

PORTFOLIO BUDGET STATEMENTS 2014–15
BUDGET RELATED PAPER NO. 1.5

EDUCATION PORTFOLIO

**BUDGET INITIATIVES AND EXPLANATIONS OF
APPROPRIATIONS SPECIFIED BY OUTCOMES
AND PROGRAMMES BY AGENCY**

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**THE HON CHRISTOPHER PYNE MP
MINISTER FOR EDUCATION
LEADER OF THE HOUSE
MEMBER FOR STURT**

Senator the Hon John Hogg
President
Australian Senate
Parliament House
CANBERRA ACT 2600

The Hon Bronwyn Bishop MP
Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Madam Speaker

I hereby submit Portfolio Budget Statements in support of the 2014–15 Budget for the Education portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the portfolio.

I present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink, appearing to be 'C. Pyne', written over the printed name.

Christopher Pyne MP

Abbreviations and conventions

The following notation may be used:

-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

Enquiries

Should you have any enquiries regarding this publication please contact Barbara Livesey, Interim Chief Finance Officer, Department of Education on 13 33 97.

A copy of this document can be located on the Australian Government Budget website at www.budget.gov.au.

**USER GUIDE
TO THE
PORTFOLIO BUDGET
STATEMENTS**

USER GUIDE

The purpose of the 2014–15 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2014–15 (or Appropriation Bill [Parliamentary Departments] No. 1 2014–15 for the parliamentary departments). In this sense the PB Statements are Budget related papers and are declared by the Appropriation Acts to be ‘relevant documents’ to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates and accordingly, these entities are not reported in the PB Statements.

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PORTFOLIO OVERVIEW

EDUCATION PORTFOLIO OVERVIEW

Minister and portfolio responsibilities

The Portfolio Budget Statements provide information about the Education portfolio. Through its portfolio agencies, the Australian Government takes a national leadership role in education at all stages – early childhood, school, tertiary and international – and research. The department and its agencies work with state and territory governments, other Australian Government agencies and a range of service providers to provide high quality policy advice and services for the benefit of Australia.

The Education portfolio comprises the Department of Education (the department) and the following agencies:

- the Australian Curriculum, Assessment and Reporting Authority
- the Australian Institute of Aboriginal and Torres Strait Islander Studies
- the Australian Institute for Teaching and School Leadership
- the Australian Research Council
- the Tertiary Education Quality and Standards Agency.

A full outline of the Education portfolio can be found at Figure 1.

Figure 1: Education portfolio structure and outcomes

<p>The Hon Christopher Pyne MP – Minister for Education</p> <p>The Hon Sussan Ley MP – Assistant Minister for Education</p> <p>Senator the Hon Scott Ryan – Parliamentary Secretary to the Minister for Education</p>
<p>Department of Education Lisa Paul AO PSM – Secretary</p> <p>Outcome 1</p> <p>Improved access to quality services that support early childhood learning and care for children through a national quality framework, agreed national standards, investment in infrastructure, and support for parents, carers, services and the workforce.</p> <p>Outcome 2</p> <p>Improved learning, and literacy, numeracy and educational attainment for school students, through funding for quality teaching and learning environments, workplace learning and career advice.</p> <p>Outcome 3</p> <p>Promote growth in economic productivity and social wellbeing through access to quality higher education, international education and international quality research.</p>
<p>Australian Curriculum, Assessment and Reporting Authority Mr Robert Randall – Chief Executive Officer</p> <p>Outcome</p> <p>Improved quality and consistency of school education in Australia through national curriculum, national assessment, data collection and performance reporting system.</p>

<p>Australian Institute of Aboriginal and Torres Strait Islander Studies Russell Taylor – Principal (Chief Executive Officer)</p> <p>Outcome</p> <p>Further understanding of Australian Indigenous cultures, past and present through undertaking and publishing research, and providing access to print and audiovisual collections.</p>
<p>Australian Institute for Teaching and School Leadership Margery Evans – Chief Executive Officer</p> <p>Outcome</p> <p>Enhance the quality of teaching and leadership through developing standards, recognising teacher excellence, providing professional development opportunities, and supporting the teacher profession.</p>
<p>Australian Research Council Professor Aidan Byrne – Chief Executive Officer</p> <p>Outcome</p> <p>Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice.</p>
<p>Tertiary Education Quality and Standards Agency Dr Carol Nicoll PSM – Chief Executive Officer</p> <p>Outcome</p> <p>Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.</p>

PORTFOLIO RESOURCES

Table 1 shows the total new resources provided to the portfolio in the 2014–15 Budget year by agency.

Table 1: Portfolio resources Budget estimates for 2014–15 as at Budget May 2014

	Appropriation			Receipts	Total
	Bill No. 1 \$m	Bill No. 2 \$m	Special \$m	\$m	\$m
Department of Education					
Administered appropriations	981	100	36,665	-	37,747
Departmental appropriations	292	3	-	22	318
Total:					38,065
Australian Curriculum, Assessment and Reporting Authority					
Administered appropriations	-	-	-	-	-
Departmental appropriations	-	-	-	28	28
Total:					28
Australian Institute of Aboriginal and Torres Strait Islander Studies					
Administered appropriations	-	-	-	-	-
Departmental appropriations	13	-	-	-	13
Total:					13
Australian Institute for Teaching and School Leadership					
Administered appropriations	-	-	-	-	-
Departmental appropriations	-	-	-	20	20
Total:					20
Australian Research Council					
Administered appropriations	5	-	876	-	881
Departmental appropriations	28	3	-	-	31
Total:					912
Tertiary Education Quality and Standards Agency					
Administered appropriations	-	-	-	-	-
Departmental appropriations	21	-	-	-	21
Total:					21
Portfolio total					38,126
Less amounts transferred within portfolio					(19)
Resources available within portfolio:					38,107

AGENCY RESOURCES AND PLANNED PERFORMANCE

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Australian Institute of Aboriginal and Torres Strait Islander Studies	125
Australian Institute for Teaching and School Leadership	149
Australian Research Council	167
Tertiary Education Quality and Standards Agency	201

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DEPARTMENT OF EDUCATION

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DEPARTMENT OF EDUCATION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Department of Education is the Australian Government's lead agency responsible for national policies and programmes that help Australians access affordable, flexible, quality childcare and early childhood learning, school education, higher education, international education and academic research.

The department works to provide opportunity through learning for all Australians.

The department collaborates closely with other Australian Government agencies, state and territory governments and education stakeholders.

The department develops and provides access to:

- affordable, accessible, flexible and quality child care and early childhood learning, a child care system that supports workforce participation and meets the needs of modern families and the economy, and services that are inclusive and responsive to children, parents and communities
- a world class school education system through high quality teaching, autonomy for schools, parents' engagement in their children's learning, and a strong national curriculum
- higher education and research so Australia excels through knowledge, by enabling the delivery of quality higher education, international education, and research that contributes to Australia's society and the global economy.

Within the department, Indigenous business is everyone's business, and the department strives to improve the educational outcomes for Aboriginal and Torres Strait Islander peoples.

Early Childhood Education and Care

As part of its commitment, the Government will provide around \$28.5 billion in child care fee assistance over four years. Funding of \$12.6 million for a national Occasional Care Programme will be reinstated, commencing from 1 July 2014, to help families especially in rural, regional and remote areas to access the care they need.

A new \$200 million professional development programme – the Long Day Care Professional Development Programme – will assist long day care educators to meet their qualification requirements under the National Quality Framework and improve outcomes for children. It will provide flexible funding for services to meet educator professional development needs and target known workforce shortages.

In addition, through the Early Learning Languages Australia trial, children at up to 40 services delivering early childhood education programmes will participate in a one year trial of online foreign language learning in 2015.

Better targeting of the Community Support Programme for family day care services and Jobs, Education and Training Child Care Fee Assistance will help ensure these programmes are sustainable within their budget allocations.

The Government has asked the Productivity Commission to undertake an Inquiry into Child Care and Early Childhood Learning – the first such independent review in a generation. The Commission is considering ways to ensure Australia's child care system is more flexible, affordable and accessible, while supporting parents' workforce participation and children's development. The Inquiry's draft report will be released in July 2014 with the final report to government due by the end of October 2014.

The Government is working closely with state and territory governments and the child care and early childhood learning sector, to find ways to ease regulatory burden and red tape experienced by families, businesses and community organisations without compromising the quality of education and care being provided.

Schools and Youth

To ensure Australia's future prosperity and to remain competitive internationally, the Government will take action to give all Australian students access to a high-quality education. This action will be based on the four areas that can have a significant impact on student outcomes – teacher quality, school autonomy, engaging parents in education and strengthening the Australian Curriculum.

The Government will work with stakeholders to improve teacher education as evidence tells us that teachers have the greatest in-school influence on student engagement and achievement. The Teacher Education Ministerial Advisory Group will work to identify world's best practice in teacher education programmes. The Government will also focus on ensuring that entry standards to teacher education courses are rigorous and that graduates from teacher education courses have the skills they need to be effective classroom practitioners.

High performing school systems afford schools the flexibility to make their own decisions about school management. The Independent Public Schools initiative will assist states and territories to progress their school systems further along the autonomy continuum.

Getting curriculum settings right is essential to improving the quality of education for all school students. This means working with education authorities to ensure a greater focus on science, technology, engineering and mathematics in both primary and secondary schools. It also means ensuring that the curriculum content is robust, relevant and up to date. The Government will continue to prioritise the development of the Australian Curriculum: Languages to revive the study of foreign languages, particularly those of our key regional partners.

Parents are the first and most important influence on a child's attitudes and values toward school and learning. The Government will work to strengthen parent engagement in education to improve student learning outcomes.

The National School Chaplaincy Programme (NSCP) will assist participating schools to engage a chaplain to provide pastoral care for students. The NSCP will facilitate the engagement of school chaplains in around 2900 schools and will commence in 2015 for a period of four years.

Higher Education, Research and International

The Government aims to promote growth in economic productivity and social wellbeing through access to quality higher education, international education and international quality research. The Government's reforms will underpin the development of a world class higher education system through delivering choice and opportunity to any student, wherever they study and whatever they choose to do.

The Government's reforms aim to:

- ensure students have a choice of the course and higher education provider that is right for them
- promote the highest quality of teaching and learning
- ensure that high quality education is affordable for all through the Higher Education Contribution Scheme (HECS) and no one has to pay a cent upfront.

From January 2016, universities will be able to offer Commonwealth supported places on a demand driven basis to students enrolling in any accredited undergraduate qualification. For the first time ever, the Australian Government will provide tuition subsidies for undergraduate students studying at any registered higher education provider for any accredited course.

From January 2016 there will also be changes to the amounts the Australian Government provides under the Commonwealth Grant Scheme. These changes, combined with changes to the Higher Education Loan Programme (HELP), will help ensure the sustainability of the higher education system into the future.

The retention and improvement of the HELP will mean that no student is denied the opportunity to study for financial reasons. The removal of loan fees and limits, together with the application of a fair interest rate and repayment threshold will ensure that this scheme remains affordable, so that the Government can continue to help students defer the costs of their study until they are earning.

These new arrangements will facilitate choice and opportunity for students from all backgrounds. Alongside the continuation of the Higher Education Participation Programme, higher education institutions will also dedicate 20 per cent of their additional revenue raised through student contributions to scholarships and other supports for disadvantaged students.

Through a total investment of \$11 billion over four years in research in universities, the Government has ensured the future of key programmes such as the Future Fellowships and the National Collaborative Research Infrastructure Strategy.

These reforms also provide a focus on quality. Students will have better information to support their decisions about where and what to study. Accreditation arrangements will be improved and streamlined through the Tertiary Education Quality and Standards Agency.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Department of Education resource statement Budget estimates for 2014–15 as at Budget May 2014

	Estimate of prior year amounts available in 2014- 15 \$'000	Proposed at Budget 2014- 15 \$'000	Total estimate 2014- 15 \$'000	Actual available appropriation 2013- 14 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	-	-	-	-
Departmental appropriation ³	-	291,896	291,896	227,527
s31 Relevant agency receipts ⁴	-	22,417	22,417	-
Total	-	314,313	314,313	227,527
Administered expenses				
Outcome 1	-	575,260	575,260	441,288
Outcome 2	-	218,688	218,688	341,822
Outcome 3	-	187,417	187,417	1,617
Total	-	981,365	981,365	784,727
Total ordinary annual services	A	1,295,678	1,295,678	1,012,254
Other services⁵				
Administered expenses				
Specific payments to States, ACT, NT and local government				
Outcome 2	-	100,431	100,431	41,092
Total	-	100,431	100,431	41,092
Departmental non- operating				
Equity injections	-	3,189	3,189	15,111
Total	-	3,189	3,189	15,111
Total other services	B	103,620	103,620	56,203
Total available annual appropriations	-	1,399,298	1,399,298	1,068,457
Special appropriations				
Special appropriations limited by criteria/entitlement				
<i>A New Tax System (Family Assistance) Act 1999</i>	-	6,218,543	6,218,543	5,289,988
<i>Schools Assistance Act 2008</i>	-	-	-	2,332,333
<i>Australian Education Act 2013</i>	-	14,331,360	14,331,360	6,830,123
<i>Early Years Quality Fund Special Account Act 2013</i>	-	164,973	164,973	134,833
<i>Higher Education Support Act 2003</i>	-	15,950,582	15,950,582	12,992,501
Total special appropriations	C	36,665,458	36,665,458	27,579,778
Total appropriations excluding Special Accounts	-	38,064,756	38,064,756	28,648,235

Table 1.1: Department of Education resource statement Budget estimates for 2014–15 as at Budget May 2014 (continued)

	Estimate of prior ⁺ year amounts available in 2014- 15 \$'000	Proposed at Budget = 2014- 15 \$'000	Total estimate 2014- 15 \$'000	Actual available appropriation 2013- 14 \$'000
Special Accounts				
Opening balance ⁶	15,512	-	15,512	15,997
Appropriation receipts	-	164,973	164,973	134,833
Non- appropriation receipts to Special Accounts	-	246,545	246,545	215,207
Total Special Account	D 15,512	411,518	427,030	366,037
Total resourcing				
A+B+C+D	15,512	38,476,274	38,491,786	29,014,272
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations		183,870	183,870	155,601
Total net resourcing for Education	15,512	38,292,404	38,307,916	28,858,671

¹ Appropriation Bill (No.1) 2014–15.

² Estimated adjusted balance carried forward from previous year.

³ Includes an amount of \$22.536m in 2014–15 for the Departmental Capital Budget (refer to table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

⁴ s31 Relevant Agency receipts – estimate.

⁵ Appropriation Bill (No.2) 2014–15.

⁶ Estimated opening balance for special accounts (less 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for other Government and Non-agency Bodies accounts (SOG), or Services for Other Entities and Trust Monies Special accounts (SOETM)).

For further information on special accounts see table 3.1.2.

Reader note: All figures are GST exclusive.

Third party payments from and on behalf of other agencies

	2014- 15 \$'000	2013- 14 \$'000
Receipts received from other agencies for the provision of services (disclosed above within Departmental section 31)	22,417	-
Payments made by other agencies on behalf of Department of Education (disclosed above)	6,335,792	5,397,441
Payments made to CAC Act bodies within the Portfolio		
Australian Institute for Teaching and School Leadership		
Annual Appropriation Bill 1- Outcome 2	5,500	4,845
Australian Curriculum, Assessment and Reporting Authority		
Annual Appropriation Bill 1- Outcome 2	13,397	15,923

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Department of Education are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Agency 2014–15 Budget measures

Part 1: Measures announced since the 2013–14 MYEFO

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Revenue measures						
Expanding opportunity – expansion of the demand driven system and sharing the cost fairly	3.4					
Administered revenues		-	-	1,777	13,097	41,608
Departmental revenues		-	-	-	-	-
Total		-	-	1,777	13,097	41,608
Expanding opportunity – Higher Education Indexation — revised arrangements	3.4					
Administered revenues		-	-	-	(266)	(872)
Departmental revenues		-	-	-	-	-
Total		-	-	-	(266)	(872)
Expanding opportunity – FEE-HELP and VET FEE-HELP loan fee — cessation	3.4					
Administered revenues		-	-	(130,611)	(278,037)	(314,538)
Departmental revenues		-	-	-	-	-
Total		-	-	(130,611)	(278,037)	(314,538)
A sustainable Higher Education Loan Programme — repayment thresholds and indexation	3.4					
Administered revenues		-	(14,287)	261,034	322,355	462,130
Departmental revenues		-	-	-	-	-
Total		-	(14,287)	261,034	322,355	462,130
A sustainable Higher Education system — Research Training Scheme — student contributions	3.4					
Administered revenues		-	-	-	660	2,359
Departmental revenues		-	-	-	-	-
Total		-	-	-	660	2,359
Higher Education Superannuation Programme — resumption of payments to universities in NSW	3.2					
Administered revenues		nfp	nfp	nfp	nfp	nfp
Departmental revenues		nfp	nfp	nfp	nfp	nfp
Total		nfp	nfp	nfp	nfp	nfp
Total revenue measures						
Administered		-	(14,287)	132,200	57,809	190,687
Departmental		-	-	-	-	-
Total		-	(14,287)	132,200	57,809	190,687

Table 1.2: Agency 2014–15 Budget measures

Part 1: Measures announced since the 2013–14 MYEFO (continued)

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures						
Efficiency Dividend — a further temporary increase of 0.25 per cent						
Administered expenses	All	-	-	-	-	-
Departmental expenses		-	(688)	(1,295)	(1,974)	(1,988)
Total		-	(688)	(1,295)	(1,974)	(1,988)
Migration Programme — allocation of places for 2014-15 ¹	1.2, 1.3					
Administered expenses	2.1, 2.2	(1,892)	(6,816)	(12,973)	(19,989)	(27,999)
Departmental expenses		-	-	-	-	-
Total		(1,892)	(6,816)	(12,973)	(19,989)	(27,999)
Child Care: Community Support Programme — additional funding and amended eligibility criteria	1.1					
Administered expenses		76,600	91,900	(51,600)	(52,800)	(52,700)
Departmental expenses		-	-	-	-	-
Total		76,600	91,900	(51,600)	(52,800)	(52,700)
Child Care: Support for the Child Care System Programme — offsetting savings	1.1, 2.7					
Administered expenses		(870)	(5,672)	(4,944)	(15,153)	(14,898)
Departmental expenses		-	-	-	1,089	1,100
Total		(870)	(5,672)	(4,944)	(14,064)	(13,798)
Child Care: Jobs, Education and Training Child Care Fee Assistance — reforms	1.1					
Administered expenses		27,916	7,427	(22,388)	(407)	19,009
Departmental expenses		-	-	-	-	-
Total		27,916	7,427	(22,388)	(407)	19,009
Maintain eligibility thresholds for Australian Government payments for three years	1.2, 1.3					
Administered expenses		-	(32,942)	(49,236)	(71,400)	(76,863)
Departmental expenses		-	-	-	-	-
Total		-	(32,942)	(49,236)	(71,400)	(76,863)
Students First – Early Language Learning Australia — trial	1.4					
Administered expenses		-	6,543	2,464	-	-
Departmental expenses		-	430	371	-	-
Total		-	6,973	2,835	-	-
National Occasional Care Programme - reinstatement ²	1.4					
Administered expenses		-	-	-	-	-
Departmental expenses		-	-	-	-	-
Total		-	-	-	-	-

Table 1.2: Agency 2014–15 Budget measures

Part 1: Measures announced since the 2013–14 MYEFO (continued)

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Australian Baccalaureate — discontinue development	2.1					
Administered expenses		-	-	(2,698)	(2,719)	(2,768)
Departmental expenses		-	(348)	(346)	(344)	(348)
Total		-	(348)	(3,044)	(3,063)	(3,116)
Students First – indexation of school funding from 2018	2.1,2.2					
Administered expenses		-	-	-	-	54,079
Departmental expenses		-	-	-	-	-
Total		-	-	-	-	54,079
Remote Indigenous students attending non-government boarding schools — additional funding	2.2					
Administered expenses		-	6,752	-	-	-
Departmental expenses		-	-	-	-	-
Total		-	6,752	-	-	-
National School Chaplaincy Programme — continuation	2.3					
Administered expenses		-	58,822	58,822	58,822	58,822
Departmental expenses		-	878	2,636	2,570	2,413
Total		-	59,700	61,458	61,392	61,235
Students First – Improving the take-up of foreign languages	2.3					
Administered expenses		-	1,200	600	-	-
Departmental expenses		-	-	-	-	-
Total		-	1,200	600	-	-
Primary Connections and Science by Doing — maintain funding	2.3					
Administered expenses		-	1,000	1,000	2,000	1,000
Departmental expenses		-	-	-	-	-
Total		-	1,000	1,000	2,000	1,000
Australian Government Quality Teacher Programme — continuation	2.3					
Administered expenses		4,605	341	-	-	-
Departmental expenses		-	-	-	-	-
Total		4,605	341	-	-	-
Australian Research Alliance for Children and Youth — contribution	2.3					
Administered expenses		-	1,000	1,000	1,000	1,000
Departmental expenses		-	-	-	-	-
Total		-	1,000	1,000	1,000	1,000
Centre for Quality Teaching and Learning — cessation	2.3					
Administered expenses		(5,000)	(4,000)	(4,000)	(4,000)	(4,000)
Departmental expenses		-	-	-	-	-
Total		(5,000)	(4,000)	(4,000)	(4,000)	(4,000)

Table 1.2: Agency 2014–15 Budget measures

Part 1: Measures announced since the 2013–14 MYEFO (continued)

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Australian Curriculum, Assessment and Reporting Authority — reduced funding	2.3					
Administered expenses		-	-	-	-	(2,631)
Departmental expenses		-	-	-	-	-
Total		-	-	-	-	(2,631)
Improving educational outcomes — reversal	2.3					
Administered expenses		(5,706)	(9,765)	(7,113)	(7,183)	-
Departmental expenses		-	-	-	-	-
Total		(5,706)	(9,765)	(7,113)	(7,183)	-
Online Diagnostic Tools — cessation	2.3					
Administered expenses		(657)	(8,769)	(9,484)	(9,734)	(9,734)
Departmental expenses		-	-	-	-	-
Total		(657)	(8,769)	(9,484)	(9,734)	(9,734)
Australian Institute for Teaching and School Leadership — reduced	2.3					
Administered expenses		(2,650)	(5,589)	(6,111)	(3,519)	(2,077)
Departmental expenses		-	-	-	-	-
Total		(2,650)	(5,589)	(6,111)	(3,519)	(2,077)
Teach for Australia — reduced funding	2.3					
Administered expenses		-	-	(150)	(100)	(150)
Departmental expenses		-	-	-	-	-
Total		-	-	(150)	(100)	(150)
	2.3,2.5,					
Education grant programmes — reduced funding	2.6,2.7, 3.3					
Administered expenses		(8,704)	(13,166)	(11,961)	(10,882)	(14,795)
Departmental expenses		-	-	-	(77)	(156)
Total		(8,704)	(13,166)	(11,961)	(10,959)	(14,951)
Youth 20 Summit — hosting	2.7					
Administered expenses		700	150	-	-	-
Departmental expenses		-	-	-	-	-
Total		700	150	-	-	-
Expanding opportunity – expansion of the demand driven system and sharing the cost fairly	3.1,3.4					
Administered expenses		-	-	(162,334)	(398,706)	(509,684)
Departmental expenses		-	-	-	-	-
Total		-	-	(162,334)	(398,706)	(509,684)
Expanding opportunity – Higher Education Indexation — revised arrangements	3.1,3.3, 3.4,3.5, 3.6					
Administered expenses		-	-	(25,287)	(68,146)	(104,378)
Departmental expenses		-	-	-	-	-
Total		-	-	(25,287)	(68,146)	(104,378)

Table 1.2: Agency 2014–15 Budget measures

Part 1: Measures announced since the 2013–14 MYEFO (continued)

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Higher Education Superannuation Programme — resumption of payments to universities in NSW	3.2					
Administered expenses		nfp	nfp	nfp	nfp	nfp
Departmental expenses		nfp	nfp	nfp	nfp	nfp
Total		nfp	nfp	nfp	nfp	nfp
Upholding Quality — Quality Indicators for Learning and Teaching — establishment	3.3					
Administered expenses		nfp	nfp	nfp	nfp	nfp
Departmental expenses		nfp	nfp	nfp	nfp	nfp
Total		nfp	nfp	nfp	nfp	nfp
A sustainable Higher Education system – Higher Education Reward Funding — cessation	3.3					
Administered expenses		(8,513)	(26,157)	(26,947)	(28,465)	(31,061)
Departmental expenses		-	-	-	-	-
Total		(8,513)	(26,157)	(26,947)	(28,465)	(31,061)
Expanding opportunity – a more effective Higher Education Participation Programme	3.3					
Administered expenses		-	(7,500)	(12,500)	(13,750)	(17,500)
Departmental expenses		-	-	-	-	-
Total		-	(7,500)	(12,500)	(13,750)	(17,500)
Expanding opportunity – FEE-HELP and VET-FEE HELP loan fee — cessation	3.4					
Administered expenses		-	-	4,073	8,646	9,710
Departmental expenses		-	-	-	-	-
Total		-	-	4,073	8,646	9,710
A sustainable Higher Education Loan Programme – repayment thresholds and indexation	3.4					
Administered expenses		-	(348,522)	(458,960)	(583,364)	(730,514)
Departmental expenses		-	-	-	-	-
Total		-	(348,522)	(458,960)	(583,364)	(730,514)
A sustainable Higher Education Loan Programme – HECS-HELP benefit — cessation	3.4					
Administered expenses		-	-	(28,366)	(28,990)	(29,715)
Departmental expenses		-	-	-	-	-
Total		-	-	(28,366)	(28,990)	(29,715)
A sustainable Higher Education system – Research Training Scheme — student contributions	3.4,3.5					
Administered expenses		-	-	(33,377)	(67,680)	(69,592)
Departmental expenses		-	-	-	-	-
Total		-	-	(33,377)	(67,680)	(69,592)

Table 1.2: Agency 2014–15 Budget measures

Part 1: Measures announced since the 2013–14 MYEFO (continued)

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Investing in research excellence —						
National Collaborative Research						
Infrastructure Strategy — continuation	3.6					
Administered expenses		-	-	150,000	-	-
Departmental expenses		-	-	-	-	-
Total		-	-	150,000	-	-
A sustainable Higher Education						
system – cessation of funding for the						
HC Coombs Policy Forum						
	3.6					
Administered expenses		-	(1,500)	(1,500)	(1,500)	(1,500)
Departmental expenses		-	(100)	(99)	(99)	(100)
Total		-	(1,600)	(1,599)	(1,599)	(1,600)
Total expense measures						
Administered		75,829	(295,263)	(713,970)	(1,318,019)	(1,558,939)
Departmental		-	172	1,267	1,165	921
Total		75,829	(295,091)	(712,703)	(1,316,854)	(1,558,018)
Capital measures						
Upholding quality — Higher Education						
Information Management System —						
expansion						
	3					
Administered capital		-	-	-	-	-
Departmental capital		-	915	958	955	964
Total		-	915	958	955	964
Efficiency Dividend — a further						
temporary increase of 0.25 per cent						
	All					
Administered capital		-	-	-	-	-
Departmental capital		-	(60)	(120)	(179)	(179)
Total		-	(60)	(120)	(179)	(179)
Total capital measures						
Administered		-	-	-	-	-
Departmental		-	855	838	776	785
Total		-	855	838	776	785

Prepared on a Government Finance Statistics (fiscal) basis.

¹ The lead agency for this measure is Department of Immigration and Border Protection. The full measure description and package details appear in Budget Paper No. 2 under the Department of Immigration and Border Protection portfolio.

² This measure is appropriated to the Department of the Treasury (Treasury), under the *Federal Financial Relations Act 2009*. The full measure description appears in Budget Paper No. 2 under Treasury.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programmes are the primary vehicle by which Government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of the Department of Education in achieving Government outcomes.

Outcome 1: Improved access to quality services that support early childhood learning and care for children through a national quality framework, agreed national standards, investment in infrastructure, and support for parents, carers, services and the workforce

Outcome 1 strategy

The Australian Government will continue to invest significantly to support Australian families' child care and early childhood learning needs, including record support for families through Child Care Benefit and Child Care Rebate fee assistance.

The Government is committed to flexible, affordable, accessible and quality child care and early childhood learning and recognises that Australian families need a more modern child care system.

The Government is acting to achieve this through a range of initiatives including:

- the Productivity Commission Inquiry into Child Care and Early Childhood Learning
- reducing red tape and improved implementation of the National Quality Framework (NQF)
- a new \$200 million professional development programme for long day care centres to provide additional support over three years to meet known workforce challenges
- restoring \$12.6 million funding for occasional care
- a trial of online foreign language learning in early childhood education
- establishing a Ministerial Advisory Council on early childhood and early learning.

In November 2013, the Government announced the Productivity Commission Inquiry into Child Care and Early Childhood Learning, the first such independent public review in a generation. More than 1000 submissions and online comments have been received from families and stakeholders since the release of the Inquiry's issues paper in December 2013. The Commission will release its draft report in July 2014 and provide a final report to government due by the end of October 2014.

