'000 |  | **$'000** |
| **ASSETS** |  |  |  |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |  |  |  |
| Cash and cash equivalents |  | **104** |  | **-** |  | 104 |  | **-** |
| Trade and other receivables |  | **32,165** |  | **41,406** |  | (9,241) |  | **23,336** |
| Other investments |  | **224,658** |  | **-** |  | 224,658 |  | **145,477** |
| **Total financial assets** |  | **256,927** |  | **41,406** |  | 215,521 |  | **168,813** |
|  |  |  |  |  |  |  |  |  |
| **Non-financial assets** |  |  |  |  |  |  |  |  |
| Other non-financial assets |  | **5,014** |  | **4,957** |  | 57 |  | **4,980** |
| **Total non-financial assets** |  | **5,014** |  | **4,957** |  | 57 |  | **4,980** |
|  |  |  |  |  |  |  |  |  |
| **Total assets administered on behalf of Government** |  | **261,941** |  | **46,363** |  | 215,578 |  | **173,793** |
|  |  |  |  |  |  |  |  |  |
| **LIABILITIES** |  |  |  |  |  |  |  |  |
| **Payables** |  |  |  |  |  |  |  |  |
| Suppliers |  | **127,076** |  | **42,435** |  | 84,641 |  | **21,642** |
| Subsidies |  | **24,973** |  | **28,427** |  | (3,454) |  | **14,810** |
| Personal benefits |  | **6,692** |  | **3,352** |  | 3,340 |  | **9,441** |
| Grants |  | **-** |  | **-** |  | - |  | **459** |
| Other payables |  | **2,794,446** |  | **2,797,472** |  | (3,026) |  | **2,791,124** |
| **Total payables** |  | **2,953,187** |  | **2,871,686** |  | 81,501 |  | **2,837,476** |
|  |  |  |  |  |  |  |  |  |
| **Interest bearing liabilities** |  |  |  |  |  |  |  |  |
| Loans |  | **-** |  | **-** |  | - |  | **-** |
| **Total interest bearing liabilities** |  | **-** |  | **-** |  | - |  | **-** |
|  |  |  |  |  |  |  |  |  |
| **Total liabilities administered on behalf of Government** |  | **2,953,187** |  | **2,871,686** |  | 81,501 |  | **2,837,476** |
|  |  |  |  |  |  |  |  |  |
| **Net liabilities** |  | **(2,691,246)** |  | **(2,825,323)** |  | 134,077 |  | **(2,663,683)** |
|  |  |  |  |  |  |  |  |  |
| 1. Employment’s original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15. | | | | | | | | |
| 2. Between actual and original budgeted amounts for 2015. Explanations of major variances are provided further below. | | | | | | | | |
| 3. Employment’s revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. | | | | | | | | |

Variances are considered to be ‘major’ based on the following criteria:

* the variance between budget and actual is greater than 10%; and
* an item below this threshold but is considered important for the reader’s understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of an entity.

|  |  |
| --- | --- |
| **Note 28D: Administered Major Budget Variances for 2015** | |
| **Explanations of major variances** | **Affected line items (and schedule)** |
| Lower than planned commencements in Job Services Australia and a new measure to pro-rata service fees for Job Services Australia providers in the final quarter of 2014–15 to account for the commencement of jobactive on 1 July 2015, reduced Suppliers by $45.8m against the original budget. | Suppliers (Administered Schedule of Comprehensive Income) |
| Monthly levy collections under the *Coal Mining Industry (LSL) Act 1992* (CMIC) programme have averaged $12.3m since December 2014 against the original budget estimate of $15.0m, reducing Subsidies, Other Taxes and Subsidies Payable. | Subsidies (Administered Schedule of Comprehensive Income), Subsidies Payable (Administered Schedule of Assets and Liabilities) |
| The continued pause of the Wage Connect wage subsidy programme since December 2013 and lower than planned take-up of the Restart wage subsidy programme owing to the static labour market, reduced Subsidies by $39.5m against the original budget. | Subsidies (Administered Schedule of Comprehensive Income) |
| Higher than planned Personal Benefits primarily relates to the Fair Entitlements Guarantee programme. Under the programme, the department processed 21,808 claims against the original budget estimate of 15,988 claims. Additionally, anticipated savings from a 2014 Budget measure to reduce the redundancy cap to 16 weeks from 1 January 2015 was factored into the original budget. This measure has not yet passed the Parliament which has impacted on the average claim costs. | Personal Benefits (Administered Schedule of Comprehensive Income),  Personal Benefits Payable (Administered Schedule of Assets and Liabilities) |
| Monthly levy collections under the *Coal Mining Industry (LSL) Act 1992* (CMIC) programme have averaged $12.3m since December 2014 against the original budget estimate of $15.0m, reducing Subsidies, Other Taxes and Subsidies Payable. | Other Taxes (Administered Schedule of Comprehensive Income)  Trade and other receivables  (Administered Schedule of Assets and Liabilities) |
| Higher than planned Commonwealth Asset Recoveries relates to the Fair Entitlements Guarantee programme. Under the programme, funding is recovered through insolvency processes for the Commonwealth. The original budget was based on prior year outcomes, however by their nature, the recoveries vary from year to year. | Commonwealth Asset Recoveries  (Administered Schedule of Comprehensive Income) |
| Higher than planned Other Revenue relates to recoveries of asbestos settlement claims from Employers for costs paid by the Commonwealth under the *Asbestos Related Claims Act 2005*. The original budget was based on prior year outcomes, however by their nature, the recoveries vary from year to year. | Other Revenue  (Administered Schedule of Comprehensive Income) |
| Higher than planned Other Investments relates to the Government’s holdings in the Coal Mining Industry (Long Service Leave Funding) Corporation. The budget was revised at the 2014–15 Portfolio Additional Estimates Statements to $145.5m. CMICs financial position increased $79.2m in the last financial year. | Other Investments (Administered Schedule of Assets and Liabilities) |
| Suppliers Payables were higher than planned due to accruals for the Job Services Australia programme for the Employment Pathway Fund and Outcome Fees to account for the programme ending on 30 June 2015. | Suppliers Payable (Administered Schedule of Assets and Liabilities) |