The Government is committed to reducing the red tape and regulatory burden experienced by individuals, businesses and community organisations. Consistent with this, the Government is working closely with states and territories and with the child care and early childhood learning sector to find practical ways to improve the implementation of the NQF without compromising the quality of education and care provided.

On 11 April 2014, the Standing Council on School Education and Early Childhood agreed to changes to the *Education and Care Services National Regulations* to improve the operation of the NQF. The Standing Council also agreed to work with the Australian Children's Education and Care Quality Authority (ACECQA) to implement a more streamlined assessment and rating process by 1 July 2014. Further changes to the *Education and Care Services National Law and National Regulations* will be considered in the context of the 2014 Review of the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care and outcomes from the Productivity Commission Inquiry.

A new professional development programme – the Long Day Care Professional Development Programme (LDC PDP) – is being established to assist all educators in long day care centres to meet the qualification requirements under the NQF and improve quality outcomes for children. The \$200 million LDC PDP will provide flexible funding for services to meet educator professional development needs and will target known workforce shortages such as early childhood teachers and long day care educators working in rural and remote areas. The Government will continue to support a range of initiatives to train and retain experienced and qualified early childhood educators, including access to Recognition of Prior Learning assessments and removing Technical and Further Education (TAFE) fees for approved early childhood qualifications.

Changes to the Inclusion and Professional Support Programme from 1 July 2016 will streamline administration of the programme while ensuring continued professional support for services.

The Government understands that occasional care provides a vital service for many families and in this Budget has reinstated \$12.6 million funding for a national Occasional Care programme. The reinstated programme, to commence from 1 July 2014, will operate as per previous arrangements with states and territories asked to contribute 45 per cent of the total cost.

Through the Early Learning Languages Australia trial, children at up to 40 services delivering early childhood education programmes will participate in a one year trial of online foreign language learning in 2015.

The Government has also committed to the creation of a Ministerial Advisory Council on early childhood and early learning to provide informative consultation and recommendations on proposed legislation or policies affecting the child care sector.

This Budget also takes action to ensure that current early childhood programmes are sustainable and better targeted towards those who need them most, within existing funding allocations.

In this Budget, the Government continues to invest in the Jobs, Education and Training Child Care Fee Assistance (JETCCFA) programme to assist eligible parents to enter or return to the workforce. JETCCFA will be better targeted to help families to access the care they need while maintaining JETCCFA within the funding envelope available for this programme. From January 2015, there will be:

- a maximum \$8 per hour cap for JETCCFA payments, after Child Care Benefit
- a 36 hour weekly limit per child for JETCCFA payments for recipients undertaking study.

In March 2014 the Assistant Minister for Education announced changes to the eligibility requirements for new family day care services seeking financial support under the Community Support Programme (CSP). From 1 July 2015 all family day care services seeking funding through the CSP will be subject to eligibility criteria that target funding to services providing care in regional, remote and disadvantaged communities.

In addition a \$250,000 annual cap will be introduced on the operational support payments that a family day care service can receive from the CSP. These changes do not affect family day care services' eligibility for Child Care Benefit and Child Care Rebate on behalf of families. The changes ensure that the CSP is managed in a responsible and sustainable way in light of the tight fiscal environment, and bring eligibility requirements for family day care in line with other service types.

The Government continues to progress Council of Australian Governments' commitments including a number of National Partnership Agreements. Both the National Partnership Agreement on Universal Access to Early Childhood Education and the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care require reviews during 2014. The Government is working with states and territories to undertake these reviews.

The Government is committed to lifting the quality of Budget Based Funded (BBF) early childhood services. BBF services predominantly operate in regional, remote and Aboriginal and Torres Strait Islander communities where the market would otherwise fail to deliver services to meet the needs of children and families. Longer term arrangements for the BBF programme will be considered in the Productivity Commission Inquiry into Child Care and Early Childhood Learning.

The Government continues to maintain investment in the Australian Early Development Index (AEDI) collection, which provides a valuable snapshot for communities and governments on children's development across Australia.

Data from the second national AEDI collection was released in April 2013 and planning is now underway for the next collection in 2015.

The Government will also maintain investment to expand the Home Interaction Programme for Parents and Youngsters (HIPPY), a two year, home-based parenting and early childhood enrichment programme targeted to disadvantaged communities. HIPPY is currently being implemented in 25 new Aboriginal and Torres Strait Islander focused communities, with a further 25 new locations commencing in 2015. With this expansion, HIPPY will operate in 100 locations across Australia from 2015, targeting around 2250 children (aged four years) each year.

Outcome expense statement

Table 2.1.1 provides an overview of the total expenses for Outcome 1 by programme.

Table 2.1.1: Budgeted expenses for Outcome 1

Outcome 1: Improved access to quality services that support early childhood learning and care for children through a national quality framework, agreed national standards, investment in infrastructure, and support for parents, carers, services and the workforce.	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Support for the Child Care System		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	406,047	567,217
Special Accounts	134,833	97,486
Total for Programme 1.1	540,880	664,703
Programme 1.2: Child Care Benefit		
Administered expenses		
Special appropriations	2,359,607	3,140,717
Total for Programme 1.2	2,359,607	3,140,717
Programme 1.3: Child Care Rebate		
Administered expenses		
Special appropriations	2,225,144	3,163,979
Total for Programme 1.3	2,225,144	3,163,979
Programme 1.4: Early Childhood Education		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,000	8,043
Total for Programme 1.4	3,000	8,043
Outcome 1 Totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	409,047	575,260
Special appropriations	4,584,751	6,304,696
Special Accounts	134,833	97,486
Departmental expenses		
Departmental appropriation ¹	66,911	90,844
Expenses not requiring appropriation in the Budget year ²	8,435	11,081
Total expenses for Outcome 1	5,203,977	7,079,367
Average Staffing Level (number)	367	453

¹ Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s31)'.

² Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Note: Estimated actual expenses covers the period 18 September 2013 to 30 June 2014.

Programme 1.1: Support for the Child Care System

Programme objective

To support child care services so that more families can access quality child care and early childhood learning services. The Child Care Services Support Programme (CCSSP) incorporates a number of components and payment types which are tailored to support different types of child care in different circumstances. The programme helps families to participate in the social and economic life of the community as it:

- promotes and supports quality child care
- assists services to improve access and inclusion for children and families with special and/or additional needs
- provides professional support to build the capacity of the child care sector and increase the supply of qualified early childhood educators
- supports the sustainability of child care for all Australian children and families including in areas and/or under circumstances where services would not otherwise be viable
- develops, maintains and disseminates information to assist families to make informed decisions about child care and the related support programmes and services provided or funded by the Government.

The details on the trend in the number of children with additional needs using government approved child care services is seen as a good measure of the overall effectiveness of access to quality child care and early learning services. Families with children from the target groups identified often find it more difficult to access child care that is appropriate to their special needs so monitoring their numbers is a good indicator for accessibility.

The National Quality Framework (NQF) is a Council of Australian Governments initiative that is given effect through a National Partnership (NP). The NP sets out indicators that the Australian Children's Education and Care Quality Authority is required to provide reports against.

Administered items

- Child Care Services Support – the main sub-elements of this administered item include:
 - community support – delivers improved access to child care through support for establishment of new services and maintenance of services, especially in areas where the market would otherwise fail to provide child care services

- child care quality support – aims to ensure that children in care have stimulating, positive experiences and interactions that will foster all aspects of their development and promote quality care for all children in approved Australian child care services
- inclusion and professional support – promotes and maintains high quality care and inclusion for all children in eligible child care services, by increasing the capacity of the service and the skill level of carers and educators through the provision of professional development and inclusion support
- programme support – supports the development, maintenance and dissemination of information to assist families to make informed decisions about child care and the related support programmes and services provided or funded by the Government. A range of products and services are funded to assist parents and service providers, including the Australian Early Development Index and the Home Interaction Programme for Parents and Youngsters.
- Jobs, Education and Training Child Care Fee Assistance – provides eligible parents who are income support recipients with extra financial assistance to help with the cost of approved child care while undertaking work, study or training activities to help them enter or return to the workforce.
- Long Day Care Professional Development Programme – assists educators in centre-based long day care services to meet qualification requirements under the NQF and improve quality outcomes for children. It targets known workforce shortages such as early childhood teachers and long day care educators working in rural and remote areas. Funding will be provided over three years. In 2014–15 an additional \$30 million will be directed towards training and support for educators working with vulnerable and disadvantaged children.

Linked to: Department of Human Services, Programme 1.1 Services to the Community and Department of Health, Programme 1.3 Immunisation.

Programme expenses

Programme expenses 1.1 Support for the Child Care System

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward estimate \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000
Annual administered expenses:					
Child Care Services Support	317,802	449,968	298,325	294,251	301,711
Jobs Education and Training Child Care Fee Assistance (JETCCFA)	88,245	117,249	112,530	138,061	159,831
Special Accounts:					
Early Years Quality Fund Special Account Act 2013	134,833	97,486	67,487	-	-
Total programme expenses	540,880	664,703	478,342	432,312	461,542

Programme 1.1 deliverables

Deliverables	2013-14 Revised budget	2014-15 Budget	2015-16	2016-17	2017-18
Child Care Services Support					
Number of child care services receiving sustainability assistance	2,500	2,500	2,000	2,000	2,000
Number of child care services receiving establishment assistance	250	80	80	80	80
Number of Budget Based Funded (BBF) services	343	310 ¹	310	310	310
Jobs Education and Training Child Care Fee Assistance					
Number of children in child care	53,900	51,100	60,600	61,900	63,000
Number of parents assisted	34,700	33,600	39,800	40,700	41,400

¹ In 2013-14 there were 343 BBF services. In September 2013, administration for 32 BBF programme services (Stronger Futures Crèches in the Northern Territory and Indigenous Playgroups) transferred to the Department of the Prime Minister and Cabinet, while two services are in the process of merging into one service, leaving 310 BBF services with the Department of Education. This change has also led to a reduction in programme expenses.

Programme 1.1 key performance indicators

Key performance indicators	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Trend in the number of children with additional needs using government approved child care services—by target group					
Children with disability	3%	3%	3%	3%	3%
Aboriginal, Torres Strait and Australian South Sea Islander children	3%	3%	3%	3%	3%
Children from non-English backgrounds	17%	17%	17%	17%	17%

Programme 1.2: Child Care Benefit

Programme objective

Assists parents with the cost of approved and registered child care. The provision of this assistance means more families are able to access quality child care services.

The effectiveness indicator (in the table below) provides details on the child care out-of-pocket expenses as a proportion of weekly disposable income after child care subsidies.

Administered items

- Child Care Benefit (CCB) – the payment of CCB varies depending on family income, the number of children in care, the hours of care, and the type of child care used. Low income families receive the highest rate of CCB. Indexation of payment income thresholds for CCB will be maintained for three years from 1 July 2014.

Linked to: Department of Human Services, Programme 1.1 Services to the Community and Department of Health, Programme 1.3 Immunisation.

Programme expenses

Programme expenses 1.2 Child Care Benefit

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Special Appropriations: A New Tax System (Family Assistance) (Administration) Act 1999					
Child Care Benefit	2,359,607	3,140,717	3,294,464	3,494,066	3,721,701
Total programme expenses	2,359,607	3,140,717	3,294,464	3,494,066	3,721,701

Programme 1.2 deliverables

Deliverables	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Child Care Benefit					
Number of children using approved child care places	1,436,000	1,570,000	1,620,000	1,672,000	1,725,000
Number of families using approved child care services	998,000	1,091,000	1,125,000	1,161,000	1,199,000
Number of families using approved child care services and receiving a child care payment (percentage of families who use care and receive a payment)	978,000 (98%)	1,069,000 (98%)	1,103,000 (98%)	1,138,000 (98%)	1,175,000 (98%)
Number of families receiving both CCB and CCR	686,000	750,000	774,000	799,000	824,000
Number of families receiving only CCB	89,000	97,000	100,000	104,000	107,000

Programme 1.2 key performance indicators

Key performance indicators	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Percentage of child care out-of-pocket expenses as a proportion of weekly disposable income after child care subsidies	8 to 12%	8 to 12%	8 to 12%	8 to 12%	8 to 12%

Programme 1.3: Child Care Rebate

Programme objective

Provides additional assistance for parents who are working, training or studying and who use approved child care and early learning services.

Administered items

- Child Care Rebate (CCR) – Covers families for 50 per cent of their out-of-pocket approved child care expenses after Child Care Benefit has been received, up to a maximum limit per child per year. CCR is not income-tested, so working families using approved child care can receive this assistance regardless of their income.

Linked to: Department of Human Services, Programme 1.1 Services to the Community and Department of Health, Programme 1.3 Immunisation.

Programme expenses

Programme expenses 1.3 Child Care Rebate

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Special Appropriations:					
<i>A New Tax System (Family Assistance)</i>					
<i>(Administration) Act 1999</i>					
Child Care Rebate	2,225,144	3,163,979	3,524,775	3,918,371	4,319,187
Total programme expenses	2,225,144	3,163,979	3,524,775	3,918,371	4,319,187

Programme 1.3 deliverables

Deliverables	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Child Care Benefit					
Number of children using approved child care places	1,436,000	1,570,000	1,620,000	1,672,000	1,725,000
Number of families using approved child care services	998,000	1,091,000	1,125,000	1,161,000	1,199,000
Number of families using approved child care services and receiving a child care payment (percentage of families who use care and receive a payment)	978,000 (98%)	1,069,000 (98%)	1,103,000 (98%)	1,138,000 (98%)	1,175,000 (98%)
Number of families receiving both CCB and CCR	686,000	750,000	774,000	799,000	824,000
Number of families receiving only CCR	203,000	222,000	229,000	236,000	244,000

Programme 1.3 key performance indicators

Key performance indicators	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Percentage of child care out-of-pocket expenses as a proportion of weekly disposable income after child care subsidies	8 to 12%	8 to 12%	8 to 12%	8 to 12%	8 to 12%

Programme 1.4: Early Childhood Education

Programme objective

To improve access to high quality child care and early learning, to support optimal child development in the early years, and prepare children for formal schooling.

To achieve these goals, National Partnership Agreements are being implemented:

- The National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care – established the National Quality Framework (NQF), which commenced on 1 January 2012 for most long day care, family day care, outside school hours care and preschools. It aims to deliver a high standard of care for children in education and care services and school age care. The framework sets a national benchmark for the quality of education and care services. It includes an assessment and rating system that has been designed to provide clear and accurate information for families on the quality of education and care services to support them in making informed choices about the education and care of their child. A review of the NQF is being conducted in 2014.
- The National Partnership Agreement on Universal Access to Early Childhood Education (NP UAECE) – to maintain universal access to early childhood programmes for 600 hours for all children in the year before full-time school, delivered by a degree qualified early childhood teacher who meets the NQF requirements, with a focus on participation by vulnerable and disadvantaged children. The National Partnership supports access to early childhood education programmes. A review of this National Partnership is being conducted in 2014.
- The National Partnership Agreement on Technical and Further Education (TAFE) Fee Waivers for Child Care Qualifications – supports individuals, including existing child care workers, to gain a vocational education and training qualification in early childhood care. This funding removes the regulated course fees for diplomas and advanced diplomas in children's services, delivered by a TAFE institute or other government training provider.
- The National Partnership on the National Occasional Care Programme – the Australian Government will provide funding for the National Partnership on the National Occasional Care Programme to support non-Child Care Benefit approved child care service providers, particularly in rural, regional and remote areas to access the care they need. The reinstated programme, to commence from 1 July 2014, will operate as per previous arrangements, with states and territories asked to contribute 45 per cent of the total cost.

Early exposure to another language is a key strategy for engaging young children with a foreign language and a stepping stone towards children's long-term acquisition of another language. Research studies indicate that the best time for a child to learn another language is in the first three to four years of life, with language learning also helping children with the development of more general cognitive skills.

The Early Learning Languages Australia (ELLA) trial will provide for children at up to 40 services delivering early childhood education programmes, to participate in a one year trial of online foreign language learning in 2015. The objective of the ELLA trial is to ascertain the effectiveness of online language learning programmes targeting children below school age, in a select range of languages, providing young children with early exposure to languages other than English.

Administered items

There are two sub-elements of this administered item:

- under the NP UAECE, funding for early childhood data development, review and research activities
- funding for the ELLA trial.

Linked to: Department of Treasury, Programme 1.10 National Partnership Payments to the States.

Programme expenses

Programme expenses 1.4 Early Childhood Education

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Annual administered expenses:					
Early Childhood Education - Universal					
Access	3,000	1,500	-	-	-
Early Learning Languages Australia	-	6,543	2,464	-	-
Total programme expenses	3,000	8,043	2,464	-	-

Programme 1.4 deliverables

Deliverable	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Online foreign language learning in preschool programmes trialled in 2015	na	programme commenced	programme evaluated	-	-

Programme 1.4 key performance indicators

Key performance indicators	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Universal Access to Early Childhood Education (NP)					
Percentage of all children enrolled in preschool	95%	95%	-	-	-
Percentage of Indigenous children enrolled in preschool	95%	95%	-	-	-
Percentage of Indigenous children enrolled in preschool in remote areas	95%	95%	-	-	-
Percentage of children enrolled in an early childhood education programme that is available for at least 15 hours a week	95%	95%	-	-	-

Outcome 1: Departmental outputs

Performance information for Outcome 1 departmental outputs

Performance indicator	2014–15 estimate
Programme management	
Services provided by the Department of Human Services (DHS) on behalf of the Department of Education programmes satisfy jointly agreed performance requirements including detailed key performance measures with specific targets.	<p>The Department of Education continuously monitors the performance of DHS against agreed performance requirements as outlined in the Head Agreement between the two agencies.</p> <p>The departments work collaboratively to address performance issues where targets are not met.</p>

Outcome 2: Improved learning, and literacy, numeracy and educational attainment for school students, through funding for quality teaching and learning environments, workplace learning and career advice

Outcome 2 strategy

The Australian Government's policy framework for school education is based on the commitments made in the Students First package of reforms. In partnership with states and territories and the non-government sector, the Government will work to improve outcomes in Australia's schools by focusing on teacher quality, school autonomy, engaging parents in education, and strengthening the Australian Curriculum. These reforms are consistent with the *Melbourne Declaration on Education Goals for Young Australians*, which articulates the following two goals for Australian schooling:

- Australian schooling promotes excellence and equity
- All young Australians become successful learners, confident and creative individuals and active and informed citizens.

The Government has committed to an approach which is based on the best evidence available and which acknowledges that states, territories and school systems are responsible for the operation and management of their schools, including determining the distribution of funding to their schools. Consultation will occur with school authorities during 2014 to amend the *Australian Education Act 2013* (the Act) to reduce regulatory burden and ensure states and territories remain responsible for schools and non-government schools maintain their independence and autonomy.

Under Outcome 2, the bulk of the Commonwealth's investment in schools is made either through payments direct to states and territories for government schools or through states and territories for non-government schools and systems. This approach reflects the important role that schools, parents, and communities should play in translating national policy settings into action at the local level, and will be supported by a focus on ensuring that quality data is available to track progress and inform policy development.

From 1 January 2014, recurrent funding to all schools and systems in Australia is based on needs-based funding arrangements contained within the Act. However, the Government's approach involves more than just a focus on funding—it is about improving schooling through initiatives in those areas that can have a significant impact on student outcomes.

Evidence tells us that teachers have the greatest in-school influence on student engagement and achievement. The Teacher Education Ministerial Advisory Group will work to identify world's best practice in teacher education

programmes with a particular focus on pedagogical approaches, knowledge of subject content to be taught and professional experience. In addition, the Government will focus on ensuring that entry standards to teacher education courses are rigorous and that graduates from teacher education courses have the skills they need.

High performing school systems consistently afford schools the flexibility to make their own decisions about school management. In addition to actively progressing a school autonomy agenda through the Independent Public Schools initiative, the Government is also committed to ensuring that parental engagement is strengthened and valued. Parents are the first and most important influence on a child's attitudes and values toward school and learning. There is strong consensus that positive parent engagement influences student academic attainment, school attendance, wellbeing and productivity.

Getting curriculum settings right is essential to improving the quality of education for all school students. The Government has instituted a review into the Australian Curriculum, with a report due in mid-2014, which will examine the robustness, independence and balance of the curriculum, and evaluate both the process of its development and the content. At the same time, the Government will continue to prioritise the development of the languages curriculum. Reviving the study of foreign languages, particularly those of our key regional partners, is vital to unlocking the potential of the Asian century for Australia.

The Australian Government believes it is important that the outcomes of the National Assessment Programme – Literacy and Numeracy (NAPLAN) tests are provided to parents, teachers and schools as soon as possible after the tests have been conducted. The Australian Government is working with states and territories and the Australian Curriculum, Assessment and Reporting Authority and Education Services Australia to improve turnaround times and to move NAPLAN tests online.

The Government is also supporting young people to reach their full potential and make a successful transition from school to further education, training or work through a range of initiatives. The Youth 20 summit in July 2014 will bring together young delegates from G20 countries, forming the official youth engagement group for Australia's hosting of the G20.

Outcome expense statement

Table 2.1.2 provides an overview of the total expenses for Outcome 2 by programme.

Table 2.1.2: Budgeted expenses for Outcome 2

Outcome 2: Improved learning, and literacy, numeracy and educational attainment for school students, through funding for quality teaching and learning environments, workplace learning and career advice.	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 2.1: Government Schools National Support		
Administered expenses		
Special appropriations	2,407,817	5,113,578
Total for Programme 2.1	2,407,817	5,113,578
Programme 2.2: Non-Government Schools National Support		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	41,834	-
Other services (Appropriation Bill No. 2)	-	42,605
Special appropriations	6,754,639	9,217,782
Total for Programme 2.2	6,796,473	9,260,387
Programme 2.3 School Support		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	154,925	148,773
Total for Programme 2.3	154,925	148,773
Programme 2.4: Trade Training		
Administered expenses		
Other services (Appropriation Bill No. 2)	29,723	46,457
Total for Programme 2.4	29,723	46,457
Programme 2.5: Digital Education		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	225	-
Total for Programme 2.5	225	-

Table 2.1.2: Budgeted expenses for Outcome 2 (continued)

	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 2.6: More Support for Students With Disabilities		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,487	2,882
Other services (Appropriation Bill No. 2)	11,369	11,369
Total for Programme 2.6	12,856	14,251
Programme 2.7: Youth Support		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	105,385	67,033
Special Account	240	240
Total for Programme 2.7	105,625	67,273
Outcome 2 Totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	303,856	218,688
Other services (Appropriation Bill No. 2)	41,092	100,431
Special appropriations	9,162,456	14,331,360
Special Accounts	240	240
Departmental expenses		
Departmental appropriation ¹	97,871	130,217
Expenses not requiring appropriation in the Budget year ²	12,984	18,479
Total expenses for Outcome 2	9,618,499	14,799,415
	2013-14	2014-15
Average Staffing Level (number)	624	753

¹ Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s31)'.

² Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Note: Estimated actual expenses covers the period 18 September 2013 to 30 June 2014.

Programme 2.1: Government Schools National Support

Programme objective

The Government provides supplementary funding to states and territories to support the operating costs of government primary and secondary schools.

Administered items include:

- from 1 January 2014, funding for government schools is being calculated according to a Schooling Resource Standard comprising a base amount for every primary and secondary school student, including loadings to target disadvantage. The Australian Government's funding for government schools is based on arrangements contained within the *Australian Education Act 2013*
- the Government will provide funding for the Independent Public Schools initiative to increase the autonomy of government schools through project agreements with states and territories. The initiative will make available \$70 million to support around 1500 government schools across Australia, including through greater engagement of parents and local communities in school decision making and the provision of professional development for principals, school leaders and school communities. The initiative's objectives are:
 - a focus on local governance
 - increased accountability to the local community
 - the use of streamlined or one-line budgets
 - local management of school facilities
 - increased delegation over staffing for school principals.

Linked to: Department of Treasury, 1.10 National Partnership Payments to the States.

Programme expenses

Programme expenses 2.1 Government Schools National Support

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward estimate \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000
Special Appropriations:					
<i>Australian Education Act 2013</i>	2,407,817	5,113,578	5,689,499	6,347,538	6,871,797
Total programme expenses	2,407,817	5,113,578	5,689,499	6,347,538	6,871,797

Programme 2.1 deliverables

Deliverable	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Government schools specific purpose payment					
Funded full-time equivalent student enrolment projections ²	2,351,000	2,389,000	2,429,000	2,460,000	2,502,000

Programme 2.1 key performance indicators

Key performance indicator	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Enrolment projections – government schools³					
All full-time enrolments in Australian schools:					
• Primary students	na	1,502,000	1,497,000	1,527,000	1,564,000
• Secondary students	na	892,000	935,000	935,000	939,000
Number of Indigenous students at school ⁴	na	160,000	166,000	171,000	177,000

² Funded full-time equivalent student enrolment projections do not include unfunded students such as full fee paying overseas students.

³ All full-time student enrolments in Australian schools include unfunded students such as full fee paying overseas students. The aggregate of all primary and secondary student enrolments will not match funded enrolments.

⁴ Indigenous student enrolments are a subset of primary and secondary student enrolments.

Programme 2.2: Non-Government Schools National Support

Programme objective

The Government provides funding to support the operating costs of non-government schools and systems, and supplements funding raised by schools from other sources.

Administered items include:

- from 1 January 2014, funding for non-government schools is being calculated according to a Schooling Resource Standard comprising a base amount for every primary and secondary school student, including loadings to target disadvantage. The base per-student amount will be discounted by the capacity of their school community to contribute towards the operating costs of the school. The Government's funding for non-government schools is based on arrangements contained within the *Australian Education Act 2013*
- the provision of \$165 million over four years to state and territory Catholic Education Commissions and Associations of Independent Schools, as non-government representative bodies approved under the *Australian Education Act 2013*, to help non-government schools implement national reforms
- capital funding is provided under the Capital Grants Programme to assist non-government school communities to improve school capital infrastructure, particularly for the most educationally-disadvantaged students. Capital grants are supplementary to funding provided by the school communities and non-government school authorities who have the primary responsibility for providing, upgrading and maintaining their school facilities
- the Indigenous Boarding Schools (Additional Funding for Non-government Schools with Substantial Numbers of Remote or Very Remote Indigenous Boarding Students) initiative which provides interim support in 2014 for non-government schools with more than 50 Indigenous boarding students from remote or very remote areas, or where 50 per cent or more of their boarding students are Indigenous and from remote or very remote areas. The extra support will assist non-government boarding schools to provide these students with a high quality education.

Linked to: Department of Treasury, 1.10 National Partnership Payments to the States.

Programme expenses

Programme expenses 2.2 Non-Government Schools National Support

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward estimate \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000
Annual administered expenses:					
Short Term Emergency Assistance	667	1,438	1,477	1,529	1,556
Non-Government Representative Bodies <input type="checkbox"/>	41,167	41,167	41,167	41,167	-
Special Appropriations:					
<i>Schools Assistance Act 2008</i>	2,332,333	-	-	-	-
<i>Australian Education Act 2013</i>	4,422,306	9,217,782	9,914,033	10,642,188	11,275,659
Total programme expenses	6,796,473	9,260,387	9,956,677	10,684,884	11,277,215

Programme 2.2 deliverables

Deliverables	2013-14 Revised budget	2014-15 Budget	2015-16	2016-17	2017-18
Recurrent grants – non-government					
Funded full-time equivalent student enrolment projections ⁵	1,260,000	1,288,000	1,322,000	1,347,000	1,375,000
Capital grants – non-government					
Number of schools assisted with capital support	253 ⁶	245	245	245	245

Programme 2.2 key performance indicators

Key performance indicators	2013-14 Revised budget	2014-15 Budget	2015-16	2016-17	2017-18
Enrolment projections – non-government⁷					
All full-time student enrolments in Australian schools:					
• Primary students	659,839	674,000	661,000	670,000	684,000
• Secondary students	609,054	619,000	662,000	673,000	684,000
Indigenous students ⁸	28,573	30,000	32,000	34,000	36,000

⁵ Funded full-time equivalent student enrolment projections do not include unfunded students such as full fee paying overseas students.

⁶ Capital grants is a calendar year programme.

⁷ All full-time student enrolments in Australian schools include unfunded students such as full fee paying overseas students. The aggregate of all primary and secondary student enrolments will not match funded enrolments.

⁸ Indigenous student enrolments are a subset of primary and secondary student enrolments.

Programme 2.3: Schools Support

Programme objective

In its national leadership role, the Government funds other initiatives to improve outcomes for all Australian students. A number of these initiatives support the Students First package of reforms.

Administered items

- The Government has committed to restoring the focus on science, technology, engineering and mathematics subjects in primary and secondary schools through improved teacher training, collaboration with states and territories to raise the profile of these subjects (particularly in senior secondary years) and maintaining funding for Primary Connections and Science by Doing science education programmes.
- The National School Chaplaincy Programme (NSCP) will assist participating schools to engage a chaplain to provide pastoral care for students. The NSCP will facilitate the engagement of school chaplains in around 2900 schools and will commence in 2015 for a period of four years. Schools will be selected through an application process open to all Australian schools. The assessment will prioritise those schools with higher levels of disadvantage.
- Quality Outcomes – provides funding for strategic projects that aim to improve student learning outcomes in schools. This includes the Parliament and Civics Education Rebate (PACER) programme, which provides financial support to assist students in years 4 to 12 visiting national institutions in Canberra, including Parliament House, for civics and citizenship education.
- One of the ways the Government is providing support to school students with disability is through the Helping Children with Autism package. Positive Partnerships, the education element of this package, provides professional development for school leaders and teachers working with students with autism spectrum disorder. It also provides workshops and access to online resources for parents and carers of children with autism, with the aim of building partnerships between schools and families to improve educational outcomes.
- The Flexible Literacy Learning for Remote Primary Schools programme will fund effective approaches to teaching in rural and remote primary schools.
- The Australian Curriculum, Assessment and Reporting Authority will be provided with \$1.8 million over two years to develop languages curricula for Foundation to Year 10 for Auslan, Classical languages, Hindi and Turkish. This initiative will support the Australian Government's election

commitment to improve the take-up of foreign languages in Australian schools so that at least 40 per cent of Year 12 students are once more studying a language other than English within a decade.

- The Teach for Australia programme was established to introduce employment-based pathways into the profession and attract high-calibre graduates who may otherwise not have considered a career in teaching. On completion of their two year placement, participants are awarded a postgraduate teaching qualification. The Australian Government is committed to ongoing support for Teach for Australia.
- The Grants and Awards Programme supports the Australian Student Prize and Australian Vocational Student Prize as well as the recurrent service fee for the Asia Education Foundation for its activities to support the studies of Asia in Australian schools; and Grants-in-Aid which assist in maintaining the operations of key national education research organisations and national parents' and principals' organisations.

Programme expenses

Programme expenses 2.3 Schools Support

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward estimate \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000
Annual administered expenses:					
Grants and Awards	3,389	3,954	4,005	4,027	4,082
Quality Outcomes ¹	59,081	56,955	50,809	51,307	50,853
Helping Children with Autism	4,152	5,637	5,733	5,777	5,882
Broadband Enabled Education	6,417	3,205	-	-	-
National School Chaplaincy Programme	70,821	58,822	58,822	58,822	58,822
Maths and Science Participation	1,500	5,700	5,250	2,000	1,000
Teach for Australia	5,565	7,300	7,450	3,214	885
Flexible Literacy Learning for Remote Primary Schools	4,000	6,000	6,000	6,000	-
Improving the Teaching of Foreign Languages	-	1,200	600	-	-
Total programme expenses	154,925	148,773	138,669	131,147	121,524

¹ This includes programmes that were transferred to the Department of the Prime Minister and Cabinet on 1 December 2013.

Programme 2.3 deliverables

Deliverables	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Parliament and Civics Education Rebate					
Number of schools visiting Canberra under PACER	1,980	2,155	2,241	2,331	2,424
Helping Children with Autism package					
Number of teachers and other school staff attending professional development courses	590	450	450	450	450
Number of parents and carers attending workshops and information sessions	1,800	1,800	1,800	1,800	1,800
National School Chaplaincy and Student Welfare Programme					
Number of schools receiving support for chaplaincy or student welfare services	3,527	Programme ceases 31 December 2014			
National School Chaplaincy Programme					
Number of schools receiving support for chaplaincy services	na	2,900	2,900	2,900	2,900

Programme 2.4: Trade Training Centres in Schools Programme

Programme objective

The Trade Training Centres in Schools Programme, which provides funding for Trade Skills Centres, aims to help:

- support the achievement of a national Year 12 or equivalent attainment rate of 90 per cent by 2015
- address skills shortages in traditional trades and other eligible occupations
- young people to make a successful transition from school to work or further education or training
- support the Closing the Gap Council of Australian Governments' target to halve the gap between Aboriginal and Torres Strait Islander and other students in Year 12 or equivalent attainment rates by 2020.

Funding for the programme will conclude on 30 June 2016.

Linked to: Department of Treasury, 1.10 National Partnership Payments to the States.

Programme expenses

The Trade Training Centres in Schools Programme will provide \$1.4 billion over 2008 to 2016 to enable eligible secondary schools across Australia to seek funding for Trade Training Centres. The final funding round was announced in January 2014 following the Government's decision at the 2013-14 Mid-Year Economic and Fiscal Outlook that funding would cease following round five (phase one), under which new centres have been retitled Trades Skills Centres.

Programme expenses 2.4 Trade Training Centres in Schools Programme

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Annual administered expenses:					
Trade Skills Centres	29,723	46,457	-	-	-
Total programme expenses	29,723	46,457	-	-	-

Programme 2.4 deliverables

Deliverables	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Trade Training Centres in Schools Programme					
Total announced projects (cumulative)	511	511	511	511	511
New projects announced	136	na	na	na	na
New projects announced – number of schools benefiting	225	na	na	na	na

Programme 2.5: Digital Education

Programme objective

The Digital Education Revolution Project Pool supported national projects to integrate information and communications technology into teaching and learning. The Project Pool was used for a range of diverse projects, including development of online resources to support the Australian Curriculum, such as the Virtual Language Learning Space. This programme will conclude on 30 June 2014.

Linked to: Department of Treasury, 1.10 National Partnership Payments to the States.

Programme expenses

Programme expenses 2.5 Digital Education Revolution

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Annual administered expenses:					
Digital Education Revolution Project Pool	225	-	-	-	-
Total programme expenses	225	-	-	-	-

Programme 2.6: More Support for Students with Disabilities

Programme objective

The More Support for Students with Disabilities (MSSD) initiative (2012–2014), will provide a total of \$300 million additional support for teachers and schools in recognition of the importance of increasing the skills and quality of classroom teachers and enabling a more inclusive culture in schools. A \$100 million extension of MSSD into 2014 is providing additional funding for government and non-government education authorities to build on and consolidate the valuable reforms that are already underway.

The major focus of this initiative is on building the capacity of schools and teachers to better support the needs of students with disability and/or learning difficulties thereby contributing to improved student learning experiences, educational outcomes and transitions. This initiative will conclude in December 2014.

Linked to: Department of Treasury, 1.10 National Partnership Payments to the States.

Programme expenses

Programme expenses 2.6 More Support for Students with Disabilities

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Annual administered expenses:					
Students w ith Disabilities (COPE)	1,487	2,882	-	-	-
Students w ith Disabilities (Non-Government)	11,369	11,369	-	-	-
Total programme expenses	12,856	14,251	-	-	-

Programme 2.7: Youth Support

Programme objective

The Government is supporting young people to make a successful transition from school to further education, training or work. Attaining a Year 12 qualification, or its vocational equivalent, is a key factor influencing young people's future economic opportunities and engagement in lifelong learning.

Youth Engagement

The Government is also supporting young people to reach their full potential; make effective transitions to adulthood as they continue to learn; start work and make decisions that support a healthy lifestyle.

Administered items

- Youth Connections, School Business Community Partnership Brokers and National Career Development activities. Funding for these programmes is due to conclude at the end of 2014.
- Promotion and support of participation and engagement of young people (15–24 years) in government, civic and local community activities, including the Young Australian of the Year award, the youth category of the National Awards for Local Government and support for representatives to international youth forums.
- The National Youth Clearinghouse Services provide a central access point for information on youth issues in Australia.
- National Youth Week has been held annually since 2000. It encourages young people to be engaged and active participants in their communities. The Government funds states and territories and supports the National Youth Awards.
- The National Youth Affairs Research Scheme is an Australian and state and territory government research programme to provide nationally based research to inform policies and programmes for young people.

Linked to: Department of Treasury, 1.10 National Partnership Payments to the States.

Programme expenses

Programme expenses 2.7 Youth Support

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward estimate \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000
Annual administered expenses:					
Youth Attainment and Transitions	99,293	64,428	-	-	-
Youth Engagement	6,092	2,605	2,478	2,501	2,526
Special Account Expenses:					
National Youth Affairs Research	240	240	240	240	240
Total programme expenses	105,625	67,273	2,718	2,741	2,766

Programme 2.7 deliverables

Deliverables	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Youth Attainment and Transitions					
Progress towards 2015 COAG target of 90 per cent Year 12 equivalent attainment	No targets	No targets	90% final target	Programme ceases	
Number of young people for who outcomes are achieved through support provided by the Youth Connections Programme	20,000	10,000	Ceases December 2014		
Number of regions that School Business Community Partnership Brokers support (delivered through 31 Local Learning and Employment Networks in Victoria)	107	107	Ceases December 2014		
Transition to Independent Living Allowance					
Number of young people accessing the Transition to Independent Living Allowance	1,130	Programme administered by Department of Social Services from 1 January 2014.			

Outcome 3: Promote growth in economic productivity and social wellbeing through access to quality higher education, international education and international quality research

Outcome 3 strategy

The department's overall goal for Outcome 3 is to support the Government's objectives to promote growth in economic productivity and social wellbeing through access to quality higher education, international education and world-class research.

Australia's higher education system is the key to our economic prosperity.

This is where the professional workforce for the jobs and the economy of the future is formed. It is through universities and colleges that individuals are given the opportunity to realise their aspirations to a high skill career. Australia needs to be sure that it is providing graduates with skills that are internationally competitive and relevant.

Universities and colleges also provide the platform for innovation, creativity and productivity. Australia's economy relies on the research and the highly skilled graduates produced by higher education to innovate and adopt world's best practice. Our researchers are leading the world in solving some of the most pressing problems facing Australia and the world through a highly competitive and well-resourced research capability.

To ensure that we retain our position as a knowledge-based nation, the Government has announced a comprehensive reform agenda for a world class higher education system. This agenda focuses on providing choice and opportunity for students, wherever they study in Australia and whatever they choose to do. It will foster excellence by deregulating the provision of higher education and directing public funding to where it is needed, so that the decisions of students, the needs of employers and the initiative of our academic leaders drives the future of our higher education system.

From January 2016, universities will be able to offer Commonwealth supported places on a demand-driven basis to students enrolling in any accredited undergraduate qualification. For the first time ever, the Australian Government will provide tuition subsidies for undergraduate students studying at any registered higher education provider for any accredited course.

These changes will give students greater choice about where they study, as they will be able to access an Australian Government subsidised place no matter which higher education provider they choose. It will also generate competition in the higher education market as institutions will compete on a more equal basis for students. This will help to drive quality improvements. By 2018, over

80,000 additional students a year will be supported to study in the course that is best for them.

From January 2016 there will also be changes to the amounts the Australian Government provides under the Commonwealth Grant Scheme. These changes, combined with changes to the Higher Education Loan Programme (HELP), will help ensure the sustainability of the higher education system into the future.

These reforms will ensure that there is a fair sharing of the costs for higher education between public funding and the students who benefit from this education. The removal of the maximum student contributions for all Commonwealth supported students will for the first time enable competition based on quality and innovation in the higher education system. Current students will continue under existing arrangements until 2020, or when they complete their studies—whichever is earlier.

The retention and improvement of the HELP will mean that no student is denied the opportunity to study for financial reasons. The removal of loan fees and limits, together with the application of a fair interest rate and repayment threshold will ensure that this scheme remains affordable, so that the Government can continue to help students defer the costs of their study until they are earning.

These new arrangements will facilitate choice and opportunity for students from all backgrounds. Alongside the continuation of the Higher Education Participation Programme, higher education institutions will also dedicate 20 per cent of their additional revenue raised through student contributions to scholarships and other supports for disadvantaged students.

The Government has committed a strong and sustained investment in research that supports innovation and allows industry to grow and generate exports and income. Through a total investment of \$11 billion over four years in research in universities, the Government has ensured the future of key programmes such as the Future Fellowships and the National Collaborative Research Infrastructure Strategy.

These reforms also provide a focus on quality. Students will have better information to support their decisions about where and what to study. Accreditation arrangements will be improved and streamlined through the Tertiary Education Quality and Standards Agency.

The New Colombo Plan is a signature initiative of the Australian Government, supported by a commitment of \$100 million in new funding over five years which aims to lift knowledge of the Indo Pacific in Australia and strengthen people-to-people and institutional relationships, through study and internships undertaken by Australian undergraduate students in the region.

Outcome expense statement

Table 2.1.3 provides an overview of the total expenses for Outcome 3 by programme.

Table 2.1.3: Budgeted expenses for Outcome 3

Outcome 3: Promote growth in economic productivity and social wellbeing through access to quality higher education, international education and international quality research.	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 3.1: Commonwealth Grants Scheme		
Administered expenses		
Special appropriations	4,879,005	6,478,708
Total for Programme 3.1	4,879,005	6,478,708
Programme 3.2: Higher Education Superannuation Programme		
Administered expenses		
Special appropriations	337,986	375,276
Total for Programme 3.2	337,986	375,276
Programme 3.3: Higher Education Support		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,435	4,877
Special appropriations	377,274	397,362
Special Accounts	104,907	169,133
Total for Programme 3.3	485,616	571,372
Programme 3.4: Higher Education Loan Programme		
Administered expenses		
Special appropriations	1,474,734	1,381,051
Total for Programme 3.4	1,474,734	1,381,051
Programme 3.5: Investment in Higher Education Research		
Administered expenses		
Special appropriations	1,291,730	1,755,928
Total for Programme 3.5	1,291,730	1,755,928

Table 2.1.3: Budgeted expenses for Outcome 3 (continued)

	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 3.6: Research Capacity		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	71,262	125,217
Special appropriations	4,869	4,654
Special Accounts	77,290	66,950
Total for Programme 3.6	153,421	196,821
Programme 3.7: International Education Support		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	32,679	65,775
Special Accounts	6,300	6,300
Total for Programme 3.7	38,979	72,075
Outcome 3 Totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	107,376	195,869
Special appropriations	8,365,598	10,392,979
Special Accounts	188,497	242,383
Departmental expenses		
Departmental appropriation ¹	42,502	70,716
Expenses not requiring appropriation in the Budget year ²	-	-
Total expenses for Outcome 3	8,703,973	10,901,947
Average Staffing Level (number)	426	617

¹ Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s31)'.

² Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Note: Estimated actual expenses covers the period 18 September 2013 to 30 June 2014.

Programme 3.1: Commonwealth Grant Scheme

Programme objective

Through the Commonwealth Grant Scheme (CGS), the Australian Government subsidises tuition costs for higher education students across a wide range of discipline areas and qualification levels.

The objective of the CGS is to encourage people to obtain higher education qualifications because these provide the skills that are needed in the new economy, and will underpin Australia's future economic growth and prosperity.

Currently the majority of CGS funding is provided to public universities for students enrolling in bachelor degrees. These are funded on a demand-driven basis. From 2016, public universities will also be able to offer government-subsidised places on a demand-driven basis to students enrolling in diplomas, advanced diplomas and associate degrees. They will continue to have a limited allocation of subsidised places for postgraduate coursework degrees. Places will also be available on a demand-driven basis for students enrolling in any accredited undergraduate course at non-university higher education providers, such as Technical and Further Education institutions and private colleges.

Programme 3.1 components contribute to achieving the objectives through:

- making a direct contribution to the cost of educating all domestic Commonwealth supported students
- providing additional funding to meet the higher cost of regional provision of higher education
- supporting students to prepare for and successfully complete higher education through funding for enabling courses
- meeting medical workforce needs through the provision of targeted support for medical programmes.

Programme expenses

There has been strong growth in expenditure under this programme since the introduction of demand-driven funding arrangements in 2012. Future growth arising from expanding eligibility will be moderated by the changes to subsidy rates, which are intended to achieve a better balance between government and students in sharing the cost of higher education and ensure the long term sustainability of the programme.

Programme expenses 3.1 Commonwealth Grant Scheme

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward estimate \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000
Special Appropriations:					
<i>Higher Education Support Act 2003</i>					
Cluster Fund and Place Loadings	4,827,271	6,412,010	6,497,947	6,513,638	6,637,843
Regional Loading	51,734	66,698	67,595	69,219	70,984
Total programme expenses	4,879,005	6,478,708	6,565,542	6,582,857	6,708,827

Programme components

Components of Programme 3.1 include:

- Commonwealth Grant Scheme
- Enabling loading
- Regional loading
- Medical student loading.

Programme 3.1 deliverables

Deliverables	2013-14 Revised budget	2014-15 Budget	2015-16	2016-17	2017-18
Provision of funding to higher education providers to support higher education student places					
Number of Commonwealth supported domestic undergraduate places	540,700	562,200	576,900	634,700	658,600
Number of Commonwealth supported domestic postgraduate coursework places	36,900	39,400	41,200	41,800	42,300
Number of enabling places	9,600	9,800	9,700	9,700	9,700
Number of Commonwealth Grant Scheme (CGS) medical places	13,100	13,100	13,100	13,100	13,100
Number of regional campuses under the CGS for which regional loading is applied	47	46	46	46	46

Programme 3.1 key performance indicators

Key performance indicators⁹	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Increased student participation in higher education					
Number of domestic enrolments (full-time equivalent)	696,000	725,000	744,000	765,000	784,000
Number of domestic postgraduate enrolments (full-time equivalents)	116,000	122,000	126,000	129,000	131,000
Number of undergraduate completions	197,000	205,000	210,000	216,000	222,000
Number of postgraduate coursework completions	110,000	122,000	126,000	129,000	131,000

⁹ Indicators for this programme have been revised following Machinery of Government changes.

Programme 3.2: Higher Education Superannuation Programme

Programme objective

The Higher Education Superannuation Programme provides supplementary funding to assist universities to meet superannuation expenses incurred for eligible current and former university employees who are members of identified State government emerging cost superannuation schemes.

A portion of the funding is recovered from the relevant states under cost-sharing arrangements.

Programme expenses

It is expected that as remaining eligible staff retire there will be an increase in demand for funding which is expected to peak around 2020.

Programme expenses 3.2 Higher Education Superannuation Programme

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward estimate \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000
Special Appropriations:					
Higher Education Support Act 2003					
Higher Education Superannuation Programme	337,986	375,276	385,466	395,966	406,780
Total programme expenses	337,986	375,276	385,466	395,966	406,780

Programme 3.2 key performance indicators

Key performance indicator	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Eligible Table A universities	17	17	17	17	17

Programme 3.3: Higher Education Support

Programme objective

The objectives of Programme 3.3 are to improve higher education access and participation, and to ensure that the quality of our higher education system is maintained.

Programme 3.3 components contribute to achieving the objectives through:

- promoting and supporting change in higher education institutions for the enhancement of learning and teaching through the Promotion of Excellence in Learning and Teaching in Higher Education Programme
- independently administering quality indicators for learning and teaching that helps focus on quality and provide better information for student choice
- targeted initiatives to promote the importance of mathematics and science
- improving access to, and participation and success in higher education for students from low socio-economic status (SES) and Aboriginal and Torres Strait Islander backgrounds
- removing barriers to participation in higher education for students with disability
- supporting the ongoing operations of a limited number of National Institutes
- supporting regional higher education institutions to improve the quality of training and education for regional students.

Programme expenses

Programme expenses 3.3 Higher Education Support

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Annual administered expenses:					
ATSIHEAC	272	333	338	344	351
National Disability Coordination Officer	2,892	4,385	4,458	4,539	4,623
VET FEE HELP Redesign	271	159	161	164	167
Quality Indicators for Teaching and Learning	nfp	nfp	nfp	nfp	nfp
Special Appropriations:					
<i>Higher Education Support Act 2003</i>					
Disability Support Programme	6,859	6,909	7,003	7,172	7,355
Diversity and Structural Reform	2,378	622	-	-	-
Higher Education Participation Programme ¹	165,557	158,903	181,556	173,029	177,177
National Institutes	160,361	207,333	210,183	215,201	220,719
Promotion of Excellence in Learning and Teaching in Higher Education	13,451	13,844	14,043	14,396	14,780
Quality Initiatives	28,668	9,751	9,883	5,242	503
Special Account Expenses:					
Promotion of Excellence in Learning and Teaching in Higher Education	485	78	-	-	-
Education Investment Fund - Higher Education	104,422	169,055	57,754	-	-
Total programme expenses	485,616	571,372	485,379	420,087	425,675

¹ 2014-15 includes funding for July to December 2014 for the previous Higher Education Partnership and Participation Programme.

Programme components

Components of Programme 3.3 include:

- Disability Support Programme
- Education Investment Fund (EIF), Regional Priorities Round and Structural Adjustment Fund
- Higher Education Participation Programme
- Aboriginal and Torres Strait Islander Higher Education Advisory Council
- National Institutes
- Promotion of Excellence in Learning and Teaching in Higher Education
- Quality Initiatives
- Structural Adjustment Fund (SAF) funded through the *Higher Education Support Act 2003* and EIF
- National Disability Coordination Officer Programme.

Programme 3.3 deliverables

Deliverables¹⁰	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Provision of learning and teaching awards and grants					
Number of learning and teaching citations and awards provided to higher education providers by the Promotion of Excellence in Learning and Teaching in Higher Education Programme	189	184 ¹¹	184	184	184
Number of learning and teaching projects supported by the Promotion of Excellence in Learning and Teaching in Higher Education Programme	60	58	58	58	58

Programme 3.3 key performance indicators

Key performance indicators	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Improved infrastructure for tertiary education					
Number of infrastructure projects supported by– EIF Regional Priorities Round and SAF	19	15	9	0	0
Improved quality in higher education					
Higher education graduates in full-time employment within four months of completion of degree as a proportion of those available for work (%)	76.4%	70.2%	69.7%	69.8%	69.9%
Graduate starting salaries as a proportion of Male Average Weekly Earnings (%)	77.8%	74.3%	74.3%	74.3%	74.3%

¹⁰ Indicators for this programme have been revised following Machinery of Government changes.

¹¹ Figures reduced due to savings measure from Promotion of Excellence in Learning and Teaching in Higher Education of five awards and two grants per year.

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Key performance indicators	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Increased participation by previously under-represented groups					
Number of domestic undergraduate low SES enrolments	126,000	133,000	139,000	146,000	152,000
Statistical Area Level 1 (SA1) measure of the number of domestic undergraduates in low SES	103,000	114,000	120,000	125,000	131,000
Proportion of higher education undergraduate students from a low SES background (%)	17.6%	18.1%	18.5%	18.9%	19.3%
Number of Indigenous students enrolled at funded institutions	12,500	13,200	13,700	14,200	14,700
Number of Indigenous completions at funded institutions	1,770	1,840	1,910	1,970	2,040
Number of Indigenous student enrolments by selected higher education course level categories	12,700	13,600	14,100	14,600	15,100

Programme 3.4: Higher Education Loan Programme

Programme objective

The objective of Programme 3.4 is to remove the up-front cost barriers to tertiary education and training. This is achieved through the provision of income contingent loans for students undertaking higher education courses and in certain higher level vocational education and training courses.

The components of programme 3.4 contribute to achieving this objective are:

- HECS-HELP – provides loans to eligible Commonwealth supported higher education students to pay their student contributions.
- FEE-HELP – provides loans to eligible fee-paying higher education students to pay all or part of their tuition fees.
- OS-HELP – provides loans to eligible Commonwealth supported higher education students who wish to undertake some of their Australian course of study overseas.
- SA-HELP – provides loans to eligible higher education students to pay student services and amenities fees charged by their higher education provider.
- VET FEE-HELP – provides loans to eligible students to pay all or part of their tuition fees for Vocational Education and Training (VET) accredited diploma, advanced diploma, graduate certificate and graduate diploma courses.

Programme expenses

It is expected that changes to Higher Education Loan Programme will moderate expenditure growth associated with improving access to loans and students paying a greater share of the cost of their higher education. These include the change to the interest rate that broadly reflects the cost of government borrowings to fund loans, and a new repayment threshold. From 2015–16 expenditure is estimated to increase in line with student fees under the new policies announced in this Budget.

Programme expenses 3.4 Higher Education Loan Programme

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Special Appropriations:					
Higher Education Support Act 2003					
Higher Education Loan Programme	1474,734	1381,051	1545,227	1,908,461	2,334,814
Total programme expenses	1474,734	1381,051	1545,227	1,908,461	2,334,814

Programme components

Components of Programme 3.4 include:

- Higher Education Loan Programme
 - HECS-HELP
 - FEE-HELP
 - OS-HELP
 - SA-HELP
 - VET FEE-HELP.

Programme 3.4 deliverables

Deliverables	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Provision of HELP loans to higher education students					
Number of Commonwealth supported places for which HECS-HELP loans paid	472,700	497,000	544,000	599,000	621,000
Number of places for which FEE-HELP loans paid	90,700	87,000	93,000	129,000	137,000
Number of OS-HELP loans to assist students to undertake some of their course overseas	7,200	12,600	13,800	15,200	16,300
Number of SA-HELP loans to assist students to pay their services and amenities fees	402,900	463,400	478,900	492,100	503,900
Number of places for which VET FEE-HELP loans paid	87,700	172,300	186,900	248,000	263,500

Programme 3.4 key performance indicators

Key performance indicators	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Students who are able to repay their HELP debts do so					
Average amount of debt (\$)	16,800	17,500	18,600	20,000	21,500
Average number of years to repay debt	8.6	8.7	8.9	9.3	9.8
Proportion of new debt not expected to be repaid (%)	17%	20%	21%	22%	23%

Programme 3.5: Investment in Higher Education Research

Programme objective

The Australian Government is committed to driving quality, excellence, collaboration, diversity and sustainability throughout the higher education research sector, which in turn stimulates economic growth. The objectives of Programme 3.5 are to underpin the production and use of research knowledge through:

- sustaining a world-class higher education research system that values quality, collaboration, transparency, and accountability
- attracting high-quality domestic and international students to provide the skilled research workforce of the future.

Programme 3.5 components contribute to achieving the objectives through:

- supporting the indirect costs associated with conducting Australian competitive grant research through the Sustainable Research Excellence initiative and the Research Infrastructure Block Grants
- providing flexibility for higher education providers to support their research strengths and facilitate collaborative research activities between universities, industry and end-users through the Joint Research Engagement scheme
- providing living stipends and tuition fee support for research training through the Research Training Scheme, the Australian Postgraduate Awards and the International Postgraduate Research Scholarships.

Programme expenses

Programme expenses 3.5 Investment in Higher Education Research

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Special Appropriations:					
<i>Higher Education Support Act 2003</i>					
Collaborative Research Infrastructure Scheme	40,000	-	-	-	-
International Post Graduate Research	16,337	22,201	22,504	23,045	23,632
Joint Research Engagement Programme	247,207	356,083	361,123	369,799	379,225
Research Infrastructure Block Grants	166,207	239,384	242,772	248,605	254,942
Research Training	497,937	676,705	651,278	632,184	648,301
Sustainable Research Excellence	125,379	185,417	239,433	288,985	295,340
Australian Post Graduate Awards	198,663	276,138	282,805	289,468	296,783
Total programme expenses	1,291,730	1,755,928	1,799,916	1,852,086	1,898,223

Programme components

- Research Training Scheme
- Australian Postgraduate Awards
- International Postgraduate Research Scholarships
- Joint Research Engagement Scheme
- Research Infrastructure Block Grants
- Sustainable Research Excellence.

Programme 3.5 deliverables

Deliverables ¹²	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Provision of support for new and existing research training					
Number of commencing Australian Postgraduate Awards allocated ¹³	3,500	Up to 3,500	Up to 3,500	Up to 3,500	Up to 3,500
Number of commencing International Postgraduate Research Scholarships allocated	330	330	330	330	330

Programme 3.5 key performance indicators

Key performance indicators ¹²	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Sustained research performance, transparency and accountability of Australian higher education providers					
Number of higher education providers receiving support for research	na	41	41	41	41
Sustained number of students completing higher degrees by research					
Number of higher education providers receiving support for research training	na	41	41	41	41
The Equivalent Full-time Student Load supported by the Research Training Scheme	21,500	21,500	21,500	21,500	21,500

¹² Indicators for this programme have been revised following Machinery of Government changes.

¹³ The data for this deliverable is by calendar year e.g. the 2014–15 data relates to the 2014 calendar year.

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Key performance indicators¹²	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Number of higher degree by research student completions	7,400	7,400	7,400	7,400	7,400

Programme 3.6: Research Capacity

Programme objective

Research advances our knowledge and drives our potential for innovation, as it shapes economic competitiveness and social changes. The objectives of Programme 3.6 are to increase the production, use and awareness of research knowledge through:

- promoting a strong culture of collaboration and networking
- supporting research infrastructure
- raising awareness of the importance of research and promoting scholarship across all fields of study.

Programme 3.6 components contribute to achieving the objectives through:

- support for the costs of operating and maintaining capabilities funded under the National Collaborative Research Infrastructure Strategy (NCRIS)
- support for research institutions to increase the fields of research at or above world-class standard under the Collaborative Research Networks
- support for the promotion of the role of research, science and technology in advancing the interests of Australia's social and economic well-being under the Higher Education Research Promotion Programme.

Programme 3.6 items are grouped under the following sub-programmes:

- infrastructure
- networks
- awareness and promotion.

Programme expenses

The Government has provided funding to continue the operation of the NCRIS facilities for the 2015–16 financial year.

Programme expenses 3.6 Research Capacity

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Annual administered expenses:					
Collaborative Research Netw ork Programme	10,400	10,300	20,700	-	-
Commonw ealth - ANU Strategic Relationships	2,300	500	500	500	500
National Collaborative Research Infrastructure Strategy	45,404	100,100	150,000	-	-
The Conversation - Funding Support	-	1,000	-	-	-
AIATSIS	13,158	13,317	10,007	9,923	9,996
Special Appropriations:					
<i>Higher Education Support Act 2003</i>					
Higher Education Research Promotion	4,869	4,654	4,757	4,881	5,003
Special Account Expenses:					
Education Investment Fund - Research	77,290	66,950	-	-	-
Total programme expenses	153,421	196,821	185,964	15,304	15,499

Programme components

- Education Investment Fund – Clean Energy Initiative (Research)
- Education Investment Fund Round 1 (Research)
- Education Investment Fund Round 3 (Research)
- Education Investment Fund – Sustainability Round (Research)
- Education Investment Fund – Super Science (Research)
- Giant Magellan Telescope
- National Collaborative Research Infrastructure Strategy – continuation.
- Research Infrastructure for Australia – continuation of the National Collaborative Research Infrastructure Strategy
- Collaborative Research Networks programme.

Programme 3.6 deliverables

Deliverables¹⁴	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Support for research collaboration					
Number of participants in ANU National Security College courses	na	80	80	80	80
Awareness and promotion					
Learned Academies	na	4,630	4,760	4,902	5,045

Programme 3.6 key performance indicators

Key performance indicators¹⁴	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Improved research performance of less research intensive universities					
Number of research institutions supported by the Collaborative Research Networks programme	15	15	15	0	0
Number of partnerships supported by the Collaborative Research Networks programme	na	23	23	0	0
Increased number of participants in activities promoting research-based careers					
Number of attendees participating in activities promoting research	na	2,400	2,400	2,400	2,400
Increased access to research infrastructure to facilitate and support collaborative research activities					
Number of research infrastructure projects established under the National Collaborative Research Infrastructure Strategy to offer services to the research sector	na	27	27	-	-

¹⁴ Indicators for this programme have been revised following Machinery of Government changes.

Key performance indicators ¹⁴	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Number of institution-based research infrastructure projects supported through the Budget or Education Investment Fund competitive rounds over time	24	5	1	0	-
National Security College training courses					
Number of participants in ANU National Security College courses	na	80	80	80	80

Programme 3.7: International Education Support

Programme objective

The objective of Programme 3.7 is to advance the sustainable development of Australia's international education and research engagement, including through the development of a national strategy for international education and to ensure that Australia's education system is recognised as world-class and globally connected through:

- building the capacity and reputation of Australian education and developing regional and global engagement by delivering a range of international scholarships, fellowships and other mobility awards to attracting the best and brightest; as well as through implementation of the New Colombo Plan scholarship and mobility pilot programmes, in collaboration with the Department of Foreign Affairs and Trade
- supporting international labour market mobility through initiatives such as the Professional Services Development Programme and the Assessment Subsidy for Overseas Trained Professionals Programme
- supporting Australia's international bilateral and multilateral education links with key overseas partners
- positioning Australia as a regional and world leader in international education cooperation
- developing and strengthening relationships for the benefit of the Australian international education and research sector through the Regional Links programme
- ensuring quality education through the arrangements set out under the *Education Services for Overseas Students Act 2000* and related legislative framework.

Linked to: Department of Human Services, 3.7 International Education Support.

Programme expenses

Programme expenses 3.7 International Education Support

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Annual administered expenses:					
International Education Support	32,317	64,969	65,342	63,123	59,623
Assessment Subsidy for Overseas Trained Professionals	362	806	821	821	821
Special Account Expenses:					
Overseas Student Tuition Fund	6,300	6,300	6,300	6,300	6,300
Total programme expenses	38,979	72,075	72,463	70,244	66,744

Programme components

- Assessment Subsidy for Overseas Trained Professionals
- International Education and Training
- Overseas Students Tuition Fund.

Programme 3.7 deliverables

Deliverables	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
Provision of International education support					
Number of projects and/or activities funded by Regional Links	26	12	12	12	12
Number of projects and/or activities funded by the Increased Profile of Australian International Education Sector programme	12	15	15	15	15
Number of international scholarships, fellowships and exchange opportunities supported (Endeavour and mobility programmes)	6,128	5,500	5,500	5,500	5,500
Number of eligible applications funded through the Assessment Subsidy for Overseas Trained Professionals programme	465	500	500	500	500

Programme 3.7 key performance indicators

Key performance indicators	2013–14 Revised budget	2014–15 Budget	2015–16	2016–17	2017–18
International students' satisfaction with studying and living in Australia					
Proportion of international student survey respondents who are satisfied or very satisfied with studying in Australia (%)	80%	>80%	>80%	>80%	>80%
Proportion of international student survey respondents who are satisfied or very satisfied with living in Australia (%)	80%	>80%	>80%	>80%	>80%

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2014–15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

Table 3.1.1 shows the movement of administered funds approved between years.

Table 3.1.1: Movement of administered funds between years¹

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Outcome 1:					
Support for the Child Care System	-	(67,487)	67,487	-	-
Outcome 3:					
Higher Education Support	(8,093)	(2,502)	10,595	-	-
Research Capacity	(21,850)	21,850	-	-	-
Total Movement of Administered Funds	(29,943)	(48,139)	78,082	-	-

¹ Figures displayed as a negative (-) represent a decrease in funds and a positive reflect an increase in funds.

3.1.2 Special accounts

Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Department of Education.

Table 3.1.2: Estimates of special account flows and balances

		Opening balance 2014-15 2013-14	Receipts 2014-15 2013-14	Payments 2014-15 2013-14	Adjustments 2014-15 2013-14	Closing balance 2014-15 2013-14
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Early Years Quality Fund	1	-	164,973	(97,486)	-	67,487
Special Account - s21 FMA Act 2013 [s5 <i>Early Years Quality Fund Special Account Act 2013</i>] (A)		-	134,833	(134,833)	-	-
National Youth Affairs	2	-	240	(240)	-	-
Research Scheme Special Account -s20 FMA Act Det 2006/45 (A)		-	-	-	-	-
EIF Education Portfolio Special Account - s21 FMA Act [s181 <i>Nation-Building Funds Act 2008</i>] (A)	3	-	169,055	(169,055)	-	-
		-	104,422	(104,422)	-	-
EIF Research Portfolio Special Account - s21 FMA Act [s188 <i>Nation-Building Funds Act 2008</i>] (A)	3	-	70,950	(70,950)	-	-
		-	104,485	(104,485)	-	-
Overseas Students Tuition Fund - s21 FMA Act [s52A <i>Education Services for Overseas Students Legislation Amendment Act 2012</i>] (A)	3	14,561 14,561	6,300 6,300	(6,300) (6,300)	- -	14,561 14,561
Services for Other Entities and Trust Monies - (PELTHE) -s20 FMA Act (A)	3	951 1,436	- -	(78) (485)	- -	873 951
Total Special Accounts 2014-15 Budget estimate		15,512	411,518	(344,109)	-	82,921
<i>Total Special Accounts 2013-14 estimated actual</i>		15,997	350,040	(350,525)	-	15,512

(A) = Administered

(D) = Departmental

3.1.3 Australian Government Indigenous expenditure

Table 3.1.3: Australian Government Indigenous expenditure (AGIE)

	Appropriations				Other	Total Programme
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000		
Department of Education						
Outcome 1						
Administered 2014-15	-	-	-	-	-	-
<i>Administered 2013-14</i>	<i>1,008</i>	-	-	-	-	<i>1.1</i>
Departmental 2014-15	-	-	-	-	-	-
<i>Departmental 2013-14</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	
Total outcome 2014-15	-	-	-	-	-	-
<i>Total outcome 2013-14</i>	<i>1,008</i>	-	-	-	-	
Outcome 2						
Administered 2014-15	-	-	213,692	213,692	-	213,692 2.1,
<i>Administered 2013-14</i>	<i>77,498</i>	-	<i>97,625</i>	<i>175,123</i>	-	<i>175,123 2.2,2.3</i>
Departmental 2014-15	1,110	-	-	1,110	-	1,110
<i>Departmental 2013-14</i>	<i>1,110</i>	-	-	<i>1,110</i>	-	<i>1,110</i>
Total outcome 2014-15	1,110	-	213,692	214,802	-	214,802
<i>Total outcome 2013-14</i>	<i>78,608</i>	-	<i>97,625</i>	<i>176,233</i>	-	<i>176,233</i>
Outcome 3						
Administered 2014-15	333	-	16,000	16,333	-	16,333 3.3
<i>Administered 2013-14</i>	<i>327</i>	-	<i>16,000</i>	<i>16,327</i>	-	<i>16,327</i>
Departmental 2014-15	499	-	-	499	-	499
<i>Departmental 2013-14</i>	<i>499</i>	-	-	<i>499</i>	-	<i>499</i>
Total outcome 2014-15	832	-	16,000	16,832	-	16,832
<i>Total outcome 2013-14</i>	<i>826</i>	-	<i>16,000</i>	<i>16,826</i>	-	<i>16,826</i>
Total administered 2014-15	333	-	229,692	230,025	-	230,025
<i>Total administered 2013-14</i>	<i>78,833</i>	-	<i>113,625</i>	<i>191,450</i>	-	<i>191,450</i>
Total departmental 2014-15	1,609	-	-	1,609	-	1,609
<i>Total departmental 2013-14</i>	<i>1,609</i>	-	-	<i>1,609</i>	-	<i>1,609</i>
Total AGIE 2014-15	1,942	-	229,692	231,634	-	231,634
<i>Total AGIE 2013-14</i>	<i>80,442</i>	-	<i>113,625</i>	<i>193,059</i>	-	<i>193,059</i>

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no differences between the agency resourcing table 1.1 and financial statements.

3.2.2 Analysis of budgeted financial statements

An analysis of the department's budgeted financial statements, which consists of the budgeted departmental statements and administered schedules, is provided below. The 2013-14 estimated actual is used as the comparative year but because it only reflects part of the financial year care needs to be taken in interpreting the difference.

Budgeted departmental comprehensive income statement

The department's income statement reflects a deficit in 2013-14. This deficit is solely attributable to the depreciation expense for the year.

The department commenced operations on 18 September 2013. As a result, the 2013-14 estimated actual represents this period. Expenses for 2014-15 are estimated to be \$321.3 million. This reflects an increase of \$92.6 million from the estimated actual expense for 2013-14 and is predominantly due to the 2013-14 estimates reflecting only nine and a half months of operation. The 2014-15 and forward years estimates are subject to the finalisation of the Machinery of Government changes.

Budget departmental balance sheet

The budgeted net asset position of \$96 million for 2014-15 represents a decrease of \$3.2 million from the 2013-14 estimated actual. The accumulated deficit apparent in the balance sheet represents the accounting treatment applicable to depreciation expense. The 2014-15 and forward years estimates are subject to the finalisation of the Machinery of Government changes.

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

Schedule of budgeted income and expenses administered on behalf of Government

Changes in administered revenue/gains are a net result of new measures associated with the improvements to the higher education system reform, including the removal of all Higher Education Loan Programme (HELP) loan

fees and the change in indexation rate applied to outstanding HELP debt as outlined in Table 1.2.

The changes in administered expenses are the net result of:

- new measures announced since the 2013–14 Portfolio Additional Estimates Statements. The new measures encompass both expense and savings measures and are outlined in table 1.2
- movements of administered funds and expenses between years since the 2013–14 Portfolio Additional Estimates Statements as outlined in Table 3.1.1.

Schedule of budgeted assets and liabilities administered on behalf of Government

Total administered assets are projected to increase from \$28.1 billion to \$54.4 billion in 2013–14 to 2017–18 mainly attributable to HELP. The total administered liabilities predominately relates to the provision of grants liability for unfunded university superannuation.

3.2.3 Budgeted financial statements tables

Table 3.2.1 Comprehensive income statement (showing net cost of services) for the period ended 30 June

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
EXPENSES					
Employee benefits	176,766	196,099	186,985	189,940	195,056
Suppliers	30,899	96,358	92,032	92,260	94,423
Depreciation and amortisation	21,038	28,880	28,880	26,346	26,346
Other expenses	-	-	-	-	-
Total expenses	228,703	321,337	307,897	308,546	315,825
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	12,069	22,417	23,483	23,512	29,222
Other	-	-	-	-	-
Total own-source revenue	12,069	22,417	23,483	23,512	29,222
Gains					
Sale of assets					
Other	381	680	680	680	680
Total gains	381	680	680	680	680
Total own-source income	12,450	23,097	24,163	24,192	29,902
Net cost of (contribution by) services	216,253	298,240	283,734	284,354	285,923
Revenue from Government	195,215	269,360	254,854	258,008	259,577
Surplus (Deficit) attributable to the Australian Government	(21,038)	(28,880)	(28,880)	(26,346)	(26,346)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income (loss)	(21,038)	(28,880)	(28,880)	(26,346)	(26,346)
Total comprehensive income (loss) attributable to the Australian Government	(21,038)	(28,880)	(28,880)	(26,346)	(26,346)
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations ¹	21,038	28,880	28,880	26,346	26,346
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(21,038)	(28,880)	(28,880)	(26,346)	(26,346)

Prepared on Australian Accounting Standards basis.

¹ From 2010–11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of FMA Act agencies were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.2.5 Departmental Capital Budget Statement.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	1,845	1,845	1,845	1,845	1,845
Trade and other receivables	59,723	59,731	59,782	59,834	59,862
Other investments	-	-	-	-	-
Other financial assets	2,695	2,695	2,695	2,695	2,695
Total financial assets	64,263	64,271	64,322	64,374	64,402
Non-financial assets					
Land and buildings	30,842	26,451	25,827	26,825	27,823
Property, plant and equipment	25,555	26,793	26,550	26,654	26,767
Intangibles	53,209	53,207	50,683	46,661	42,639
Other non-financial assets	11,201	11,201	11,201	11,201	11,201
Total non-financial assets	120,807	117,652	114,261	111,341	108,430
Assets held for sale	-	-	-	-	-
Total assets	185,070	181,923	178,583	175,715	172,832
LIABILITIES					
Payables					
Suppliers	5,346	5,346	5,346	5,346	5,346
Other payables	18,593	18,593	18,593	18,593	18,593
Total payables	23,939	23,939	23,939	23,939	23,939
Interest bearing liabilities					
Other interest bearing liabilities	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employee provisions	61,193	61,201	61,252	61,304	61,332
Other provisions	823	823	823	823	823
Total provisions	62,016	62,024	62,075	62,127	62,155
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	85,955	85,963	86,014	86,066	86,094
Net assets	99,115	95,960	92,569	89,649	86,738
EQUITY					
Contributed equity	120,153	145,878	171,367	194,793	218,228
Reserves	-	-	-	-	-
Retained surplus (accumulated deficit)	(21,038)	(49,918)	(78,798)	(105,144)	(131,490)
Total Equity	99,115	95,960	92,569	89,649	86,738

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity – summary of movement (Budget year 2014–15)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	(21,038)	-	-	120,153	99,115
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	(21,038)	-	-	120,153	99,115
Comprehensive income					
Other comprehensive income	-	-	-	-	-
Surplus (deficit) for the period	(28,880)	-	-	-	(28,880)
Total comprehensive income	(28,880)	-	-	-	(28,880)
of which:					
Attributable to the Australian Government	(28,880)	-	-	-	(28,880)
Transactions with owners					
Distributions to owners					
Returns on capital:					
Dividends	-	-	-	-	-
Returns of capital:					
Distribution of equity	-	-	-	-	-
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
Contributions by owners					
Equity Injection	-	-	-	3,189	3,189
Equity Injection - Appropriation	-	-	-	-	-
Departmental Capital Budget (DCBs)	-	-	-	22,536	22,536
Other	-	-	-	-	-
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	25,725	25,725
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2015	(49,918)	-	-	145,878	95,960
Closing balance attributable to the Australian Government	(49,918)	-	-	145,878	95,960

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	195,215	269,802	254,803	257,956	259,549
Sale of goods and rendering of services	12,069	22,417	23,483	23,512	29,222
Total cash received	207,284	292,219	278,286	281,468	288,771
Cash used					
Employees	176,766	196,091	186,934	189,888	195,028
Suppliers	30,518	95,678	91,352	91,580	93,743
Total cash used	207,284	291,769	278,286	281,468	288,771
Net cash from (used by) operating activities	-	450	-	-	-
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	34,550	26,175	25,489	23,426	23,435
Other	-	-	-	-	-
Total cash used	34,550	26,175	25,489	23,426	23,435
Net cash from (used by) investing activities	(34,550)	(26,175)	(25,489)	(23,426)	(23,435)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	34,550	25,725	25,489	23,426	23,435
Other	-	-	-	-	-
Total cash received	34,550	25,725	25,489	23,426	23,435
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) financing activities	34,550	25,725	25,489	23,426	23,435
Net increase (decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	1,845	1,845	1,845	1,845	1,845
Effect of exchange rate movements on cash and cash equivalents at the beginning of reporting period	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	1,845	1,845	1,845	1,845	1,845

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	19,439	22,536	22,229	22,471	22,471
Equity injections - Bill 2	15,111	3,189	3,260	955	964
Loans - Bill 2	-	-	-	-	-
Total new capital appropriations	34,550	25,725	25,489	23,426	23,435
Provided for:					
Purchase of non-financial assets	22,450	25,725	25,489	23,426	23,435
Annual finance lease costs	-	-	-	-	-
Other Items	12,100	-	-	-	-
Total Items	34,550	25,725	25,489	23,426	23,435
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations ¹	15,111	3,189	3,260	955	964
Funded by capital appropriation - DCB ²	19,439	22,985	22,107	22,471	22,471
Funded by finance leases	-	-	-	-	-
Funded internally from departmental resources ³	-	1	122	-	-
TOTAL	34,550	26,175	25,489	23,426	23,435
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases					
less additions by finance lease	-	-	-	-	-
less additions by creditors / borrow ings	-	-	-	-	-
plus borrow ing / finance costs	-	-	-	-	-
plus Annual finance lease costs	-	-	-	-	-
less Gifted assets	-	-	-	-	-
less s32 / restructuring	-	-	-	-	-
Total cash used to acquire assets	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

¹ Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

² Does not include annual finance lease costs. Include purchase from current and previous years' Departmental Capital Budgets (DCBs).

³ Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB).
- donations and contributions
- gifts
- internally developed assets
- s31 relevant agency receipts (for FMA agencies only)
- proceeds from the sale of assets.

Table 3.2.6: Statement of asset movements (2014–15)

	Asset Category				
	Land	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2014					
Gross book value	749	35,478	28,500	88,990	153,717
Adjustments	-	-	(450)	-	(450)
Accumulated depreciation/amortisation and impairment	-	(5,385)	(2,945)	(35,781)	(44,111)
Opening net book balance	749	30,093	25,105	53,209	109,156
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
By purchase - appropriation equity ¹	-	-	-	-	-
By purchase - appropriation ordinary annual services ²	-	763	1,396	3,833	5,992
By purchase - donated funds	-	-	-	-	-
By purchase - other	-	1,872	3,913	14,398	20,183
By finance lease	-	-	-	-	-
Assets received as gifts/donations	-	-	-	-	-
From acquisition of entities or operations (including restructuring)	-	-	-	-	-
Total additions	-	2,635	5,309	18,231	26,175
Other movements					
Assets held for sale or in a disposal group held for sale	-	-	-	-	-
Depreciation/amortisation expense	-	(7,026)	(3,621)	(18,233)	(28,880)
Disposals ³					
From disposal of entities or operations (including restructuring)	-	-	-	-	-
Other	-	-	-	-	-
Total other movements	-	(7,026)	(3,621)	(18,233)	(28,880)
As at 30 June 2015					
Gross book value	749	38,113	33,359	107,221	179,442
Accumulated depreciation/amortisation and impairment	-	(12,411)	(6,566)	(54,014)	(72,991)
Closing net book balance	749	25,702	26,793	53,207	106,451

¹ 'Appropriation equity' refers to equity injections or Administered assets and liabilities appropriations provided through Appropriation Bill (No.2) 2014–15, including CDABs.

² 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2014–15 for depreciation / amortisation expenses, DCBs or other operational expenses.

³ Net proceeds may be returned to the OPA.

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	60,255	70,705	66,667	60,165	60,523
Subsidies	2,593	5,727	5,933	6,075	6,184
Personal benefits	4,718,808	6,453,989	6,932,769	7,551,498	8,201,719
Grants	17,037,641	24,532,589	25,530,574	26,681,301	27,978,224
Finance costs	360,251	34,214	-	-	-
Other expenses	1,118,798	1,367,033	1,598,670	1,964,203	2,392,952
Total expenses administered on behalf of Government	23,298,346	32,464,257	34,134,613	36,263,242	38,639,602
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Other taxes	6,300	6,300	6,300	6,300	6,300
Total taxation revenue	6,300	6,300	6,300	6,300	6,300
Non-taxation revenue					
Interest	587,397	725,676	1,415,828	1,676,045	2,034,979
Loan Discount	64	260,071	22	5	-
Other revenue	402,006	509,964	229,146	57,220	60,287
Total non-taxation revenue	989,467	1,495,711	1,644,996	1,733,270	2,095,266
Total own-source revenues administered on behalf of Government	995,767	1,502,011	1,651,296	1,739,570	2,101,566
Gains					
Other gains	-	-	943,000	-	-
Total gains administered on behalf of Government	-	-	943,000	-	-
Total own-sourced income administered on behalf of Government	995,767	1,502,011	2,594,296	1,739,570	2,101,566
Net Cost of (contribution by) services	22,302,579	30,962,246	31,540,317	34,523,672	36,538,036
Surplus (Deficit)	(22,302,579)	(30,962,246)	(31,540,317)	(34,523,672)	(36,538,036)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income (loss)	(22,302,579)	(30,962,246)	(31,540,317)	(34,523,672)	(36,538,036)

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forw ard estimate 2015-16 \$'000	Forw ard estimate 2016-17 \$'000	Forw ard estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	841,183	856,328	862,877	872,747	884,448
Other investments	2,033,444	2,037,519	2,037,593	2,038,118	2,038,193
Other financial assets	25,271,587	29,993,830	36,878,233	43,676,036	51,512,714
Total financial assets	28,146,214	32,887,677	39,778,703	46,586,901	54,435,355
Non-financial assets					
Other non-financial assets	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total assets administered on behalf of Government	28,146,214	32,887,677	39,778,703	46,586,901	54,435,355
LIABILITIES					
Payables					
Suppliers	34,201	34,201	34,201	34,201	34,201
Personal benefits	970,679	1,081,816	1,160,967	1,252,972	1,355,381
Grants	6,953,174	7,140,435	7,332,675	7,530,040	7,732,681
Other payables	1,191	1,191	1,191	1,191	1,191
Total payables	7,959,245	8,257,643	8,529,034	8,818,404	9,123,454
Interest bearing liabilities					
Australian Government Securities	-	-	-	-	-
Loans	28,486	28,486	28,486	28,486	28,486
Other	-	-	-	-	-
Total interest bearing liabilities	28,486	28,486	28,486	28,486	28,486
Provisions					
Employee provisions	-	-	-	-	-
Taxation refunds provided	-	-	-	-	-
Other provisions	-	-	-	-	-
Total provisions	-	-	-	-	-
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities administered on behalf of Government	7,987,731	8,286,129	8,557,520	8,846,890	9,151,940
Net assets/(liabilities)	20,158,483	24,601,548	31,221,183	37,740,011	45,283,415

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forw ard estimate 2015-16 \$'000	Forw ard estimate 2016-17 \$'000	Forw ard estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	380,511	427,610	465,333	592,710	682,844
Taxes	6,300	6,300	6,300	6,300	6,300
Other	266,267	323,152	139,179	84,220	87,287
Total cash received	653,078	757,062	610,812	683,230	776,431
Cash used					
Grant	16,864,357	24,345,327	25,338,334	26,483,935	27,775,583
Subsidies paid	2,593	5,727	5,933	6,075	6,184
Personal benefits	4,650,497	6,367,836	6,870,430	7,480,068	8,122,176
Suppliers	60,255	70,705	66,667	60,165	60,523
Total cash used	21577,702	30,789,595	32,281,364	34,030,243	35,964,466
Net cash from (used by) operating activities	(20,924,624)	(30,032,533)	(31,670,552)	(33,347,013)	(35,188,035)
INVESTING ACTIVITIES					
Cash received					
Repayments of advances and loans	782,556	1,594,149	1,737,595	2,144,250	2,447,118
Other	-	-	-	-	-
Total cash received	782,556	1,594,149	1,737,595	2,144,250	2,447,118
Cash used					
Advances and loans made	4,707,504	6,958,850	8,226,922	9,839,211	11,340,448
Investments	27,195	4,000	-	-	-
CAC Act body investments	-	-	-	-	-
Other	37	75	74	75	75
Total cash used	4,734,736	6,962,925	8,226,996	9,839,286	11,340,523
Net cash from (used by) investing activities	(3,952,180)	(5,368,776)	(6,489,401)	(7,695,036)	(8,893,405)
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrow ing	-	-	-	-	-
Other	37	75	74	75	75
Total cash received	37	75	74	75	75
Cash used					
Net repayment of borrow ings	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) financing activities	37	75	74	75	75
Net increase (decrease) in cash held	(24,876,767)	(35,401,234)	(38,59,879)	(41,041,974)	(44,081,365)
Cash and cash equivalents at beginning of reporting period	-	-	67,487	-	-
Cash from Official Public Account for:					
- Appropriations	26,103,254	37,579,687	40,382,805	43,869,214	47,304,674
	26,103,254	37,579,687	40,382,805	43,869,214	47,304,674
Cash to Official Public Account for:					
- Appropriations	1226,487	2,110,966	2,290,413	2,827,240	3,223,309
	1226,487	2,110,966	2,290,413	2,827,240	3,223,309
Cash and cash equivalents at end of reporting period	-	67,487	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget statement

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (ACB)	-	-	-	-	-
Administered Assets and Liabilities - Bill 2	2,897	-	-	-	-
Total new capital appropriations	2,897	-	-	-	-
<i>Provided for:</i>					
<i>Other Items</i>	2,897	-	-	-	-
<i>Total Items</i>	2,897	-	-	-	-

Prepared on Australian Accounting Standards basis.

AUSTRALIAN CURRICULUM, ASSESSMENT AND REPORTING AUTHORITY

**AUSTRALIAN CURRICULUM, ASSESSMENT AND
REPORTING AUTHORITY**

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AUSTRALIAN CURRICULUM, ASSESSMENT AND REPORTING AUTHORITY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Curriculum, Assessment and Reporting Authority (ACARA) was established under the *Australian Curriculum, Assessment and Reporting Authority Act 2008* of the Parliament of the Commonwealth of Australia. The legislation was assented to on 8 December 2008.

ACARA is tasked to execute the policy directions that are determined by the Standing Council on School Education and Early Childhood regarding curriculum, assessment, data collection and reporting at a national level. ACARA's mission is to improve the learning of all young Australians through world-class school curriculum, assessment and reporting.

ACARA is responsible for delivering:

- an Australian Curriculum from Foundation¹⁵ to Year 12 in specified learning areas
- a national assessment programme aligned to the national curriculum that measures students' progress
- a national data collection and reporting programme that supports:
 - analysis, evaluation, research and resource allocation
 - accountability and reporting on schools and broader national achievement.

During 2013, ACARA worked with each of the state and territory curriculum, assessment and certification authorities, as these bodies implemented the approved Foundation to Year 10 Australian Curriculum for English, mathematics, science and history and integrated the approved senior secondary curriculum into local courses in accordance with their established processes and procedures.

Further curriculum development has been completed as follows:

¹⁵ The term Foundation Year is used as a nationally consistent term for the year of schooling prior to Year 1 for the purpose of the Australian Curriculum. It does not replace the equivalent terms used in states and territories – Kindergarten (NSW/ACT), Prep (QLD/VIC/TAS), Pre-primary (WA), Reception (SA) and Transition (NT).

- The senior secondary geography curriculum was published in the second half of 2013 (F-10 geography was published in May 2013).
- F-10 curriculum for the arts; health and physical education; civics and citizenship; economics and business; and technologies were published on the Australian Curriculum website as 'Available for use; awaiting final endorsement' in February 2014.
- The languages curriculum for Chinese, French, Indonesian and Italian were published on the Australian Curriculum website as 'Available for use; awaiting final endorsement' in May 2014.

On 13, 14 and 15 May 2013, all students in years 3, 5, 7 and 9 sat the annual National Assessment Programme – Literacy and Numeracy (NAPLAN) tests. NAPLAN provides a snapshot of how students are performing in the fundamentally important areas of literacy and numeracy.

In August through October 2013, ACARA conducted a research study to investigate the feasibility of the proposed multistage, branching test design ('tailored test design') for the implementation of NAPLAN as a computer-delivered assessment. More than 250 volunteer schools from all states and territories participated in the trial study.

ACARA has also been working closely with state and territory representatives of government, and Catholic and independent school sectors to develop policies and processes for the delivery of NAPLAN online.

In September 2013 and December 2013 respectively, ACARA released the *2013 NAPLAN Summary Report* and the *2013 NAPLAN National Report*. In October 2013, ACARA published the *2012 NAP Science Literacy Report*.

ACARA is also responsible for collecting, managing, analysing, evaluating and reporting statistical and related information about educational outcomes.

ACARA publishes a *National Report on Schooling in Australia* for each calendar year.

In August 2013, in partnership with Education Services Australia, ACARA launched *School Survey*, a tool for Australian schools and schooling systems to collect survey response data. The system allows participating schools to easily, quickly and confidentially gather survey response data from their communities and to generate reports that compare results year on year.

The fifth release of *My School* occurred in March 2014 and provided an additional year of information for all schools, with six years of student assessment data now available.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Australian Curriculum Assessment and Reporting Authority resource statement Budget estimates for 2014–15 as at Budget May 2014

	Estimate of prior ⁺ year amounts available in 2014-15 \$'000	Proposed at Budget ⁼ 2014-15 \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Opening balance/Reserves at bank				
REVENUE FROM GOVERNMENT				
Ordinary annual services¹				
Outcome 1	-	-	-	-
Total ordinary annual services	-	-	-	-
Other services²				
Non-operating	-	-	-	-
Total other services	-	-	-	-
Total annual appropriations	-	-	-	-
Payments from related entities³				
Amounts from the portfolio department	-	14,850	14,850	-
Amounts from other agencies	-	-	-	-
Total	-	14,850	14,850	-
Total funds from Government	-	14,850	14,850	-
FUNDS FROM OTHER SOURCES				
Interest	-	220	220	-
Royalties	-	-	-	-
Sale of goods and services	-	-	-	-
Other	-	12,450	12,450	-
Total	-	12,670	12,670	-
Total net resourcing for agency	-	27,520	27,520	-

All figures are GST exclusive.

CRF – Consolidated Revenue Fund.

ACARA is not directly appropriated as it is a CAC Act body. Appropriations are made to the Department of Education which are then paid to ACARA and are considered 'departmental' for all purposes.

¹ Appropriation Bill (No.1) 2014–15.

² Appropriation Bill (No.2) 2014–15.

³ Funding provided by Department of Education.

1.3 BUDGET MEASURES

ACARA does not have any new measures since the 2013–14 Budget. For this reason table 1.2 is not presented.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of ACARA in achieving Government outcomes.

Outcome 1: Improved quality and consistency of school education in Australia through national curriculum, national assessment, data collection and performance reporting system

Outcome 1 strategy

ACARA will continue to work collaboratively with a wide range of stakeholders including teachers, principals, government, state and territory education authorities, professional education associations, business and industry, community groups and the broader public.

Curriculum

- To establish the F-12 Australian Curriculum including development of content descriptions, achievement standards and annotated work samples for all learning areas listed in the *Melbourne Declaration on Educational Goals for Young Australians*.
- To ensure that the Australian Curriculum caters for and engages all learners, including students with disabilities and those for who English is an additional language/dialect.
- To ensure that the Australian Curriculum gives due emphasis to general capabilities and to the cross-curricular dimensions of Aboriginal and Torres Strait Islander histories and cultures, Asia and Australia's engagement with Asia, and sustainability.
- To develop and implement a rigorous approach to benchmarking the Australian Curriculum with curriculums of leading nations.
- To enhance public understanding and awareness of the Australian Curriculum.

- To develop, with key stakeholders and strategic partners, options for national consistency in senior secondary assessment and certification.
- To work co-operatively with the independent Review of the Australian Curriculum and respond to its recommendations when released.

Assessment and reporting

- To ensure that national assessments enable accurate monitoring of student and school performance and progress while promoting good pedagogical practices.
- To align national assessments with the Australian Curriculum and ensure that they validly, reliably and fairly capture achievement across a wide range of learning areas and valued outcomes, particularly those capabilities of special importance in the 21st century.
- To provide a richer array of information on Australian schools and on student achievement, progress and participation.
- To extend and improve ways of enabling schools to benchmark their performance against other schools with similar characteristics and similar student backgrounds and academic starting points.
- To further develop national key performance measures, including measures of student engagement.

Supporting improvement

- To establish productive partnerships with jurisdictions, agencies and professional associations to provide tools and resources to support schools, teachers and the public in understanding, implementing and interacting with the Australian Curriculum.
- To coordinate a cooperative, national approach to supporting teachers in using assessments and standards to obtain feedback to improve teaching and learning.
- To provide analyses and reports on performance to facilitate more informed curriculum and teaching decision making.

Building capacity

- To align governance and operations within ACARA and create a high performance organisation that can fully meet stakeholder expectations.
- To strengthen connections between ACARA's stakeholders and strategic partners.
- To leverage international knowledge and practice in curriculum, assessment and reporting to ensure leading edge practice.
- To work with the Australian Institute for Teaching and School Leadership, Education Services Australia and jurisdictions in developing

and delivering professional learning and training in curriculum and assessment across all sectors of education.

Outcome expense and resource statement

Table 2.1 provides an overview of the total expenses for Outcome 1 by programme.

Table 2.1 Budgeted expenses for Outcome 1

Outcome 1: Improved quality and consistency of school education in Australia through a national curriculum, national assessment, data collection and performance reporting system.	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: National Curriculum		
Revenue from Government		
Payment from related entities	8,232	6,182
Revenues from other independent sources	5,102	5,274
Total for Programme 1.1	13,334	11,456
Programme 1.2: National Data Collection and Reporting		
Revenue from Government		
Payment from related entities	2,987	2,638
Revenues from other independent sources	1,851	2,251
Total for Programme 1.2	4,838	4,889
Programme 1.3: National Assessment		
Revenue from Government		
Payment from related entities	12,549	6,030
Revenues from other independent sources	7,777	5,145
Total for Programme 1.3	20,326	11,175
Outcome 1 Totals by resource type		
Revenue from Government		
Payment from related entities	23,768	14,850
Revenues from other independent sources	14,730	12,670
Total expenses for Outcome 1	38,498	27,520
	2013-14	2014-15
Average Staffing Level (number)	116	95

Programme 1.1: National Curriculum

Programme objectives

- To establish the F-12 Australian Curriculum including development of content descriptions, achievement standards and annotated work samples for all learning areas listed in the *Melbourne Declaration on Educational Goals for Young Australians*.
- To ensure that the Australian Curriculum caters for and engages all learners, including students with disabilities and those for who English is an additional language/ dialect.
- To ensure that the Australian Curriculum gives due emphasis to general capabilities and to the cross-curricular dimensions of Indigenous history and culture, Asia and sustainability.
- To develop and implement a rigorous approach to benchmarking the Australian Curriculum with curriculums of leading nations.
- To enhance public understanding and awareness of the Australian Curriculum.

Programme expenses

ACARA has not identified any significant trends, changes or variances in programme expenses over the forward years.

Programme expenses 1.1 National Curriculum

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forw ard year 1 \$'000	2016-17 Forw ard year 2 \$'000	2017-18 Forw ard year 3 \$'000
<u>1.1.1 - National Curriculum</u>					
Annual departmental expenses:					
Payment from related entities	8,232	6,182	4,176	-	-
Revenues from Independent Resource	5,102	5,274	4,116	-	-
Total component expenses	13,334	11,456	8,292	-	-
<u>1.1.2 - National Data Collection and Reporting</u>					
Annual departmental expenses:					
Payment from related entities	2,987	2,638	2,736	-	-
Revenues from Independent Resource	1,851	2,251	2,697	-	-
Total component expenses	4,838	4,889	5,433	-	-
<u>1.1.3 - National Assessment</u>					
Annual departmental expenses:					
Payment from related entities	12,549	6,030	5,688	-	-
Revenues from Independent Resource	7,777	5,145	5,607	-	-
Total component expenses	20,326	11,175	11,295	-	-
Total programme expenses	38,498	27,520	25,020	-	-

Programme 1.1 deliverables

- Developing the remaining seven languages curriculum (Arabic, German, Greek, Japanese, Korean, Spanish and Vietnamese) and obtaining approval from Standing Council on School Education and Early Childhood (SCSEEC) for their publication.
- Finalising and publishing the Aboriginal languages and Torres Strait Islander languages framework.
- Publishing the Australian Curriculum for work studies Years 9–10.
- Publishing student work sample portfolios for arts, languages, health and physical education, technologies, civics and citizenship, economics and business, geography and work studies Years 9–10.
- Undertaking further senior secondary curriculum development as determined by SCSEEC.
- Conducting the third round of alternative curriculum recognition.
- Obtaining SCSEEC approval for the arts, languages (Chinese, French, Indonesian and Italian), health and physical education, technologies, civics and citizenship, and economics and business.
- Publishing the *Shape of the Australian Curriculum v5.0*, including additional advice on the shape of the senior secondary curriculum approved.
- Completing the 2014 monitoring and evaluation of the Australian Curriculum process and undertaking approved actions arising from this.

Programme 1.1 key performance indicators

- Each phase of the Australian Curriculum is delivered within the timeframes agreed by SCSEEC.
- The Australian Curriculum caters for and engages all learners, including students with disabilities and those for who English is an additional language/dialect.
- The Australian Curriculum gives due emphasis to general capabilities and to the cross-curricular priorities of Aboriginal and Torres Strait Islander histories and cultures, Asia and Australia's engagement with Asia and sustainability.

Programme 1.2: National Data Collection and Reporting

Programme objectives

- To provide a richer array of information on Australian schools and schooling, and on student achievement, progress and participation.
- To extend and improve ways of enabling schools to benchmark their performance against other schools with similar characteristics and similar student backgrounds and academic starting points.
- To review the Measurement Framework for Schooling in Australia and its suite of key performance measures, including measures of student participation, achievement and attainment.

Programme expenses

ACARA has not identified any significant trends, changes or variances in programme expenses over the forward years.

Programme 1.2 deliverables

- Another year of data on the *My School* website providing more information to the public about Australia's schools, including further trend and comparative information.
- Undertake an annual review of the Measurement Framework for Schooling in Australia and update and modify where appropriate.
- *National Report on Schooling in Australia 2012* published.

Programme 1.2 key performance indicators

- The data reported in the *National Report on Schooling in Australia* and on the *My School* website are materially accurate.
- An additional year's data on the *My School* website is provided, including any specific new measures approved by Ministers.

Programme 1.3: National Assessment

Programme objectives

- To ensure that national assessments enable accurate monitoring of student and school performance and progress while promoting good pedagogical practices.
- To deliver national assessments that provide accurate and nationally comparable measurement of student performance against common scales in each domain.
- To provide accurate and constructive information to inform planning for improved student learning in key curriculum areas.
- To ensure that national assessments validly, reliably and fairly capture achievement across a wide range of learning areas and valued outcomes, particularly those capabilities of special importance in the 21st century.
- To align national assessments for 2016 onwards with the Australian Curriculum.
- To ensure that assessment techniques are innovative and model good assessment practice.

Programme expenses

ACARA has not identified any significant trends, changes or variances in programme expenses over the forward years.

Programme 1.3 deliverables

- Delivery and analysis of National Assessment Programme – Literacy and Numeracy (NAPLAN) tests.
- Delivery and analysis of National Assessment Programme – Sample Assessment (NAP – Sample) triennial cycle tests.
- A second report on research into online delivery of national assessment is published.
- Revised national assessment frameworks are aligned with the Australian Curriculum to guide NAPLAN and NAP – Sample test development for 2016 and beyond.
- Publication of an annual *Test Incidents Report*.
- *NAP – Sample Public Report, NAPLAN Summary Report and NAPLAN National Report 2014* published.

Programme 1.3 key performance indicators

- NAPLAN and NAP – Sample tests are conducted according to protocols and risk management strategies. Any incidents are managed as per the protocols in an efficient and effective manner.
- NAPLAN and NAP – Sample results are analysed accurately and meaningfully for reporting against common scales.
- Strong awareness of the National Protocols for Test Administration within schools, leading to greater consistency in national test administration and minimal test incidents.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2014–15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and Government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

ACARA has no administered funds therefore table 3.1.1 is not presented.

3.1.2 Special accounts

ACARA has no special accounts therefore table 3.1.2 is not presented.

3.1.3 Australian Government Indigenous expenditure

The 2014–15 Australian Government Indigenous Statement is not applicable because ACARA has no Indigenous-specific expenses therefore table 3.1.3 is not presented.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no differences in agency resourcing and the financial statements.

3.2.2 Analysis of budgeted financial statements

The Commonwealth has allocated funding for ACARA of up to \$54.6 million from 2012–13 to 2015–16.

In October 2011 Ministers agreed to ACARA's total budget of \$109.2 million over four years, 2012–13 to 2015–16 being equally shared between the Commonwealth and the states and territories based on the current Standing Council on School Education and Early Childhood funding formula.

3.2.3 Budgeted financial statements tables

Table 3.2.1 Comprehensive income statement (showing net cost of services) for the period ended 30 June

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	15,375	12,991	11,649	-	-
Suppliers	22,342	13,779	12,641	-	-
Depreciation and amortisation	781	750	730	-	-
Other expenses	-	-	-	-	-
Total expenses	38,498	27,520	25,020	-	-
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest	230	220	220	-	-
Other ¹	38,268	27,300	24,800	-	-
Total own-source revenue	38,498	27,520	25,020	-	-
Gains					
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total own-source income	38,498	27,520	25,020	-	-
Net cost of (contribution by) services	-	-	-	-	-
Revenue from Government	-	-	-	-	-
Surplus (Deficit) attributable to the Australian Government	-	-	-	-	-
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	-	-
Total comprehensive income (loss) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

¹ Includes funding provided by the Department of Education.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forw ard estimate 2015-16 \$'000	Forw ard estimate 2016-17 \$'000	Forw ard estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	6,554	4,273	3,657	-	-
Trade and other receivables	220	175	145	-	-
Other financial assets	-	-	-	-	-
Total financial assets	6,774	4,448	3,802	-	-
Non-financial assets					
Property, plant and equipment	1,556	1,076	596	-	-
Intangibles	-	-	-	-	-
Other non-financial assets	150	130	90	-	-
Total non-financial assets	1,706	1,206	686	-	-
Assets held for sale					
Total assets	8,480	5,654	4,488	-	-
LIABILITIES					
Payables					
Suppliers	3,500	1,887	1,251	-	-
Other payables	983	510	40	-	-
Total payables	4,483	2,397	1,291	-	-
Interest bearing liabilities					
Other interest bearing liabilities	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employee provisions	1,760	1,020	960	-	-
Other provisions	-	-	-	-	-
Total provisions	1,760	1,020	960	-	-
Total liabilities	6,243	3,417	2,251	-	-
Net assets	2,237	2,237	2,237	-	-
EQUITY					
Parent entity interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surplus (accumulated deficit)	2,237	2,237	2,237	-	-
Total parent entity interest	2,237	2,237	2,237	-	-
Total Equity	2,237	2,237	2,237	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity – summary of movement (Budget year 2014–15)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	2,237	-	-	-	2,237
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	2,237	-	-	-	2,237
Comprehensive income					
Other comprehensive income	-	-	-	-	-
Surplus (deficit) for the period	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
of which:					
Attributable to the Australian Government	-	-	-	-	-
Attributable to non-controlling interest*	-	-	-	-	-
Transactions with owners					
Distributions to owners					
Other	-	-	-	-	-
Contributions by owners					
Other	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components					-
Estimated closing balance as at 30 June 2015	2,237	-	-	-	2,237
Less: non-controlling interests *					-
Closing balance attributable to the Australian Government	2,237	-	-	-	2,237

Prepared on Australian Accounting Standards basis.

* This disclosure is not required if an entity does not have non-controlling interests.

**Table 3.2.4 Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Receipts from Government	-	-	-	-	-
Sale of goods and rendering of services	38,268	27,300	24,800	-	-
Interest	230	220	220	-	-
Total cash received	38,498	27,520	25,020	-	-
Cash used					
Employees	15,375	12,991	11,649	-	-
Suppliers	25,957	16,560	13,737	-	-
Total cash used	41,332	29,551	25,386	-	-
Net cash from (used by) operating activities	(2,834)	(2,031)	(366)	-	-
INVESTING ACTIVITIES					
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	250	250	250	-	-
Other	-	-	-	-	-
Total cash used	250	250	250	-	-
Net cash from (used by) investing activities	(250)	(250)	(250)	-	-
FINANCING ACTIVITIES					
Total cash received	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) financing activities	-	-	-	-	-
Net increase (decrease) in cash held	(3,084)	(2,281)	(616)	-	-
Cash and cash equivalents at the beginning of the reporting period	9,638	6,554	4,273	-	-
Cash and cash equivalents at the end of the reporting period	6,554	4,273	3,657	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.5 Capital budget statement

ACARA does not have a departmental capital budget therefore table 3.2.5 is not presented.

Table 3.2.6: Statement of asset movements (2014–15)

	Asset Category (as appropriate)					Total
	Land	Buildings	Other property, plant and equipment	Computer software and intangibles	Other	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2014						
Gross book value	-	-	2,320	37	-	2,357
Accumulated depreciation/amortisation and impairment	-	-	(744)	(37)	-	(781)
Opening net book balance	-	-	1,576	-	-	1,576
CAPITAL ASSET ADDITIONS						
Estimated expenditure on new or replacement assets						
By purchase - donated funds	-	-	-	-	-	-
By purchase - other	-	-	250	-	-	250
Total additions	-	-	250	-	-	250
Other movements						
Depreciation/amortisation expense	-	-	(750)	-	-	(750)
Other	-	-	-	-	-	-
Total other movements	-	-	(750)	-	-	(750)
As at 30 June 2015						
Gross book value	-	-	2,570	37	-	2,607
Accumulated depreciation/amortisation and impairment	-	-	(1,494)	(37)	-	(1,531)
Closing net book balance	-	-	1,076	-	-	1,076

Prepared on Australian Accounting Standards basis.

Table 3.2.7 Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

ACARA has no income and expenses administered on behalf of Government therefore table 3.2.7 is not presented.

Table 3.2.8 Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

ACARA has no assets and liabilities administered on behalf of Government therefore table 3.2.8 is not presented.

Table 3.2.9 Schedule of budgeted administered cash flows (for the period ended 30 June)

ACARA has no administered cash flows therefore table 3.2.9 is not presented.

Table 3.2.10 Schedule administered capital budget

ACARA has no administered capital budget therefore table 3.2.10 is not presented.

Table 3.2.11 Schedule of asset movements – administered

ACARA has no administered asset movements therefore table 3.2.11 is not presented.

3.2.4 Notes to the financial statements

The budgeted financial statements for ACARA are prepared for the current year and the 2014–15 budget year. The accounting policies used in preparing these financial statements are consistent with those used in ACARA’s 2012–13 Annual Report.

AUSTRALIAN INSTITUTE OF ABORIGINAL AND TORRES STRAIT ISLANDER STUDIES

AUSTRALIAN INSTITUTE OF ABORIGINAL AND TORRES STRAIT ISLANDER STUDIES

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AUSTRALIAN INSTITUTE OF ABORIGINAL AND TORRES STRAIT ISLANDER STUDIES

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) is an independent statutory authority created by the *Australian Institute of Aboriginal and Torres Strait Islander Studies Act 1989* (the Act). The purpose of AIATSIS is to build pathways for the knowledge of Aboriginal and Torres Strait Islander peoples to grow and be shared. This purpose contributes to a broader vision for Indigenous peoples' knowledge and culture to be recognised, respected and valued.

AIATSIS' Statement of Strategic Intent for the period 2014–15 sets out the following goals:

1. Promote Australia's Aboriginal and Torres Strait Islander peoples, their heritage and culture.
2. Focus outward and engage collaboratively.
3. Provide the foundation for research excellence in Australian Indigenous studies.
4. Ensure our collections are safe, secure, valued and growing.
5. Celebrate 50 years of leadership and excellence in Indigenous studies.
6. Create an effective organisation where people want to work.

The opportunities open to AIATSIS in the coming year include:

Developing strong business cases: AIATSIS has been provided with continued funding of \$3.3 million for 12 months to support the further development of its digitisation platform and the digitisation of its collections. Building on this and the results of stakeholder consultation and gap analysis undertaken during 2013–14, AIATSIS needs to develop the business case to ensure ongoing funding for digitisation and other critical activities. These include developing an outreach programme, focused support for Indigenous higher degree students, training programmes in ethical higher research involving Aboriginal and Torres Strait Islander peoples and supporting the development of cultural proficiency within the Australian Public Service and public policy generally.

Marketing best practice in ethical research, collections management and publishing: AIATSIS leads the world in ethical research, cultural collections

management and publishing in Indigenous studies. It has niches of experience that can be built on.

Strategic communication: Continued improvement of the revamped AIATSIS website; developing a Memorandum of Understanding (MOU) with the Australian Broadcasting Corporation to provide a shared platform for raising the awareness of all Australians; and implementing a new MOU with Australian Parliament House to annually showcase AIATSIS materials in the public areas of Parliament House.

Leverage partnerships: AIATSIS will continue to seek out partnerships, including financial partnerships, that contribute to improving the economic and social wellbeing of Aboriginal and Torres Strait Islander peoples.

AIATSIS' key challenges in 2014–15 include:

Maintaining staff resources: AIATSIS relies on a highly qualified, skilled and engaged staff to meet its statutory obligations. AIATSIS must strive to be competitive in the labour market to attract and retain these skills and qualifications, as well as to be innovative in developing its skills internally to meet the challenge of succession planning.

Meeting expectations: Managing the agency's resources to best meet the requirements of the Act and respond to the expectations of stakeholders.

Technological change: AIATSIS operates in the rapidly changing world of knowledge management and must be at the forefront of technological change notwithstanding constrained resources. Opportunities to develop geospatially-based knowledge systems are emerging that would be of particular benefit to AIATSIS' stakeholders.

Securing our collections: AIATSIS houses the world's largest (and growing) collection of Aboriginal and Torres Strait Islander heritage and culture, much of which requires urgent digitisation to preserve it. The ability for AIATSIS to undertake this critical function is dependent on a long term strategy for collections preservation.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Australian Institute of Aboriginal and Torres Strait Islander Studies
resource statement Budget estimates for 2014–15 as at Budget May 2014**

	Estimate of prior ⁺ year amounts available in 2014- 15 \$'000	Proposed at Budget = 2014- 15 \$'000	Total estimate 2014- 15 \$'000	Actual available appropriation 2013- 14 \$'000
Opening balance/Reserves at bank	17,289	-	17,289	17,597
REVENUE FROM GOVERNMENT				
Ordinary annual services¹				
Outcome 1	-	13,317	13,317	13,300
Total ordinary annual services	-	13,317	13,317	13,300
Other services²				
Non-operating	-	75	75	75
Total other services	-	75	75	75
Total annual appropriations	-	13,392	13,392	13,375
Total net resourcing for agency	17,289	13,392	30,681	30,972

¹ Appropriation Bill (No.1) 2014–15.

² Appropriation Bill (No.2) 2014–15.

AIATSIS is not directly appropriated as it is a CAC Act body. Appropriations are made to the Department of Education which are then paid to AIATSIS and are considered 'departmental' for all purposes.

All figures are GST exclusive.

1.3 BUDGET MEASURES

Table 1.2 Agency 2014-15 Budget measures

Part 1: Measures announced since the 2013-14 MYEFO

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures						
Investing in research excellence - digitisation of Indigenous cultural resources	1					
Departmental expenses		-	3,297	-	-	-
Total		-	3,297	-	-	-
Efficiency Dividend - a further temporary increase of 0.25 per cent						
	1					
Departmental expenses		-	(26)	(51)	(77)	(77)
Total		-	(26)	(51)	(77)	(77)
Total expense measures						
Departmental		-	3,271	(51)	(77)	(77)
Total		-	3,271	(51)	(77)	(77)
Capital measures						
Efficiency Dividend - a further temporary increase of 0.25 per cent						
	1					
Departmental capital		-	-	-	(1)	(1)
Total		-	-	-	(1)	(1)
Total capital measures						
Departmental		-	-	-	(1)	(1)
Total		-	-	-	(1)	(1)

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programmes are the primary vehicle by which Government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of AIATSIS in achieving Government outcomes.

Outcome 1: Further understanding of Australian Indigenous cultures, past and present through undertaking and publishing research, and providing access to print and audiovisual collections

Outcome 1 strategy

AIATSIS is an independent statutory authority created by the *Australian Institute of Aboriginal and Torres Strait Islander Studies Act 1989* (the Act). It is governed by its own Council, which has a majority of Aboriginal and Torres Strait Islander members.

The Statement of Strategic Intent 2013–2016 provides direction for the allocation of resources across the broad functions of AIATSIS as prescribed under Section 5 of the Act, which requires AIATSIS to:

- undertake and promote Aboriginal and Torres Strait Islander studies
- publish the results of Aboriginal and Torres Strait Islander studies and to assist in the publication of the results of such studies
- conduct research in fields relevant to Aboriginal and Torres Strait Islander studies and to encourage other persons or bodies to conduct such research
- assist in training persons, particularly Aboriginal and Torres Strait Islander persons, as research workers in fields relevant to Aboriginal and Torres Strait Islander studies
- establish, maintain and provide appropriate access to a cultural resource collection consisting of materials relating to Aboriginal and Torres Strait Islander studies

- encourage understanding, in the general community, of Aboriginal and Torres Strait Islander societies
- carry out such other functions as are conferred on AIATSIS by the Act
- do anything else that is incidental or conducive to the performance of any of the preceding functions.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1 by programme.

Table 2.1 Budgeted expenses for Outcome 1

Outcome 1: Further understanding of Australian Indigenous cultures, past and present through undertaking and publishing research, and providing access to print and audiovisual collections.	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1: AIATSIS: Research and Collections		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	13,158	13,317
Revenues from other independent sources	6,411	5,863
Total for Programme 1	19,569	19,180
Total expenses for Outcome 1	19,569	19,180
	2013-14	2014-15
Average Staffing Level (number)	134	134

Programme 1: AIATSIS Research, Collections, Publications and Communication

Programme objective

AIATSIS contributes to Outcome 1 by pursuing the following goals established in the Statement of Strategic Intent 2013–2016.

Goal 1: Promote Australia's Aboriginal and Torres Strait Islander peoples, their heritage and culture

AIATSIS provides general and specific information about Aboriginal and Torres Strait Islander peoples to local and global audiences. AIATSIS continually looks for opportunities to advance this goal through engaging with complementary agendas and activities, including through provision of public policy advice to Parliament, collaboration on exhibitions, engaging with international parties both here and abroad, and joint academic arrangements.

Goal 2: Focus outward and engage collaboratively

AIATSIS is rebuilding its multimedia presence, enhancing its reach to Australians everywhere and to the world. The AIATSIS catalogue facility, called Mura, allows the public to review its holdings, wherever they are. AIATSIS works to enhance accessibility and discoverability. Communities express the desire for more visits from AIATSIS that return and provide access to relevant collection material.

AIATSIS will engage in strategies to increase this highly valued external engagement. AIATSIS also conducts seminars, conferences and public events that promote Indigenous peoples' knowledge and cultures and activities are communicated through a range of media. Aboriginal Studies Press, AIATSIS' publishing arm, publishes outstanding writing especially by Indigenous authors. AIATSIS also publishes free downloadable resources, including material for schools, and produces information to inform research, policy and practice.

Goal 3: Provide the foundation for research in Australian Indigenous studies

After 50 strong years of research and of successfully encouraging the development of research in tertiary institutions and communities, AIATSIS is now reviewing and repositioning its research leadership to where it will be most effective and break new horizons. AIATSIS leadership in ethical research, its invaluable archival collections, cultural competence and human capital is at the heart of this transformation. As a publicly funded research agency dedicated to Aboriginal and Torres Strait Islander studies, AIATSIS promotes and participates in critical Indigenous research networks including the National Indigenous Research and Knowledge Network. AIATSIS research staff undertake rigorous community-based research projects, participate in policy

debate and provide advice directly to government. AIATSIS will seek to secure competitive research grants and consultancies to develop its leadership and ability to provide sound and innovative advice.

AIATSIS' archival collections provide invaluable and essential research infrastructure nationally and internationally. AIATSIS aims to promote itself as the place to conduct research and deposit research materials. Within available resources, AIATSIS aims to provide extensive and culturally appropriate support to Aboriginal and Torres Strait Islander individuals and communities conducting research about their families, communities, languages and cultures, including family history research training and services. Improving cultural knowledge and practice will lead to improved wellbeing for Aboriginal and Torres Strait Islander peoples.

Goal 4: Ensure collections are safe, secure and valued

Within available resources, AIATSIS aims to ensure materials in the AIATSIS collections are stored and managed in accordance with the highest standards in archival management, including concerted effort to preserve, conserve and make accessible at risk materials through digitisation. Access to AIATSIS collections is provided in a culturally appropriate manner.

Goal 5: Celebrate 50 years of leadership and excellence in Indigenous studies

AIATSIS' 50th anniversary is in 2014 and AIATSIS is using this year to expand knowledge and understanding of its role in Australia and further develop partnerships for the future.

Goal 6: Foster an effective organisation where people want to work

The AIATSIS executive actively engages with all staff through structured arrangements to maximise both the effectiveness of the organisation and people's commitment to it. The AIATSIS staff survey shows very high levels of staff engagement. AIATSIS will continue to strive to be competitive in the labour market to attract and retain skilled and qualified staff.

AIATSIS upholds the highest standards of governance through the AIATSIS Council and advisory committees.

Programme expenses

Programme expenses are based on appropriation plus anticipated external revenue.

Programme expenses 1.1 AIATSIS Research, Collections, Publications and Communication

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Annual departmental expenses:					
Departmental item	19,569	19,180	15,870	15,883	15,956
Total programme expenses	19,569	19,180	15,870	15,883	15,956

Programme 1 deliverables

AIATSIS delivers products and services relevant to its functions and purpose, including:

- quality online information and resources about Aboriginal and Torres Strait Islander peoples
- quality publications for trade and a variety of open access formats
- a discoverable collection of cultural materials relevant to Aboriginal and Torres Strait Islander peoples
- advice and support for clients accessing its collections and copies of materials requested
- guidelines for research, collections management and publishing with Aboriginal and Torres Strait Islander peoples
- research projects on matters of importance to Aboriginal and Torres Strait Islander peoples
- research and consultancy services
- advice on policy and practice in areas of interest to Aboriginal and Torres Strait Islander peoples
- accession of new material into the collections as resources allow
- digital copies of archival material for preservation and access depending on available funding
- limited range of public programmes and events as funding allows
- corporate support systems and governance
- efficient and innovative learning and development programmes for staff.

Programme 1 key performance indicators

The key performance indicators are:

- increasing external engagement across key stakeholders
- positive contribution to development of policy and practice related to Aboriginal and Torres Strait Islander peoples
- ongoing relevance of AIATSIS collections in particular to Aboriginal and Torres Strait Islander peoples and the research community
- number of cited research publications
- increasing digitisation capability and rates
- maintaining measures of staff engagement.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2014–15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and Government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

AIATSIS has no administered funds therefore table 3.1.1 is not presented.

3.1.2 Special accounts

AIATSIS has no special accounts therefore table 3.1.2 is not presented.

3.1.3 Australian Government Indigenous expenditure

All AIATSIS' expenditure is in support of Indigenous activities.

Table 3.1.3: Australian Government Indigenous expenditure (AGIE)

Outcome	Appropriations			Total Programme	
	Bill	Bill	Total		
	No. 1	No. 2	approp		
	\$'000			\$'000	
Australian Institute of Aboriginal and Torres Strait Islander Studies					
Outcome 1					
Departmental 2014-15	13,317	75	13,392	13,392	1
<i>Departmental 2013-14</i>	<i>13,300</i>	<i>75</i>	<i>13,375</i>	<i>13,375</i>	
Total outcome 1 2014-15	13,317	75	13,392	13,392	
<i>Total outcome 1 2013-14</i>	<i>13,300</i>	<i>75</i>	<i>13,375</i>	<i>13,375</i>	
Total departmental 2014-15	13,317	75	13,392	13,392	
<i>Total departmental 2013-14</i>	<i>13,300</i>	<i>75</i>	<i>13,375</i>	<i>13,375</i>	
Total AGIE 2014-15	13,317	75	13,392	13,392	
<i>Total AGIE 2013-14</i>	<i>13,300</i>	<i>75</i>	<i>13,375</i>	<i>13,375</i>	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

Due to a prior year adjustment in 2013–14 to reflect supplementary funding provided in the 2012–13 Budget, there is a variance of \$0.142 million between the agency resource statements and the financial statements.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

The statement shows the estimated net cost of services for AIATSIS.

The budgeted net cost of services to AIATSIS for delivering its programmes in 2014–15 is \$13.3 million.

Expenses

Total departmental expenses budgeted for in 2014–15 are \$19.2 million, comprising \$12.8 million for employee expenses, \$4.6 million for suppliers, \$0.6 million for grants and \$1.2 million for depreciation and amortisation.

Income

Total departmental own-source income budgeted for in 2014–15 is \$5.9 million, comprising \$0.7 million from sale of goods and rendering of services, \$0.5 million from interest and \$4.7 million from other sources.

Revenue from Government for 2014–15 is budgeted at \$13.3 million.

Budgeted departmental balance sheet

The statement shows the estimated end of year position for departmental assets and liabilities.

Assets

Total departmental assets budgeted for 2014–15 are \$42.7 million, comprising \$24.6 million in non-financial assets and \$18.1 million in financial assets.

Non-financial assets include \$11.8 million for land and buildings and \$12.7 million for property, plant and equipment.

Liabilities

Total departmental liabilities budgeted for in 2014–15 are \$3.6 million, comprising \$3.1 million in provisions and \$0.5 million in payables.

Budgeted statement of cash flows

The statement provides information on estimates of the extent and nature of cash flows by categorising the expected cash flows against operating, investing and financing activities.

Statement of changes in equity – summary of movement

The statement shows the expected movement of equity during the budget year.

3.2.3 Budgeted financial statements tables

Table 3.2.1 Comprehensive income statement (showing net cost of services) for the period ended 30 June

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	12,999	12,773	9,518	9,983	10,056
Suppliers	5,580	4,577	4,522	4,670	4,670
Grants	90	600	600	-	-
Depreciation and amortisation	900	1,230	1,230	1,230	1,230
Total expenses	19,569	19,180	15,870	15,883	15,956
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	1,467	700	700	797	797
Interest	426	450	450	450	450
Other	4,518	4,713	4,713	4,713	4,713
Total own-source revenue	6,411	5,863	5,863	5,960	5,960
Total own-source income	6,411	5,863	5,863	5,960	5,960
Net cost of (contribution by) services	13,158	13,317	10,007	9,923	9,996
Revenue from Government	13,158	13,317	10,007	9,923	9,996
Surplus (Deficit) attributable to the Australian Government	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	-	-
Total comprehensive income (loss) attributable to the Australian Government	-	-	-	-	-

Prepared on an Australian Accounting Standard basis.

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

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	1,123	1,123	1,123	1,123	1,123
Trade and other receivables	468	468	468	546	546
Other investments	16,166	16,496	16,226	15,378	15,108
Other financial assets					
Total financial assets	17,757	18,087	17,817	17,047	16,777
Non-financial assets					
Land and buildings	11,612	11,790	12,105	12,806	12,611
Property, plant and equipment	13,075	12,742	12,771	12,914	13,453
Inventories	30	30	30	30	30
Other non-financial assets	9	9	9	9	9
Total non-financial assets	24,726	24,571	24,915	25,759	26,103
Assets held for sale					
Total assets	42,483	42,658	42,732	42,806	42,880
LIABILITIES					
Payables					
Suppliers	348	348	348	348	348
Other payables	178	178	178	178	178
Total payables	526	526	526	526	526
Provisions					
Employee provisions	2,949	3,049	3,049	3,049	3,049
Total provisions	2,949	3,049	3,049	3,049	3,049
Total liabilities	3,475	3,575	3,575	3,575	3,575
Net assets	39,008	39,083	39,157	39,231	39,305
EQUITY					
Parent entity interest					
Contributed equity	3,538	3,613	3,687	3,761	3,835
Reserves	13,274	13,274	13,274	13,274	13,274
Retained surplus					
(accumulated deficit)	22,196	22,196	22,196	22,196	22,196
Total parent entity interest	39,008	39,083	39,157	39,231	39,305

Prepared on an Australian Accounting Standard basis.

Table 3.2.3: Departmental statement of changes in equity – summary of movement (Budget year 2014-15)

	Retained earnings	Asset revaluation reserve	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2014				
Balance carried forward from previous period	22,196	13,274	3,538	39,008
Adjusted opening balance	22,196	13,274	3,538	39,008
Transactions with owners				
Contributions by owners				
Equity Injection - Appropriation			75	75
Sub-total transactions with owners	-	-	75	75
Estimated closing balance as at 30 June 2015	22,196	13,274	3,613	39,083
Closing balance attributable to the Australian Government	22,196	13,274	3,613	39,083

Prepared on an Australian Accounting Standard basis.

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	13,158	13,317	10,007	9,923	9,996
Sale of goods and rendering of services	1,467	700	700	875	797
Interest	426	450	450	450	450
Other	4,518	4,713	4,713	4,713	4,713
Total cash received	19,569	19,180	15,870	15,961	15,956
Cash used					
Employees	12,899	12,673	9,518	9,983	10,056
Suppliers	5,580	4,577	4,522	4,670	4,670
Other	90	600	600	-	-
Total cash used	18,569	17,850	14,640	14,653	14,726
Net cash from (used by) operating activities	1,000	1,330	1,230	1,308	1,230
INVESTING ACTIVITIES					
Cash received					
Investments	520	-	270	848	270
Total cash received	520	-	270	848	270
Cash used					
Purchase of property, plant and equipment	709	1,075	1,574	2,074	1,574
Investments	674	330	-	156	-
Total cash used	1,383	1,405	1,574	2,230	1,574
Net cash from (used by) investing activities	(863)	(1,405)	(1,304)	(1,382)	(1,304)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	75	75	74	74	74
Total cash received	75	75	74	74	74
Net cash from (used by) financing activities	75	75	74	74	74
Net increase (decrease) in cash held	212	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	911	1,123	1,123	1,123	1,123
Cash and cash equivalents at the end of the reporting period	1,123	1,123	1,123	1,123	1,123

Prepared on an Australian Accounting Standard basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Equity injections - Bill 2	75	75	74	74	74
Total new capital appropriations	75	75	74	74	74
Provided for:					
Purchase of non-financial assets	75	75	74	74	74
Total Items	75	75	74	74	74
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations ¹	75	75	74	74	74
Funded internally from departmental resources ²	634	1,000	1,500	2,000	1,500
TOTAL	709	1,075	1,574	2,074	1,574
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	709	1,075	1,574	2,074	1,574
Total cash used to acquire assets	709	1,075	1,574	2,074	1,574

Prepared on an Australian Accounting Standard basis.

¹ Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

² Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB).
- donations and contributions
- gifts
- internally developed assets
- proceeds from the sale of assets.

Table 3.2.6: Statement of asset movements (2014–15)

	Buildings	Other property, plant and equipment	Heritage and cultural	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2014				
Gross book value	11,807	3,530	10,250	25,587
Accumulated depreciation/amortisation and impairment	(195)	(567)	(138)	(900)
Opening net book balance	11,612	2,963	10,112	24,687
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity ¹	-	-	75	75
By purchase - appropriation ordinary annual services ²	373	627	-	1,000
Total additions	373	627	75	1,075
Other movements				
Depreciation/amortisation expense	(195)	(897)	(138)	(1,230)
Total other movements	(195)	(897)	(138)	(1,230)
As at 30 June 2015				
Gross book value	12,180	4,157	10,325	26,662
Accumulated depreciation/amortisation and impairment	(390)	(1,464)	(276)	(2,130)
Closing net book balance	11,790	2,693	10,049	24,532

**Estimated operating expenditure in income statement for
heritage and cultural assets**

Operations and Maintenance	340
Preservation and Conservation	220
Total operating expenditure on heritage and cultural assets	560

Prepared on an Australian Accounting Standard basis.

¹ 'Appropriation equity' refers to equity injections or Administered assets and liabilities appropriations provided through Appropriation Bill (No.2) 2014–15, including CDABs.

² 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2014–15 for depreciation / amortisation expenses, DCBs or other operational expenses.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

AIATSIS has no budgeted administered income and expenses therefore table 3.2.7 is not presented.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

AIATSIS has no budgeted administered assets and liabilities therefore table 3.2.8 is not presented.

Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

AIATSIS has no budgeted administered cash flows on behalf of Government therefore table 3.2.9 is not presented.

Table 3.2.10: Schedule of administered capital budget statement

AIATSIS has no administered capital budget therefore table 3.2.10 is not presented.

Table 3.2.11: Statement of administered asset movements (2014–15)

AIATSIS has no administered asset movements therefore table 3.2.11 is not presented.

3.2.4 Notes to the financial statements

AIATSIS' budgeted financial statements are prepared in accordance with the Australian Accounting Standards and Accounting Guidance releases, and having regard to the Statements of Accounting concepts.

AUSTRALIAN INSTITUTE FOR TEACHING AND SCHOOL LEADERSHIP

AUSTRALIAN INSTITUTE FOR TEACHING AND SCHOOL LEADERSHIP

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AUSTRALIAN INSTITUTE FOR TEACHING AND SCHOOL LEADERSHIP

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Institute for Teaching and School Leadership (AITSL) commenced operations on 1 January 2010.

AITSL is a public company limited by guarantee under the *Corporations Act 2001* and is subject to the *Commonwealth Authorities and Companies Act 1997 (Public Governance, Performance and Accountability Act 2013 as of 1 July 2014)*. The Minister for Education is the owner and sole member of the company. AITSL operates under its own constitution, with priorities set through a *Letter of Expectation* dated 15 January 2013.

The 11 member board, appointed by the Minister for Education, includes a chair and deputy chair nominated by the Australian Government and individuals from the Catholic and independent school sectors, teacher unions, principals' associations, state and territory regulatory authorities, Deans of Education and the Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee.

AITSL's primary purpose is to promote excellence in the profession of teaching and school leadership.

AITSL played a significant role in delivering the reforms agreed to through the Council of Australian Governments' National Partnership on Improving Teacher Quality, which targeted critical points in the teacher lifecycle to attract, train, place, develop and retain quality teachers and leaders in schools and classrooms.

AITSL works collaboratively across jurisdictions and sectors. The Institute engages with key professional bodies in Australia as well as national and international research and experts, and teachers and principals throughout Australia.

The Standing Council for School Education and Early Childhood has endorsed seven key interrelated educational policies which operate end-to-end to provide the basis for a world-class profession of teachers and school leaders. Building on these, AITSL will continue to pursue reform in the areas of entry to the profession, teacher standards and improvement, career development and

recognition, school leadership, professional learning for teachers and school leaders and performance and development.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1: Australian Institute for Teaching and School Leadership resource statement Budget estimates for 2014-15 as at Budget May 2014

	Estimate of prior ⁺ year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Opening balance/Reserves at bank	4,802	-	4,802	-
REVENUE FROM GOVERNMENT				
Ordinary annual services¹				
Outcome 1	-	-	-	-
Total ordinary annual services	-	-	-	-
Other services²				
Non-operating	-	-	-	-
Total other services	-	-	-	-
Total annual appropriations	-	-	-	-
Payments from related entities³				
Amounts from the portfolio department	-	14,590	14,590	-
Amounts from other agencies	-	-	-	-
Total	-	14,590	14,590	-
Total funds from Government	-	14,590	14,590	-
FUNDS FROM OTHER SOURCES				
Interest		120	120	
Royalties			-	
Sale of goods and services		680	680	
Other			-	
Total	-	800	800	-
Total net resourcing for agency	4,802	15,390	20,192	-

¹ Appropriation Bill (No.1) 2014-15.

² Appropriation Bill (No.2) 2014-15.

³ Funding provided by the Department of Education.

All figures are GST exclusive.

1.3 BUDGET MEASURES

AITSL does not have any new measures since the 2013-14 Budget therefore table 1.2 is not presented.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programmes are the primary vehicle by which Government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of AITSL in achieving Government outcomes.

Outcome 1: Enhance the quality of teaching and leadership through developing standards, recognising teacher excellence, providing professional development opportunities, and supporting the teacher profession

Outcome 1 strategy

AITSL is working collaboratively with the eight state and territory education departments and their ministers, the Catholic and independent school sectors, teacher educators, teacher regulatory authorities, teacher unions, professional and community organisations and teachers and principals throughout Australia to strengthen the profession. It will undertake a range of targeted activities, complementing the work of other education agencies, to enhance the quality of teaching and school leadership and to support the professionalism of teachers and school leaders.

Key strategies in 2014–15 will be to:

- continue to support the promulgation and use of the Australian Professional Standards for Teachers and improvement in the professional practice of teachers
- continue to monitor and support the implementation of the agreed national approach to accreditation of Initial Teacher Education programmes and contribute to the ongoing improvement of initial teacher education
- monitor and support the implementation of elements of policy endorsed by ministers for the Nationally Consistent Registration of Teachers in Australia

- continue to monitor and support the implementation of the national approach agreed by ministers to Certification of Highly Accomplished and Lead Teachers in Australia
- continue to support the nationwide implementation of the Australian Teacher Performance and Development Framework
- continue to support the nationwide promulgation and use of the Australian Professional Standard for Principals and improvement in the professional practice of school leaders
- provide tools and materials to support the nationwide enactment of the Australian Charter for the Professional Learning of Teachers and School Leaders
- undertake and engage with leading national and international research to support the improvement of teacher and school leader quality through a strong evidence base
- undertake the role of assessing authority under the *Migration Regulations 1994* for the purposes of skilled migration to Australia as a pre-primary, primary, secondary, or special education school teacher
- implement and maintain high standards of corporate governance.

AITSL's target group is the 363,012 teachers and school leaders across all educational jurisdictions and sectors. AITSL's strategic approach is to work collaboratively with jurisdictions and key stakeholders, including the profession itself, and to complement the significant investment of school authorities in quality teaching and school leadership through targeted national activities.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1 by programme.

Table 2.1 Budgeted expenses for Outcome 1

Outcome 1:	2013-14	2014-15
Enhance the quality of teaching and school leadership through developing standards, recognising teaching excellence, providing professional development opportunities, and supporting the teaching profession.	Estimated actual expenses \$'000	Estimated expenses \$'000
Programme 1.1: Assistance for quality teaching and learning		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	-	-
Payment from related entities	14,700	14,590
Revenues from other independent sources	882	800
Total for Programme 1.1	15,582	15,390
Outcome 1 Totals by resource type		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	-	-
Payment from related entities	14,700	14,590
Revenues from other independent sources	882	800
Total expenses for Outcome 1	15,582	15,390
	2013-14	2014-15
Average Staffing Level (number)	62	62

Programme 1.1: Assistance for Quality Teaching and Learning

Programme objective

- Provide effective support, including the maintenance and expansion of practical resources and tools, for the nationwide promulgation and use of the Australian Professional Standards for Teachers and improvement in the professional practice of teachers.
- Monitor and support implementation of the agreed national approach to accreditation of Initial Teacher Education programmes and contribute to the ongoing improvement of initial teacher education, including through professional networks and accreditation panels.
- Monitor and support the implementation of elements of policy endorsed by ministers for the Nationally Consistent Registration of Teachers in Australia.
- Provide effective support, moderate, gather data and report on implementation of the national approach agreed by Ministers to Certification of Highly Accomplished and Lead Teachers in Australia.
- Provide effective support, including practical resources and tools, for the nationwide implementation of the Australian Teacher Performance and Development Framework.
- Provide effective support for the ongoing implementation and promulgation of the Australian Professional Standard for Principals and improvement in the professional practice of school leaders, including through resources and tools.
- Encourage the nationwide enactment of the *Australian Charter for the Professional Learning of Teachers and School Leaders*, including through development and provision of resources and tools.
- Maintain and advance the currency of AITSL's evidence base by engaging with leading national and international research.
- Continue to perform efficiently and effectively in the role of assessing authority under the *Migration Regulations 1994* for the purposes of skilled migration to Australia as a pre-primary, primary, secondary, or special education school teacher.
- Effectively implement and maintain high standards of corporate governance.

Programme expenses

Programme expenses 1.1 Assistance for Quality Teaching and Learning

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Annual departmental expenses:					
Departmental item	15,582	15,390	-	-	-
Expenses not requiring appropriation in the Budget year ¹	-	-	-	-	-
Total programme expenses	15,582	15,390	-	-	-

¹ Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Programme 1.1 deliverables

Deliverable	2014–15 target
Australian Professional Standards for Teachers	<ul style="list-style-type: none"> Support materials, including self-assessment tool, classroom practice continuum and online tools and resources, developed and promulgated. Stage 2 of longitudinal evaluation completed.
Accreditation of Initial Teacher Education Programmes in Australia	<ul style="list-style-type: none"> Selection guidelines developed. National framework supporting high quality professional experience developed. National pre-graduation literacy and numeracy test developed and delivered. Efficient panel arrangements maintained. All accreditation conducted under national arrangements.
Nationally Consistent Registration of Teachers in Australia	<ul style="list-style-type: none"> Implementation monitored and supported as appropriate.
Certification of Highly Accomplished and Lead Teachers in Australia	<ul style="list-style-type: none"> Quality assurance arrangements maintained. Support materials reviewed. Professional network supported. Data maintained on certification decisions.
Australian Teacher Performance and Development Framework	<ul style="list-style-type: none"> Support materials for teachers and school leaders promulgated.
Australian Professional Standard for Principals	<ul style="list-style-type: none"> Support materials promulgated, including online 360° reflection tool, research repository and leadership profiles.

Deliverable	2014–15 target
<i>Australian Charter for the Professional Learning of Teachers and School Leaders</i>	<ul style="list-style-type: none"> Supporting materials promulgated.
Fulfilling the role of assessing authority under the <i>Migration Regulations 1994</i> for the purposes of skilled migration to Australia as a pre-primary, primary or secondary, or special education school teacher	<ul style="list-style-type: none"> Processing of applications undertaken to the satisfaction of relevant authorities.
Undertaking and engaging with national and international research and innovative developments in best practice	<ul style="list-style-type: none"> Evidence base for AITSL's work enhanced by research undertaken with national and international agencies and experts.
Implementation of measures to ensure high standards of corporate governance	<ul style="list-style-type: none"> Effective board governance arrangements maintained. Audit, risk management and financial advisory structures operating with transparency and rigour.

Programme 1.1 key performance indicators

AITSL promotes excellence in the profession of teaching and school leadership.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2014–15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and Government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

AITSL has no administered funds therefore table 3.1.1 is not presented.

3.1.2 Special accounts

AITSL has no special accounts therefore table 3.1.2 is not presented.

3.1.3 Australian Government Indigenous expenditure

The 2014–15 Australian Government Indigenous Statement is not applicable because AITSL has no Indigenous specific expenses therefore table 3.1.3 is not presented.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no differences in agency resourcing and the financial statements.

3.2.2 Analysis of budgeted financial statements

In June 2013 the Ministerial Council for Education, Early Childhood Development and Youth Affairs agreed to a total budget of \$28.6 million for the two year period 2013–14 to 2014–15. Over the same period, income from Overseas Skills Assessment is estimated to be \$1.3 million. A further funding variation of \$0.7 million was agreed for 2013–14 year to enable AITSL to undertake further specific projects.

AITSL is budgeting for a break even result in the financial year 2013–14. The budget for the 2014–15 financial year is break even.

The net asset position of \$4.8 million in at 30 June 2013 is expected to remain the same for 2013–14. Total assets at 30 June 2014 are estimated to be \$9.1 million comprising \$7.6 million of financial assets and \$1.5 million in non-financial assets.

Total liabilities at 30 June 2014 are estimated to be \$4.3 million of which \$0.9 million being accrued employee entitlements and \$2.6 million towards supplier payables and \$0.8 of other provisions.

3.2.3 Budgeted financial statements tables

Table 3.2.1 Comprehensive income statement (showing net cost of services) for the period ended 30 June

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forw ard estimate 2015-16 \$'000	Forw ard estimate 2016-17 \$'000	Forw ard estimate 2017-18 \$'000
EXPENSES					
Employee benefits	7,134	7,138	-	-	-
Suppliers	8,198	8,017	-	-	-
Depreciation and amortisation	250	235	-	-	-
Total expenses	15,582	15,390	-	-	-
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	660	680	-	-	-
Interest	160	120	-	-	-
Other	14,762	14,590	-	-	-
Total own-source revenue	15,582	15,390	-	-	-
Gains					
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total own-source income	15,582	15,390	-	-	-
Net cost of (contribution by) services	-	-	-	-	-
Revenue from Government	-	-	-	-	-
Surplus (Deficit) attributable to the Australian Government	-	-	-	-	-
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	-	-
Total comprehensive income (loss) attributable to the Australian Government	-	-	-	-	-

Prepared on an Australian Accounting Standard basis.

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

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,237	3,162	-	-	-
Trade and other receivables	4,007	4,157	-	-	-
Other investments	1,335	316	-	-	-
Other financial assets	9	-	-	-	-
Total financial assets	7,588	7,635	-	-	-
Non-financial assets					
Property, plant and equipment	1,506	1,321	-	-	-
Investment property	-	-	-	-	-
Other non-financial assets	-	-	-	-	-
Total non-financial assets	1,506	1,321	-	-	-
Assets held for sale					
Total assets	9,094	8,956	-	-	-
LIABILITIES					
Payables					
Suppliers	2,547	2,560	-	-	-
Other payables	-	-	-	-	-
Total payables	2,547	2,560	-	-	-
Interest bearing liabilities					
Other interest bearing liabilities	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employee provisions	934	850	-	-	-
Other provisions	811	744	-	-	-
Total provisions	1,745	1,594	-	-	-
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	4,292	4,154	-	-	-
Net assets	4,802	4,802	-	-	-
EQUITY*					
Parent entity interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surplus (accumulated deficit)	4,802	4,802	-	-	-
Total parent entity interest	4,802	4,802	-	-	-
Total Equity	4,802	4,802	-	-	-

Prepared on an Australian Accounting Standard basis.

* This disclosure is not required if an entity does not have non-controlling interests.

Table 3.2.3: Departmental statement of changes in equity – summary of movement (Budget year 2014–15)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	4,802	-	-	-	4,802
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	4,802	-	-	-	4,802
Comprehensive income					
Other comprehensive income	-	-	-	-	-
Surplus (deficit) for the period	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
of which:					
Attributable to the Australian Government	-	-	-	-	-
Attributable to non-controlling interest*	-	-	-	-	-
Transactions with owners					
Distributions to owners					
Other	-	-	-	-	-
Contributions by owners					
Other	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2015	4,802	-	-	-	4,802
Closing balance attributable to the Australian Government	4,802	-	-	-	4,802

Prepared on an Australian Accounting Standard basis.

* This disclosure is not required if an entity does not have non-controlling interests.

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations					
Receipts from Government	16,129	14,454	-	-	-
Sale of goods and rendering of services	660	680	-	-	-
Interest	160	120	-	-	-
Other	62	-	-	-	-
Total cash received	17,011	15,254	-	-	-
Cash used					
Employees	7,092	7,117	-	-	-
Suppliers	9,936	8,181	-	-	-
Total cash used	17,028	15,298	-	-	-
Net cash from (used by) operating activities	(17)	(44)	-	-	-
INVESTING ACTIVITIES					
Cash received					
Investments	1,050	1,019	-	-	-
Other	-	-	-	-	-
Total cash received	1,050	1,019	-	-	-
Cash used					
Purchase of property, plant and equipment	274	50	-	-	-
Investments	1,019	-	-	-	-
Other	-	-	-	-	-
Total cash used	1,293	50	-	-	-
Net cash from (used by) investing activities	(243)	969	-	-	-
FINANCING ACTIVITIES					
Total cash received	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) financing activities	-	-	-	-	-
Net increase (decrease) in cash held	(260)	925	-	-	-
Cash and cash equivalents at the beginning of the reporting period	2,497	2,237	-	-	-
Cash and cash equivalents at the end of the reporting period	2,237	3,162	-	-	-

Prepared on an Australian Accounting Standard basis.

Table 3.2.5: Departmental capital budget statement

AITSL does not have a departmental capital budget therefore table 3.2.5 is not presented.

Table 3.2.6: Statement of asset movements (2014–15)

	Land	Buildings	Other property, plant and equipment	Heritage and cultural	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2014						
Gross book value	-	-	2,097	28	325	2,450
Accumulated depreciation/amortisation and impairment	-	-	(620)		(324)	(944)
Opening net book balance	-	-	1,477	28	1	1,506
CAPITAL ASSET ADDITIONS						
Estimated expenditure on new or replacement assets						
By purchase - appropriation equity ¹	-	-	-	-	-	-
By purchase - other	-	-	50	-	-	50
Total additions	-	-	50	-	-	50
Other movements						
Depreciation/amortisation expense	-	-	(234)	-	(1)	(235)
Other	-	-	-	-	-	-
Total other movements	-	-	(234)	-	(1)	(235)
As at 30 June 2015						
Gross book value	-	-	2,147	28	325	2,500
Accumulated depreciation/amortisation and impairment	-	-	(854)	-	(325)	(1,179)
Closing net book balance	-	-	1,293	28	-	1,321

Prepared on an Australian Accounting Standard basis.

¹ 'Appropriation equity' refers to equity injections or Administered Assets and Liabilities appropriations provided through Appropriation Bill (No.2) 2014–15, including CDABs.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

AITSL has no income and expenses administered on behalf of Government therefore table 3.2.7 is not presented.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

AITSL has no assets and liabilities administered on behalf of Government therefore table 3.2.8 is not presented.

Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

AITSL has no administered cash flows therefore table 3.2.9 is not presented.

Table 3.2.10: Schedule of administered capital budget statement

AITSL has no administered capital budget therefore table 3.2.10 is not presented.

Table 3.2.11: Statement of administered asset movements (2014–15)

AITSL has no administered assets therefore table 3.2.11 is not presented.

AUSTRALIAN RESEARCH COUNCIL

AUSTRALIAN RESEARCH COUNCIL

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AUSTRALIAN RESEARCH COUNCIL

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Research Council (ARC) is a statutory agency established under the *Australian Research Council Act 2001*.

The ARC's mission is to deliver policy and programmes that advance Australian research and innovation globally and benefit the community.

The mission aligns with the ARC outcome statement which is growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice.

The ARC manages the National Competitive Grants Programme (NCGP), a significant component of the Australian Government's investment in research and innovation. Through the NCGP, the ARC supports the highest quality fundamental and applied research, research training and collaboration or partnerships and infrastructure. Funding is allocated through national competition across all research disciplines.

The ARC administers Excellence in Research for Australia (ERA). ERA aims to identify and promote excellence across the full spectrum of research activity, including both basic and applied research, within Australian higher education institutions. ERA reflects the Government's commitment to a transparent and streamlined approach to research evaluation. It assesses research quality using a combination of indicators and expert review by committees comprising experienced, internationally recognised experts. ERA details areas within disciplines at Australian institutions that are internationally competitive and points to emerging research areas where there are opportunities for development and further investment. The effective and comprehensive evaluation of Australia's research effort is crucial to the understanding of the national research landscape.

The ARC has four significant measures in the 2014–15 Budget:

- Future Fellowships scheme: The scheme promotes research in areas of critical national importance by giving outstanding mid-career researchers incentives to conduct their research in Australia. This measure is to continue the scheme on an ongoing basis of 100 new fellowships per year for four years each.

- **Tropical Health and Medicine:** This proposal is to provide funding over four years to support the expansion of the Australian Institute of Tropical Health and Medicine at James Cook University. It will provide facilities and research funding for an institute focused on tropical diseases and illnesses that have only been sporadically investigated to date.
- **Boosting Dementia Research:** This proposal, in consultation with the National Health and Medical Research Council, is to ensure that dementia research takes into account the social, economic and cultural impacts and complex consequences of dementia. Research supported under this initiative will translate into better treatments, care and services to dementia sufferers, carers and their communities. A dedicated research effort is needed to help accelerate progress towards finding a cure for dementia as it is a multi-dimensional problem not just confined to the health of the dementia patients.
- **Antarctic and Southern Ocean Research:** This proposal is to provide funding over three years to establish an ARC Antarctic Gateway Partnership at the University of Tasmania. The ARC Gateway will be responsible for coordinating collaborative research relating to the Antarctic and Southern Ocean conducted by the Australian Antarctic Division, the CSIRO and the University of Tasmania.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Australian Research Council resource statement Budget estimates for 2014–15 as at Budget May 2014

	Estimate of prior ⁺ year amounts available in 2014–15 \$'000	Proposed at Budget ⁼ 2014–15 \$'000	Total estimate 2014–15 \$'000	Actual available appropriation 2013–14 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	6,793	-	6,793	-
Departmental appropriation ³	-	21,025	21,025	20,609
s31 Relevant agency receipts ⁴	-	-	-	116
Total	6,793	21,025	27,818	20,724
Administered expenses				
Outcome 1	-	5,397	5,397	3,111
Total	-	5,397	5,397	3,111
Total ordinary annual services	A 6,793	26,422	33,215	23,835
Departmental non-operating				
Equity injections	-	2,605	2,605	1,861
Total	-	2,605	2,605	1,861
Total other services	B -	2,605	2,605	1,861
Total available annual appropriations	6,793	29,027	35,820	25,696
Special appropriations limited by amount				
Special Appropriation ARC Act 2001	-	875,642	875,642	886,859
Total special appropriations	C -	875,642	875,642	886,859
Total appropriations excluding Special Accounts	6,793	904,669	911,462	912,555
Special Accounts				
Opening balance ⁵	6,667	-	6,667	16,664
Appropriation receipts				
- other agencies ⁶	-	-	-	-
Total Special Account	D 6,667	-	6,667	16,664
Total resourcing				
A+B+C+D	13,460	904,669	918,129	929,219
Less appropriations drawn from special appropriations above and credited to special accounts	-	-	-	(9,997)
Total net resourcing for ARC	13,460	904,669	918,129	919,222

¹ Appropriation Bill (No.1) 2014–15.² Estimated adjusted balance carried forward from previous year.³ Includes an amount of \$1.264m in 2014–15 for the Departmental Capital Budget (refer to table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.⁴ s31 Relevant Agency receipts – estimate.⁵ Estimated opening balance for special accounts (less 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for other Government and Non-agency Bodies accounts (SOG), or Services for Other Entities and Trust Monies Special accounts (SOETM)). For further information on special accounts see table 3.1.2.⁶ Appropriation receipts from other agencies credited to ARC's special accounts.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the ARC are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Agency 2014–15 Budget measures

Part 1: Measures announced since the 2013–14 MYEFO

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures						
Efficiency Dividend - a further temporary increase of 0.25 per cent						
Administered expenses		-	-	-	-	-
Departmental expenses	All	-	(49)	(98)	(147)	(145)
Total		-	(49)	(98)	(147)	(145)
Investing in research excellence - Australian Institute of Tropical Health and Medicine						
Administered expenses	1.2	15,000	21,000	3,000	3,000	-
Departmental expenses		-	-	-	-	-
Total		15,000	21,000	3,000	3,000	-
Boosting Dementia Research ¹						
Administered expenses	1.1	-	8,000	9,000	9,000	-
Departmental expenses		-	-	-	-	-
Total		-	8,000	9,000	9,000	-
Investing in research excellence - mid career Future Fellowships scheme - continuation						
Administered expenses	1.1	-	1,060	22,408	44,993	68,902
Departmental expenses		-	549	545	542	548
Total		-	1,609	22,953	45,535	69,450
Investing in research excellence - Antarctic Gateway Partnership ²						
Administered expenses	1.2	-	-	-	-	-
Departmental expenses		-	-	-	-	-
Total		-	-	-	-	-
A sustainable Higher Education system - Australian Research Council - efficiency dividend						
Administered expenses	All	-	-	(25,999)	(24,064)	(24,882)
Departmental expenses		-	-	-	-	-
Total		-	-	(25,999)	(24,064)	(24,882)
Expanding opportunity - Higher Education Indexation - revised arrangements						
Administered expenses	1.1&1.2	-	-	1,128	(1,342)	(4,600)
Departmental expenses		-	-	-	-	-
Total		-	-	1,128	(1,342)	(4,600)

Table 1.2: Agency 2014–15 Budget measures

Part 1: Measures announced since the 2013–14 MYEFO (continued)

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total expense measures						
Administered		15,000	30,060	9,537	31,587	39,420
Departmental		-	500	447	395	403
Total		15,000	30,560	9,984	31,982	39,823
Capital measures						
Efficiency Dividend - a further temporary increase of 0.25 per cent						
Administered capital		-	-	-	-	-
Departmental capital	All	-	(3)	(6)	(10)	(10)
Total		-	(3)	(6)	(10)	(10)
Total capital measures						
Administered		-	-	-	-	-
Departmental		-	(3)	(6)	(10)	(10)
Total		-	(3)	(6)	(10)	(10)

Prepared on a Government Finance Statistics (fiscal) basis.

¹ The lead agency for this measure is the National Health and Medical Research Council. The full measure description and package details appear in Budget Paper No. 2 under the Department of Health portfolio.² This measure has no impact on the ARC's underlying cash.

Part 2: MYEFO measures not previously reported in a portfolio statement

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Measure						
Australian Research Council Centres of Excellence - reduction in funding						
Administered expenses	1.2	(3,300)	(3,300)	(3,400)	-	-
Departmental expenses		-	-	-	-	-
Total		(3,300)	(3,300)	(3,400)	-	-
Australian Research Council — redirection						
Administered expenses	1.1&1.2	(15,800)	(30,800)	(28,700)	(27,700)	-
Departmental expenses		-	-	-	-	-
Total		(15,800)	(30,800)	(28,700)	(27,700)	-
Type 1 Juvenile Diabetes - clinical research						
Administered expenses	1.1	7,000	7,000	7,000	7,000	7,000
Departmental expenses		-	-	-	-	-
Total		7,000	7,000	7,000	7,000	7,000
Public Services efficiencies						
Administered expenses		-	-	-	-	-
Departmental expenses		(5)	(26)	(57)	(79)	-
Total		(5)	(26)	(57)	(79)	-
Reforms to the APS management and efficient procurement of agency software						
Administered expenses		-	-	-	-	-
Departmental expenses		(25)	(25)	(25)	-	-
Total		(25)	(25)	(25)	-	-
Total measures						
Administered		(12,100)	(27,100)	(25,100)	(20,700)	7,000
Departmental		(30)	(51)	(82)	(79)	-
Total		(12,130)	(27,151)	(25,182)	(20,779)	7,000

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programmes are the primary vehicle by which Government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of Australian Research Council in achieving Government outcomes.

Outcome 1: Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice

Outcome 1 strategy

The ARC will pursue the results outlined in its outcome (that is, 'growth of knowledge and innovation' in Australia) by:

- supporting excellence in research and building Australia's research capacity through administration of the National Competitive Grants Programme (NCGP)
- measuring research excellence at Australia's universities through administration of Excellence in Research for Australia (ERA)
- advancing Australian research and innovation by providing informed expert advice on research matters to Government.

The NCGP supports two main streams of research funding – Discovery and Linkage (programme 1.1 and programme 1.2). Through Discovery, funding is available for investigator-initiated research projects and research fellowships and awards. Through Linkage, funding is available for research projects, infrastructure, hubs and centres that foster collaboration among researchers and research teams in Australia and internationally, and with industry and other end-users of research. Together, the ARC funding schemes:

- support the generation of new ideas, knowledge and breakthrough discoveries

- provide incentives for researchers to partner with each other, business, the public sector and community organisations to undertake research in areas of importance to the end-users of research outcomes
- build the scale and focus of research in areas of national priority
- support the development of highly trained research personnel.

Funding under both the Discovery and Linkage programmes is awarded on the basis of a competitive peer review process.

The ARC evaluates the excellence of research undertaken in Australia's universities. ERA evaluates research quality using a combination of indicators and expert review by committees comprising experienced, internationally recognised experts. It identifies excellence across the full spectrum of research activities and compares Australia's university research effort against international benchmarks. The data generated through the ERA process provides a unique resource for informing evidence-based policy on higher education and publicly funded research across government.

The ARC provides advice to the Government on research matters. In working to achieve its outcome the ARC participates in whole-of-government policy dialogue and engages with its stakeholders across the national and international research and innovation systems.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1 by programme.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Discovery - Research and Research Training		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,044	1,060
Special appropriations	557,688	549,879
Departmental expenses		
Departmental appropriation ¹	7,483	7,468
Expenses not requiring appropriation in the Budget year ²	1,062	1,186
Total for Programme 1.1	567,277	559,593
Programme 1.2: Linkage - Cross Sector Research Partnerships		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,067	1,067
Special appropriations	319,174	319,096
Special Accounts	9,997	6,667
Departmental expenses		
Departmental appropriation ¹	9,523	9,504
Expenses not requiring appropriation in the Budget year ²	1,062	1,186
Total for Programme 1.2	340,823	337,520
Programme 1.3: Excellence in Research for Australia		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,000	3,270
Departmental expenses		
Departmental appropriation ¹	2,740	2,789
Expenses not requiring appropriation in the Budget year ²	1,062	1,186
Total for Programme 1.3	4,802	7,245
Outcome 1 Totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,111	5,397
Special appropriations	876,862	868,975
Special Accounts	9,997	6,667
Departmental expenses		
Departmental appropriation ¹	19,746	19,761
Expenses not requiring appropriation in the Budget year ²	3,186	3,558
Total expenses for Outcome 1	912,902	904,358
	2013-14	2014-15
Average Staffing Level (number)	120	120

¹ Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s31)'.

² Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense and audit fees.

Note: Departmental appropriation splits and totals area indicative estimates and may change in the course of the budget year as government priorities change.

Programme 1.1: Discovery – research and research training

Programme objective

The Discovery programme supports the growth of Australia's research and innovation capacity, which generates new knowledge resulting in the development of new technologies, products and ideas, the creation of jobs, economic growth and an enhanced quality of life in Australia.

Specifically the objectives of the Discovery programme are to deliver outcomes of benefit to Australia and build Australia's research capacity through support for:

- excellent, internationally competitive research by individuals and teams
- research training and career opportunities for the best Australian and international researchers
- international collaboration
- research in priority areas.

The Discovery programme schemes providing funding (new and/or ongoing) in 2014–15 are Australian Laureate Fellowships, Discovery Early Career Researcher Award, Discovery Indigenous, Discovery Projects, Future Fellowships and Super Science Fellowships.

Programme expenses

Administered and departmental expenses for the Discovery programme are expected to remain relatively stable over the forward estimates.

Programme expenses 1.1 Discovery

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward estimate \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000
Annual administered expenses:					
Administered item	1,044	1,060	1,087	1,115	1,143
Special Appropriations:					
<i>Australian Research Council Act 2001</i>	557,688	549,879	517,807	494,325	521,580
Annual departmental expenses:					
Programme support	7,483	7,468	7,392	7,338	7,231
Expenses not requiring appropriation in the Budget year ¹	1,062	1,186	1,359	1,528	1,564
Total programme expenses	567,277	559,593	527,645	504,307	531,519

¹ Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense and audit fees.

Programme 1.1 deliverables

Through the Discovery programme schemes, the ARC delivers funding to individual research projects and research fellowships and awards. Funding is awarded to administering organisations on the basis of competitive peer review processes involving Australian and international experts.

Specific deliverables are as follows:

- Deliverable: Provision of grants
 - Measure: Number of applications
 - Measure: Number of new grants
 - Measure: Total value of new grants
 - Measure: Number of researchers supported (investigators named in new grants)
- Deliverable: Management of grants
 - Measure: Number of new and ongoing grants
 - Measure: Total value of new and ongoing grants
- Deliverable: Strategic policy advice on research and research training.

Programme 1.1 key performance indicators

The performance of the Discovery programme in meeting its objectives is indicated by the key performance indicators (KPIs) identified in the table below. The KPIs focus on long-term outcomes as well as medium-term outcomes relating to building Australia's research capacity, for example, generating knowledge and supporting research training and careers, international collaboration and contributions in areas of priority.

Key performance indicators	2014–15 target
Outcomes of benefit to Australia	
Evidence of economic, environmental, social, health and/or cultural benefits to Australia arising from Discovery research	Document 10 case studies demonstrating benefits arising from the research
Proportion of completed Discovery research projects that report their objectives were met	> 95 per cent
Building Australia's research capacity – knowledge generation	
Share of the outputs of Discovery research that are rated at world standard or above	> 80 per cent
Building Australia's research capacity – research training and careers	
Winning of prestigious prizes and awards by Discovery researchers	-

Key performance indicators	2014–15 target
Proportion of Discovery researchers who are early-career researchers	> 20 per cent
Proportion of completed Discovery research projects that report the research supported higher degree by research students	Benchmark and establish baseline for measurement
Proportion of fellowships and awards that are awarded to international applicants (foreign nationals and returning Australians)	> 20 per cent
Building Australia's research capacity – international collaboration	
Proportion of Discovery research projects that involve international collaboration	> 65 per cent
Building Australia's research capacity – research in areas of priority	
Evidence of economic, environmental, social, health and/or cultural benefits to Australia arising from Discovery research in areas of priority	Document five case studies demonstrating benefits arising from the research
Proportion of Discovery research projects in areas of priority	> 85 per cent

Programme 1.2: Linkage – cross-sector research partnerships

Programme objective

The Linkage programme supports the growth of research partnerships between university-based researchers and researchers in other sectors in Australia and overseas that generate new knowledge, technologies and innovations.

The objectives of the Linkage programme are to deliver outcomes of benefit to Australia and build Australia's research and innovation capacity through support for:

- collaborative research between university-based researchers and researchers in other sectors
- research training and career opportunities that enable Australian and international researchers and research students to work with industry and other end-users
- research in priority areas.

The Linkage programme schemes providing funding (new and/or ongoing) in 2014–15 are ARC Centres of Excellence (Centres), co-funded research centres, Industrial Transformation Research Hubs (ITRH), Industrial Transformation Training Centres (ITTC), Linkage Infrastructure, Equipment and Facilities (LIEF), Linkage Learned Academies Special Projects, Linkage Projects (LP) and Special Research Initiatives.

Programme expenses

Administered and departmental expenses for the Linkage programme are expected to remain relatively stable over the forward estimates.

Programme expenses 1.2 for Linkage

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Annual administered expenses:					
Administered item	1,067	1,067	1,032	1,033	1,032
Special Appropriations:					
<i>Australian Research Council Act 2001</i>	319,174	319,096	277,285	265,402	271,671
ARC Research Endow ment Account	9,997	6,667	-	-	-
Annual departmental expenses:					
Programme support	9,523	9,504	9,408	9,340	9,204
Expenses not requiring appropriation in the Budget year ¹	1,062	1,186	1,359	1,528	1,564
Total programme expenses	340,823	337,520	289,084	277,303	283,471

¹ Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense and audit fees.

Programme 1.2 deliverables

Through the Linkage programme schemes, the ARC delivers funding for individual research projects, infrastructure, hubs and centres. Funding is awarded to administering organisations on the basis of competitive peer review processes involving Australian and international experts.

Specific deliverables are:

- Deliverable: Provision of grants
 - Measure: Number of applications
 - Measure: Number of new grants
 - Measure: Total value of new grants
 - Measure: Number of researchers supported (investigators named in new grants)
- Deliverable: Management of grants
 - Measure: Number of new and ongoing grants
 - Measure: Total value of new and ongoing grants
- Deliverable: Strategic policy advice on research partnerships.

Programme 1.2 key performance indicators

The performance of the Linkage programme in meeting its objectives is indicated by the key performance indicators (KPIs) identified in the table below. The KPIs focus on long-term outcomes as well as medium-term outcomes relating to building Australia's research capacity, for example, generating knowledge and supporting research partnerships, research training and careers, and contributions in areas of priority.

Key performance indicators	2014–15 target
Outcomes arising from ARC-supported research are of a high quality and produce national benefits	
Evidence of economic, environmental, social, health and/or cultural benefits to Australia arising from Linkage research	Document five case studies demonstrating benefits arising from the research
Proportion of completed Linkage research projects that report their objectives were met	> 95 per cent
Building Australia's research capacity – knowledge generation	
Share of the outputs of Linkage research that are rated at world standard or above	> 50 per cent

Key performance indicators	2014–15 target
Building Australia's research capacity – collaboration	
Average number of organisations involved in Linkage research projects	Centres: > 10 ITRP: > 5 LIEF: > 3 LP: > 2
Proportion of partner organisations that rate the research partnerships supported through Linkage research projects as beneficial or very beneficial	LP: > 90 per cent
Financial commitment (cash and in-kind) of partner organisations to Linkage research projects (for every dollar contributed by the ARC)	ITRH: > \$1.50 LP: > \$1.90
Proportion of Linkage funding allocated to research projects that involve collaboration with industry	Benchmark and establish baseline for measurement
Proportion of Linkage research projects that involve international collaboration	Centres: 100 per cent ITRH: > 80 per cent ITTC: > 70 per cent LIEF: > 40 per cent LP: > 40 per cent
Building Australia's research capacity – research training and careers	
Proportion of Linkage researchers who are early-career researchers	> 12 per cent
Proportion of completed Linkage research projects that report the research supported higher degree by research students	Benchmark and establish baseline for measurement
Support for research training in areas of strategic importance to Australian industries	ITTC: At least 10 higher degree by research and three postdoctoral positions funded per centre
Building Australia's research capacity – research in areas of priority	
Evidence of economic, environmental, social, health and/or cultural benefits to Australia arising from Linkage research in areas of priority	Document three case studies demonstrating benefits arising from the research
Proportion of Linkage research projects in areas of priority	> 90 per cent

Programme 1.3: Excellence in Research for Australia

Programme objective

Excellence in Research for Australia (ERA) aims to:

- establish an evaluation framework that gives government, industry, business and the wider community assurance of the excellence of research conducted in Australian higher education institutions
- provide a national stocktake of discipline level areas of research strength and areas where there is opportunity for development in Australian higher education institutions
- identify excellence across the full spectrum of research performance
- identify emerging research areas and opportunities for further development
- allow for comparisons of research in Australia, nationally and internationally, for all discipline areas.

ERA aims to improve research quality, assist with universities' strategic planning and inform Government policy by identifying university research strengths and disciplines that are internationally competitive and highlighting areas where there are opportunities for further development and investment.

Programme expenses

Administered and departmental expenses reflect the funding for the ongoing administration of ERA.

Programme expenses 1.3 Excellence in Research for Australia

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forw ard estimate \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000
Annual administered expenses:					
Administered item	1,000	3,270	3,038	2,999	2,942
Annual departmental expenses:					
Programme support	2,740	2,789	2,839	2,890	2,942
Expenses not requiring appropriation in the Budget year ¹	1,062	1,186	1,359	1,528	1,564
Total programme expenses	4,802	7,245	7,236	7,417	7,448

¹ Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense and audit fees.

Programme 1.3 deliverables

Through ERA, the ARC delivers regular evaluations of the excellence of research undertaken in Australia's universities. The evaluation is conducted using a combination of indicators and expert review by committees comprising experienced, internationally recognised experts. The ARC also provides ongoing policy advice on broader research matters related to the measurement of research quality. The next ERA evaluation will be conducted in 2015 with outcomes reported at the conclusion of the process.

Specific deliverables for 2014–15 are:

- Deliverable: development of the ERA 2015 evaluation
- Deliverable: strategic policy advice on broad research matters related to the measurement of research quality.

Programme 1.3 key performance indicators

The performance of ERA in meeting its objectives is indicated by the key performance indicators (KPIs) identified in the table below. The ARC has conducted two full ERA evaluations (in 2010 and 2012 respectively) with a third evaluation scheduled for 2015. The KPIs used in the 2013–14 Portfolio Budget Statements have been revised to reflect the status of ERA during 2014–15, that is, the KPIs are aimed at measuring the effectiveness of the ERA evaluations undertaken to date, as well as the effectiveness of processes established to support implementation of the 2015 evaluation. A report against the 2013–14 KPIs will be provided in the ARC's 2013–14 annual report.

Key performance indicators	2014–15 target
Establishment of a high-quality evaluation framework	
Evidence of stakeholder confidence in the ERA framework as indicated by use of ERA data and results to inform policy advice across government and the strategic research agendas of higher education institutions	Feedback from stakeholders demonstrates confidence in ERA
Successful implementation of the 2015 ERA evaluation	
Achievement of milestones for delivery of ERA 2015	All milestones met
Sector contribution to development of ERA 2015	Sector is provided with opportunities to contribute

Evaluations for Outcome 1

The following evaluations are planned for 2014–15:

Special Research Initiatives scheme

An internal review of the Special Research Initiatives scheme is scheduled to be undertaken in 2014–15. The Special Research Initiatives funding scheme provides the ARC with the capability to take a proactive approach, in consultation with research organisations, professional associations and peak higher education bodies, to identifying and funding new or emerging areas of research. The evaluation will focus on the continuing alignment of the scheme with changing wider strategic priorities and best-practice design and delivery as well as the integration of the scheme's objectives with those of other National Competitive Grants Programme (NCGP) funding schemes.

ARC Centres of Excellence

An internal review of the ARC Centres of Excellence scheme is also scheduled to be undertaken in 2014–15. ARC Centres of Excellence are large-scale focuses of expertise within which researchers work to maintain and develop Australia's international standing in research areas of national priority. They involve a high degree of collaboration which allows the complementary research resources of universities, publicly funded research organisations, other research bodies, governments and businesses to be concentrated to support outstanding research. Performance reviews of individual centres have been conducted at regular intervals over the scheme's life. This evaluation will be a comprehensive assessment of the performance of the funding scheme as a whole. The scheme's effectiveness in meeting programme objectives and the needs of stakeholders and delivering positive benefits will be a focus of the evaluation, along with its continuing alignment with wider strategic priorities and best-practice design and delivery. Efficiency of administration and integration of programme design and delivery will also be assessed.

The following evaluation commenced in 2013–14:

International collaborative research links

Support for international collaborative research links is a cross-cutting theme across NCGP funding schemes. Since 2008, NCGP funding support for these collaborative links has been provided under mainstream schemes, in particular Discovery Projects and Fellowships, as the purpose-specific Linkage International scheme has been discontinued. The evaluation will assess the nature and extent of international collaborative links supported by the NCGP. It will also seek to assess the extent to which these have been sensitive to changes in recent years in the way in which international collaborative links are funded under the NCGP.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2014–15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and Government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ARC has had no movement of administered funds therefore table 3.1.1 is not presented.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the FMA Act or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the ARC.

Table 3.1.2: Estimates of special account flows and balances

		Opening balance 2014-15 <i>2013-14</i>	Receipts 2014-15 <i>2013-14</i>	Payments 2014-15 <i>2013-14</i>	Adjustments 2014-15 <i>2013-14</i>	Closing balance 2014-15 <i>2013-14</i>
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
ARC Research Endow ment						-
Account - <i>Australian Research</i>	1	6,667	-	(6,667)	-	-
<i>Council Act 2001 (A)</i>		16,664	-	(9,997)	-	6,667
Total Special Accounts						
2014-15 Budget estimate		6,667	-	(6,667)	-	-
<i>Total Special Accounts</i>		16,664	-	(9,997)	-	6,667
<i>2013-14 estimated actual</i>						

(A) = Administered

3.1.3 Australian Government Indigenous expenditure

Table 3.1.3: Australian Government Indigenous expenditure (AGIE)

Outcome	Appropriations				Other	Total Programme
	Bill	Bill	Special	Total		
	No. 1	No. 2	approp	approp		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outcome 1						1.1 & 1.2
Administered 2014-15	-	-	5,548	5,548	-	5,548
<i>Administered 2013-14</i>	-	-	4,828	4,828	-	4,828
Total outcome 2014-15	-	-	5,548	5,548	-	5,548
<i>Total outcome 2013-14</i>	-	-	4,828	4,828	-	4,828
Total AGIE 2014-15	-	-	5,548	5,548	-	5,548
<i>Total AGIE 2013-14</i>	-	-	4,828	4,828	-	4,828

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no material variances between the agency resources table and the ARC's budget statements.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

The budgeted net cost of services to the ARC for delivering its programmes in 2014–15 is \$23.2 million.

As in previous years the ARC's financial statements reflect the removal of depreciation funding as part of the Operation Sunlight net cash appropriation framework, which has the effect of creating a technical operating loss in 2014–15 and the forward years.

Budgeted departmental balance sheet

The statement shows the estimated end of year position for departmental assets and liabilities.

Assets

Total departmental assets budgeted for in 2014–15 are \$31.7 million, comprising \$12.3 million for financial assets and \$19.4 million for non-financial assets.

The \$19.4 million in non-financial assets includes \$2.0 million for land and buildings, \$0.3 million for plant and equipment, \$16.8 million for intangibles (including internally developed software) and \$0.3 million for other non-financial assets. The \$12.3 million in financial assets consists of \$0.3 million in cash and \$12.0 million in receivables.

Liabilities

Total departmental liabilities budgeted for in 2014–15 are \$6.5 million, comprising \$0.8 million for payables, \$2.7 million for interest bearing liabilities and \$3.0 million for provisions.

Budgeted departmental statement of cash flows

The statement provides information on estimates of the extent and nature of cash flows by categories and the expected cash flows against operating, investing and financing activities. Forecast cash flows for the Budget and forward estimates relate to general operating activities to fund internally developed software projects.

Departmental statement of changes in equity

The statement shows the expected movement of equity during the budget year.

Departmental capital budget statement

The capital budget for the ARC principally relates to internally developed software to enhance grant management and evaluation systems.

Schedule of budgeted income and expenses administered on behalf of Government

The schedule shows the estimated expenses for programmes administered by the ARC on behalf of the Government.

Total administered expenses budget in 2014–15 are \$881.0 million, comprising \$875.6 million for grant expenses, representing new and ongoing research funding agreements awarded under the National Competitive Grants Programme and \$5.4 million for supplier expenses reflecting the funding provided for the Excellence in Research for Australia, the Industrial Transformation Research Programme and the Future Fellowships scheme.

Schedule of budgeted assets and liabilities administered on behalf of Government

The schedule shows the estimated end of year position for assets and liabilities administered by the ARC on behalf of the Government.

Total financial assets budgeted in 2014–15 are \$1.0 million estimated GST receivable.

Total liabilities budgeted in 2014–15 are \$339.8 million, representing the balance of payments under research funding agreements for new and ongoing research projects for the calendar year 2015.

3.2.3 Budgeted financial statements tables

Table 3.2.1 Comprehensive income statement (showing net cost of services) for the period ended 30 June

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	13,780	13,955	14,019	14,128	14,829
Suppliers	5,768	5,620	5,449	5,284	4,410
Depreciation and amortisation	3,098	3,470	3,989	4,497	4,605
Finance costs	286	274	259	244	226
Total expenses	22,932	23,319	23,716	24,153	24,070
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	88	88	88	88	88
Total own-source revenue	88	88	88	88	88
Net cost of (contribution by) services	22,844	23,231	23,628	24,065	23,982
Revenue from Government	19,746	19,761	19,639	19,568	19,377
Surplus (Deficit) attributable to the Australian Government	(3,098)	(3,470)	(3,989)	(4,497)	(4,605)
Total comprehensive income (loss)	(3,098)	(3,470)	(3,989)	(4,497)	(4,605)
Total comprehensive income (loss) attributable to the Australian Government	(3,098)	(3,470)	(3,989)	(4,497)	(4,605)

Note: Impact of Net Cash Appropriation Arrangements

	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Comprehensive Income (loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations ¹	(3,098)	(3,470)	(3,989)	(4,497)	(4,605)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(3,098)	(3,470)	(3,989)	(4,497)	(4,605)

Prepared on an Australian Accounting Standards basis

¹ From 2010–11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of FMA Act agencies were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to table 3.2.5 Departmental capital budget statement.

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

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	300	300	300	300	300
Trade and other receivables	12,061	12,061	12,061	12,061	12,061
Total financial assets	12,361	12,361	12,361	12,361	12,361
Non-financial assets					
Land and buildings	2,308	2,034	1,740	1,436	1,276
Property, plant and equipment	319	304	339	374	187
Intangibles	16,099	16,787	16,885	16,582	13,595
Other non-financial assets	285	285	285	285	285
Total non-financial assets	19,011	19,410	19,249	18,677	15,343
Total assets	31,372	31,771	31,610	31,038	27,704
LIABILITIES					
Payables					
Suppliers	862	862	862	862	862
Total payables	862	862	862	862	862
Interest bearing liabilities					
Leases	2,687	2,687	2,687	2,687	2,687
Total interest bearing liabilities	2,687	2,687	2,687	2,687	2,687
Provisions					
Employee provisions	2,660	2,660	2,660	2,660	2,660
Other provisions	313	313	313	313	313
Total provisions	2,973	2,973	2,973	2,973	2,973
Total liabilities	6,522	6,522	6,522	6,522	6,522
Net assets	24,850	25,249	25,088	24,516	21,182
EQUITY					
Parent entity interest					
Contributed equity	27,360	31,229	35,057	38,982	40,253
Reserves	43	43	43	43	43
Retained surplus (accumulated deficit)	(2,553)	(6,023)	(10,012)	(14,509)	(19,114)
Total parent entity interest	24,850	25,249	25,088	24,516	21,182
Total Equity	24,850	25,249	25,088	24,516	21,182

Prepared on an Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity – summary of movement (Budget year 2014–15)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	(2,553)	43		27,360	24,850
Adjusted opening balance	(2,553)	43	-	27,360	24,850
Comprehensive income					
Surplus (deficit) for the period	(3,470)	-	-	-	(3,470)
Total comprehensive income	(3,470)	-	-	-	(3,470)
of which:					
Attributable to the Australian Government	(3,470)				(3,470)
Transactions with owners					
Contributions by owners					
Equity Injection - Appropriation	-	-	-	2,605	2,605
Departmental Capital Budget (DCBs)	-	-	-	1,264	1,264
Sub-total transactions with owners	-	-	-	3,869	3,869
Estimated closing balance as at 30 June 2015	(6,023)	43	-	31,229	25,249
Closing balance attributable to the Australian Government	(6,023)	43	-	31,229	25,249

Prepared on an Australian Accounting Standards basis.

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	19,209	19,761	19,639	19,568	19,377
Net GST received	550	550	550	550	550
Total cash received	19,759	20,311	20,189	20,118	19,927
Cash used					
Employees	13,780	13,955	14,019	14,128	14,829
Suppliers	5,680	5,532	5,361	5,196	4,322
Borrowing costs	286	274	259	244	226
Net GST paid	550	550	550	550	550
Total cash used	20,296	20,311	20,189	20,118	19,927
Net cash from (used by) operating activities	(537)	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	2,809	3,869	3,828	3,925	1,271
Total cash used	2,809	3,869	3,828	3,925	1,271
Net cash from (used by) investing activities	(2,809)	(3,869)	(3,828)	(3,925)	(1,271)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	2,809	3,869	3,828	3,925	1,271
Total cash received	2,809	3,869	3,828	3,925	1,271
Cash used					
Net cash from (used by) financing activities	2,809	3,869	3,828	3,925	1,271
Net increase (decrease) in cash held	(537)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	837	300	300	300	300
Cash and cash equivalents at the end of the reporting period	300	300	300	300	300

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	948	1,264	1,256	1,259	1,271
Equity injections - Bill 2	1,861	2,605	2,572	2,666	-
Total new capital appropriations	2,809	3,869	3,828	3,925	1,271
Provided for:					
Purchase of non-financial assets	2,809	3,869	3,828	3,925	1,271
Total Items	2,809	3,869	3,828	3,925	1,271
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations ¹	1,861	2,605	2,572	2,666	-
Funded by capital appropriation - DCB ²	948	1,264	1,256	1,259	1,271
TOTAL	2,809	3,869	3,828	3,925	1,271
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,809	3,869	3,828	3,925	1,271
Total cash used to acquire assets	2,809	3,869	3,828	3,925	1,271

Prepared on an Australian Accounting Standards basis.

¹ Includes both current Bill 2 and prior Act 2/4/6 appropriations.² Does not include annual finance lease costs. Include purchase from current and previous years' departmental capital budgets (DCBs).

Table 3.2.6: Statement of asset movements (2014–15)

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2014				
Gross book value	4,926	1,168	26,522	32,616
Accumulated depreciation/amortisation and impairment	(2,618)	(849)	(10,423)	(13,890)
Opening net book balance	2,308	319	16,099	18,726
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity ¹	-	-	2,605	2,605
By purchase - appropriation ordinary annual services ²	100	100	1,064	1,264
Total additions	100	100	3,669	3,869
Other movements				
Depreciation/amortisation expense	(374)	(115)	(2,981)	(3,470)
Total other movements	(374)	(115)	(2,981)	(3,470)
As at 30 June 2015				
Gross book value	5,026	1,268	30,191	36,485
Accumulated depreciation/amortisation and impairment	(2,992)	(964)	(13,404)	(17,360)
Closing net book balance	2,034	304	16,787	19,125

Prepared on an Australian Accounting Standards basis.

¹ 'Appropriation equity' refers to equity injections provided through Appropriation Bill (No.2) 2014–15.² 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2014–15 for depreciation / amortisation expenses, DCBs or other operational expenses.**Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	3,111	5,397	5,157	5,147	5,117
Grants	886,859	875,642	795,092	759,727	793,251
Total expenses administered on behalf of Government	889,970	881,039	800,249	764,874	798,368

Prepared on an Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Taxation receivables	979	979	979	979	979
Total financial assets	979	979	979	979	979
Total assets administered on behalf of Government	979	979	979	979	979
LIABILITIES					
Payables					
Suppliers	131	131	131	131	131
Grants	339,655	339,655	339,655	339,655	339,655
Total payables	339,786	339,786	339,786	339,786	339,786
Total liabilities administered on behalf of Government	339,786	339,786	339,786	339,786	339,786
Net assets/(liabilities)	(338,807)	(338,807)	(338,807)	(338,807)	(338,807)

Prepared on an Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	5,300	5,300	5,300	5,300	5,300
Total cash received	5,300	5,300	5,300	5,300	5,300
Cash used					
Grant	886,859	875,642	795,092	759,727	793,251
Suppliers	3,111	5,397	5,157	5,147	5,117
Net GST paid	5,300	5,300	5,300	5,300	5,300
Total cash used	895,270	886,339	805,549	770,174	803,668
Net cash from (used by) operating activities	(889,970)	(881,039)	(800,249)	(764,874)	(798,368)
Net increase (decrease) in cash held	(889,970)	(881,039)	(800,249)	(764,874)	(798,368)
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	889,970	881,039	800,249	764,874	798,368
- Special Accounts					
- Transfers from other entities (Finance - Whole of Government)					
	889,970	881,039	800,249	764,874	798,368
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on an Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget statement

The ARC has no administered capital budget therefore table 3.2.10 is not presented.

Table 3.2.11: Statement of administered asset movements (2014-15)

The ARC has no administered assets therefore table 3.2.11 is not presented.

3.2.4 Notes to the financial statements

The ARC budget statements have been prepared on an accrual accounting basis, having regard to the *Statement of Accounting Concepts*, and in accordance with the *Finance Ministers Orders* and the *Australian Accounting Standards and Interpretations* issued by the Australian Accounting Standards Board.

Departmental assets, liabilities, revenues and expenses are those items controlled by the ARC that are used by the ARC in producing its outputs and include computer, plant and equipment used in providing goods and services; liabilities for employee entitlements; revenue from appropriations; and employee, supplier and depreciation expenses incurred in providing agency outputs.

Administered items are those that the ARC does not control and which are subject to prescriptive rules or conditions established by legislation or Australian Government policy in order to achieve Australian Government outcomes. The ARC administers a number of grant schemes. Grant liabilities are recognised to the extent that the grant eligibility criteria or reporting requirements have been satisfied and is recorded when the Government enters into an agreement to make these grants but the services have not been performed or criteria satisfied.

TERTIARY EDUCATION QUALITY AND STANDARDS AGENCY

**TERTIARY EDUCATION QUALITY AND STANDARDS
AGENCY**

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TERTIARY EDUCATION QUALITY AND STANDARDS AGENCY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Tertiary Education Quality and Standards Agency (TEQSA) is Australia's national higher education regulatory and quality assurance agency established under the *Tertiary Education Quality and Standards Agency Act 2011* (the Act). TEQSA commenced regulatory functions on 29 January 2012.

The Act confers powers and functions on TEQSA, among other things, to:

- register regulated entities as registered higher education providers and accredit courses of study
- conduct compliance assessments and quality assessments
- conduct accreditation assessments of accredited courses
- provide advice and make recommendations to the Minister on matters relating to the quality or regulation of higher education providers
- cooperate with similar agencies in other countries
- collect, analyse, interpret and disseminate information relating to quality assurance practice and quality improvement in higher education.

TEQSA also has responsibility, as a designated authority under the *Education Services for Overseas Students Act 2000*, for English Language Intensive Course for Overseas Students providers if they have an entry arrangement with a registered higher education provider, and for Foundation Programme providers.

Ministerial direction

In May 2013, the former government announced a review of higher education regulation. The review report made recommendations on what TEQSA should be delivering as a regulator to build the future direction of Australia's regulatory framework. In accepting the recommendations of the review, the current Minister for Education gave direction to the Chief Executive Officer of TEQSA in October 2013 to:

- consult the higher education sector in the formulation and execution of its strategies
- to improve the focus and timeliness of its activities

- to advance appropriate deregulation for the sector.

TEQSA is also required to report directly to the Minister on progress in achieving these goals.

Changes to the Act

The Minister for Education also introduced the *Tertiary Education Quality and Standards Agency Amendment Bill 2014* on 27 February 2014 to enable TEQSA to focus on its core functions of provider registration and course accreditation, and further implement more efficient and effective processes around these functions.

TEQSA's reform agenda

During 2013, with input from the higher education sector, TEQSA reviewed its key regulatory processes including a reduced scope of assessment for renewal of registration processes and streamlined evidentiary requirements of providers when preparing applications for renewal of registration, course accreditation and renewal of accreditation.

In addition, TEQSA has significantly remodelled its approach to its risk assessments of providers with overarching risks reduced from three to two (i.e. risk to students and provider collapse). Key improvements include a simplified design, focusing on students, staff, finance and regulatory history, a strengthened focus on international students, greater flexibility for different provider models, and improved information for providers. TEQSA significantly reduced the provider information requirements in 2013 and exempted universities from the information collection. TEQSA is working with the Department of Education to identify potential areas for further rationalisation of provider information collection and reporting.

TEQSA is also introducing a provider portal in the last quarter of 2013–14 to allow higher education providers to lodge applications online.

The reforms being implemented in 2013–14 aim to reduce:

- reporting requirements for universities and other higher education providers
- duplication of requirements across regulatory bodies
- time taken to make regulatory decisions.

These reforms are in line with the recommendations of the *Review of Higher Education Regulation*.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification

**Table 1.1: Tertiary Education Quality and Standards Agency resource statement
Budget estimates for 2014–15 as at Budget May 2014**

	Estimate of prior year amounts available in 2014- 15 \$'000	Proposed at Budget 2014- 15 \$'000	Total estimate 2014- 15 \$'000	Actual available appropriation 2013- 14 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	-	-	-	4,511
Departmental appropriation ³	4,370	16,516	20,886	19,376
s31 Relevant agency receipts ⁴	15	15	30	15
Total	4,385	16,531	20,916	23,902
Total ordinary annual services	A 4,385	16,531	20,916	23,902
Departmental non-operating				
Equity injections	-	-	-	398
Total	-	-	-	398
Total other services	B -	-	-	398
Total available annual appropriations	4,385	16,531	20,916	24,300
Total appropriations excluding Special Accounts	4,385	16,531	20,916	24,300
Total Special Account	D -	-	-	-
Total resourcing				
A+B+C+D	4,385	16,531	20,916	24,300
Total net resourcing for TEQSA	4,385	16,531	20,916	24,300

¹ Appropriation Bill (No.1) 2014–15.

² Estimated adjusted balance carried forward from previous year.

³ Includes an amount of \$0.893m in 2014–15 for the Departmental Capital Budget (refer to table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

⁴ s31 Relevant Agency receipts – estimate.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to TEQSA are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2 Agency 2014–15 Budget measures

Part 1: Measures announced since the 2013–14 MYEFO

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures (if applicable)						
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1					
Departmental expenses		-	(40)	(59)	(70)	(70)
Total		-	(40)	(59)	(70)	(70)
Upholding Quality - Tertiary Education Quality and Standards Agency - revised funding arrangements	1.1					
Departmental expenses		-	(3,388)	(7,596)	(9,999)	(10,097)
Total		-	(3,388)	(7,596)	(9,999)	(10,097)
Total expense measures						
Departmental		-	(3,428)	(7,655)	(10,069)	(10,167)
Total		-	(3,428)	(7,655)	(10,069)	(10,167)
Capital measures (if applicable)						
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1					
Departmental capital		-	(2)	(4)	(7)	(7)
Total		-	(2)	(4)	(7)	(7)
Total capital measures						
Departmental		-	(2)	(4)	(7)	(7)
Total		-	(2)	(4)	(7)	(7)

Prepared on a Government Finance Statistics (fiscal) basis.

Part 2: MYEFO measures not previously reported in a portfolio statement

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Measures						
Public Services efficiencies	1.1					
Departmental expenses		(5)	(27)	(59)	(82)	-
Total		(5)	(27)	(59)	(82)	-
Reforms to the APS management and efficient procurement of agency software	1.1					
Departmental expenses		(7)	(7)	(7)	-	-
Total		(7)	(7)	(7)	-	-
Total measures						
Departmental		(12)	(34)	(66)	(82)	-
Total		(12)	(34)	(66)	(82)	-

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programmes are the primary vehicle by which Government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of TEQSA in achieving Government outcomes.

Outcome 1: Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance

Outcome 1 strategy

TEQSA has one outcome. TEQSA will work to achieve this outcome by:

- delivering effective and timely regulation
- developing and implementing regulatory processes in ongoing dialogue with higher education providers and stakeholders
- strengthening the reputation of quality Australian higher education at home and overseas through the implementation of a standards-based regulatory framework
- continuously improving TEQSA's capabilities
- establishing workable relationships with international regulators.

TEQSA contributes to building a national higher education system that meets Australia's future needs for an educated and skilled population, and maintains Australia's international reputation for providing quality higher education in a demand-driven system.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1 by programme.

Table 2.1 Budgeted expenses for Outcome 1

Outcome 1: Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality, assurance and dissemination of higher education standards and performance.	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Regulation and Quality Assurance		
Departmental expenses		
Departmental appropriation ¹	18,539	15,638
Expenses not requiring appropriation in the Budget year ²	1,816	1,702
Total for Programme 1.1	20,355	17,340
Outcome 1 Totals by appropriation type		
Departmental expenses		
Departmental appropriation ¹	18,539	15,638
Expenses not requiring appropriation in the Budget year ²	1,816	1,702
Total expenses for Outcome 1	20,355	17,340
Average Staffing Level (number)	90	74

¹ Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s31)'.

² Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Programme 1.1: Regulation and Quality Assurance

Programme objective

The objectives for this programme are to:

- assure the quality of Australian higher education through a standards-based and risk-based regulatory approach
- protect students by requiring providers to meet minimum standards for quality higher education provision in an expanding higher education system
- facilitate higher education providers to pursue their individual missions, and encourage diversity, excellence and innovation in the sector.

Programme expenses

Funding for TEQSA in 2014–15 and forward years has been significantly reduced following the Government's acceptance of the recommendations of the *Review of Higher Education Regulation*. Funding is reduced by \$3.388 million in 2014–15, \$7.596 million in 2015–16 and \$9.999 in 2016–17.

Programme expenses 1.1 Regulation and Quality Assurance

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses:					
Departmental item	18,539	15,638	11,540	9,041	9,073
Programme support					
Expenses not requiring appropriation in the Budget year ¹	1,816	1,702	1,123	1,067	1,228
Total programme expenses	20,355	17,340	12,663	10,108	10,301

¹ Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Programme 1.1 deliverables

- A robust regulatory framework.
- Standards-based regulation guided by the principles of regulatory necessity, reflecting risk and proportionate regulation.
- Streamlined regulatory processes and improved timelines for decision making taking into account risk and provider history.
- Provision of timely and relevant information to providers in relation to their obligations under the TEQSA Act and the *Education Services for Overseas Students (ESOS) Act 2000*.
- Increased awareness of TEQSA's roles and responsibilities in the community.

- Improved organisational capability and operational efficiency.

Programme 1.1 key performance indicators

The key performance indicators for this outcome are:

- improved levels of compliance by higher education providers with the Higher Education Standards Framework and relevant ESOS requirements
- improved levels of quality assurance among higher education providers
- increased stakeholder confidence in TEQSA meeting its objectives
- TEQSA consistently meeting its service standards.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2014–15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and Government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

TEQSA has no movement of funds to report therefore table 3.1.1 is not presented.

3.1.2 Special accounts

TEQSA has no special accounts therefore table 3.1.2 is not presented.

3.1.3 Australian Government Indigenous expenditure

The 2014–15 Australian Government Indigenous Statement is not applicable because TEQSA has no Indigenous specific expenses therefore table 3.1.3 is not presented.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

TEQSA's resourcing statement table 1.1 is directly comparable to the budgeted financial statements.

3.2.2 Analysis of budgeted financial statements

Departmental financial statements

An analysis of TEQSA's budgeted financial statements for 2013–14 is provided below.

Budgeted departmental income statement

TEQSA is budgeting for a deficit equal to the unappropriated depreciation and amortisation expenses in 2014–15 and the three forward years.

Total expenses for 2014–15 are estimated to be \$17.340 million, a reduction of \$3.015 million from the 2013–14 estimated actual.

Revenue from Government for 2014–15 is budgeted at \$15.623 million. TEQSA's funding for 2014–15 is reduced by 16 per cent from the 2013–14 levels.

Budgeted departmental balance sheet

TEQSA has a budgeted net asset position of \$4.593 million in 2014–15.

Total assets for 2014–15 are estimated to be \$10.598 million, comprising \$6.427 million in financial assets and \$4.171 million in non-financial assets.

Total liabilities for 2014–15 are estimated to be \$6.005 million, with the primary liabilities being accrued employee entitlements which total \$3.801 million, suppliers' payables of \$1.038 million and lease incentives of \$1.166 million.

Budgeted departmental statement of cash flows

The statement provides information on estimates of the extent and nature of cash flows by categorising the expected cash flows against operating, investing and financing activities.

Statement of changes in equity – summary of movement

The statement shows the expected movement of equity during the budget year.

Administered financial statements

Schedule of budgeted income and expenses

The schedule shows the estimated revenues and expenses for programmes administered by TEQSA on behalf of the Government.

TEQSA has in place partial cost recovery arrangements for specified services (including registration and re-registration of providers; accreditation and re-accreditation of courses; and major variations to registrations and accreditations) to higher education providers.

All fee revenue from cost recovery arrangements is administered revenue and is returned to the Consolidated Revenue Fund. TEQSA therefore does not have any administered expenses, assets or liabilities.

Revenue

The administered revenue in 2014–15 from cost recovery arrangements is estimated to be \$4.262 million.

Schedule of budgeted administered cash flows

The schedule shows the estimated cash receipts and payments administered by TEQSA on behalf of the Government.

3.2.3 Budgeted financial statements tables

Table 3.2.1 Comprehensive income statement (showing net cost of services) for the period ended 30 June

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	12,744	11,525	8,276	6,800	6,824
Suppliers	5,843	4,161	3,312	2,289	2,297
Depreciation and amortisation	1,768	1,654	1,075	1,019	1,180
Total expenses	20,355	17,340	12,663	10,108	10,301
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	15	15	15	15	15
Total own-source revenue	15	15	15	15	15
Gains					
Other	48	48	48	48	48
Total gains	48	48	48	48	48
Total own-source income	63	63	63	63	63
Net cost of (contribution by) services	20,292	17,277	12,600	10,045	10,238
Revenue from Government	18,524	15,623	11,525	9,026	9,058
Surplus (Deficit) attributable to the Australian Government	(1,768)	(1,654)	(1,075)	(1,019)	(1,180)
Total comprehensive income (loss)	(1,768)	(1,654)	(1,075)	(1,019)	(1,180)
Total comprehensive income (loss) attributable to the Australian Government	(1,768)	(1,654)	(1,075)	(1,019)	(1,180)

Note: Impact of Net Cash Appropriation Arrangements

	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Comprehensive Income (loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations ¹	1,768	1,654	1,075	1,019	1,180
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(1,768)	(1,654)	(1,075)	(1,019)	(1,180)

¹ From 2010–11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of FMA Act agencies were replaced with a separate capital budget (the departmental capital budget (DCB)) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to table 3.2.5 Departmental capital budget statement.

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

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	160	160	160	160	160
Trade and other receivables	5,988	6,267	6,736	7,165	7,527
Total financial assets	6,148	6,427	6,896	7,325	7,687
Non-financial assets					
Land and buildings	2,151	1,878	1,597	1,317	1,085
Property, plant and equipment	721	696	679	633	548
Intangibles	1,832	1,369	1,462	1,640	1,654
Other non-financial assets	234	228	204	170	150
Total non-financial assets	4,938	4,171	3,942	3,760	3,437
Assets held for sale					
Total assets	11,086	10,598	10,838	11,085	11,124
LIABILITIES					
Payables					
Suppliers	390	388	378	365	358
Other payables	2,000	1,816	1,787	1,685	1,502
Total payables	2,390	2,204	2,165	2,050	1,860
Provisions					
Employee provisions	2,932	3,391	3,875	4,385	4,917
Other provisions	410	410	410	410	410
Total provisions	3,342	3,801	4,285	4,795	5,327
Liabilities included in disposal groups held for sale					
Total liabilities	5,732	6,005	6,450	6,845	7,187
Net assets	5,354	4,593	4,388	4,240	3,937
EQUITY*					
Parent entity interest					
Contributed equity	7,839	8,732	9,602	10,473	11,350
Reserves	3	3	3	3	3
Retained surplus (accumulated deficit)	(2,488)	(4,142)	(5,217)	(6,236)	(7,416)
Total parent entity interest	5,354	4,593	4,388	4,240	3,937
Total Equity	5,354	4,593	4,388	4,240	3,937

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity – summary of movement (Budget year 2014-15)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	(2,488)	3	-	7,839	5,354
Adjusted opening balance	(2,488)	3	-	7,839	5,354
Comprehensive income					
Other comprehensive income					
Surplus (deficit) for the period	(1,654)	-	-	-	(1,654)
Total comprehensive income	(1,654)	-	-	-	(1,654)
of which:					
Attributable to the Australian Government	(1,654)	-	-	-	(1,654)
Transactions with owners					
Contributions by owners					
Departmental Capital Budget (DCBs)	-	-	-	893	893
Sub-total transactions with owners	-	-	-	893	893
Estimated closing balance as at 30 June 2015	(4,142)	3	-	8,732	4,593
Closing balance attributable to the Australian Government	(4,142)	3	-	8,732	4,593

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forw ard estimate 2015-16 \$'000	Forw ard estimate 2016-17 \$'000	Forw ard estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	18,524	15,623	11,525	9,026	9,058
Sale of goods and rendering of service:	63	63	63	63	63
Net GST received	649	462	368	254	255
Total cash received	19,236	16,148	11,956	9,343	9,376
Cash used					
Employees	12,364	11,189	7,713	6,238	6,280
Suppliers	6,697	4,959	4,243	3,105	3,096
Total cash used	19,061	16,148	11,956	9,343	9,376
Net cash from (used by) operating activities	175	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,425	893	870	871	877
Purchase of financial instruments	-	-	-	-	-
Total cash used	1,425	893	870	871	877
Net cash from (used by) investing activities	(1,425)	(893)	(870)	(871)	(877)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	1,250	893	870	871	877
Total cash received	1,250	893	870	871	877
Cash used					
Repayments of borrow ings	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) financing activities	1,250	893	870	871	877
Net increase (decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	160	160	160	160	160
Cash and cash equivalents at the end of the reporting period	160	160	160	160	160

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	852	893	870	871	877
Equity injections - Bill 2	398	-	-	-	-
Total new capital appropriations	1,250	893	870	871	877
Provided for:					
Purchase of non-financial assets	1,250	893	870	871	877
Total Items	1,250	893	870	871	877
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations ¹	398	-	-	-	-
Funded by capital appropriation - DCB ²	1,027	893	870	871	877
TOTAL	1,425	893	870	871	877
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,425	893	870	871	877
Total cash used to acquire assets	1,425	893	870	871	877

¹ Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

² Does not include annual finance lease costs. Include purchase from current and previous years' departmental capital budgets (DCB).

Table 3.2.6: Statement of asset movements (2014–15)

	Land	Buildings	Other property, plant and equipment	Computer software and intangibles	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2014						
Gross book value	-	2,481	861	4,279	-	7,621
Accumulated depreciation/amortisation and impairment	-	(330)	(140)	(2,447)	-	(2,917)
Opening net book balance	-	2,151	721	1,832	-	4,704
CAPITAL ASSET ADDITIONS						
Estimated expenditure on new or replacement assets						
By purchase - appropriation equity	-	-	-	-	-	-
By purchase - appropriation ordinary annual services ¹	-	50	133	710	-	893
Total additions	-	50	133	710	-	893
Other movements						
Assets held for sale or in a disposal group held for sale	-	-	-	-	-	-
Depreciation/amortisation expense	-	(323)	(158)	(1,173)	-	(1,654)
Other	-	-	-	-	-	-
Total other movements	-	(323)	(158)	(1,173)	-	(1,654)
As at 30 June 2015						
Gross book value	-	2,531	994	4,989	-	8,514
Accumulated depreciation/amortisation and impairment	-	(653)	(298)	(3,620)	-	(4,571)
Closing net book balance	-	1,878	696	1,369	-	3,943

¹ 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1)

2014–15 for depreciation / amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Total expenses administered on behalf of Government	-	-	-	-	-
LESS:					
OWN-SOURCE INCOME					
Non-taxation revenue					
Sale of goods and rendering of services	4,228	4,262	4,401	4,401	4,401
Total non-taxation revenue	4,228	4,262	4,401	4,401	4,401
Total own-source revenues administered on behalf of Government	4,228	4,262	4,401	4,401	4,401
Total own-sourced income administered on behalf of Government	4,228	4,262	4,401	4,401	4,401
Net Cost of (contribution by) services	(4,228)	(4,262)	(4,401)	(4,401)	(4,401)
Surplus (Deficit)	4,228	4,262	4,401	4,401	4,401
Total comprehensive income (loss)	4,228	4,262	4,401	4,401	4,401

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

All administered revenue is returned to the Consolidated Revenue Fund.
Therefore TEQSA does not have any administered assets or liabilities and for this reason table 3.2.8 is not presented.

Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Fees	4,228	4,262	4,401	4,401	4,401
Total cash received	4,228	4,262	4,401	4,401	4,401
Total cash used	-	-	-	-	-
Net cash from (used by) operating activities	4,228	4,262	4,401	4,401	4,401
Net increase (decrease) in cash held	4,228	4,262	4,401	4,401	4,401
Cash to Official Public Account for:					
- Appropriations	(4,228)	(4,262)	(4,401)	(4,401)	(4,401)
	(4,228)	(4,262)	(4,401)	(4,401)	(4,401)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget statement

TEQSA does not have any administered capital budget therefore table 3.2.10 is not presented.

Table 3.2.11: Statement of administered asset movements (2014-15)

TEQSA does not have any administered assets therefore table 3.2.11 is not presented.

3.2.4 Notes to the financial statements

The statements have been prepared:

- on accrual accounting basis
- in compliance with Australian Accounting Standards and Australian Equivalents to International Financial Reporting Standards and other authoritative pronouncements of the Australian Accounting Standards Board
- having regard to *Statements of Accounting Concepts*.

Departmental revenue from Government

Revenue from Government represents the purchase of programmes from TEQSA by the government.

Departmental own source revenue

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

Departmental expenses – employee benefits

This item represents payments and entitlements owed to employees for their services rendered in the financial year.

Departmental expenses – suppliers

This item represents payments to suppliers for goods and services.

Departmental expenses – depreciation and amortisation

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

Departmental assets – financial assets – cash

Cash includes notes and coins held and deposits at call with a bank or financial institution.

Departmental assets – financial assets – receivables

Receivables represent amounts owing to TEQSA for cash reserves held in the Official Public Account and prepayments.

Departmental assets – non-financial assets

These items represent future economic benefits that TEQSA will consume in producing outputs.

Following initial recognition at cost property, plant and equipment are carried at fair value less accumulated depreciation. Valuations are conducted with sufficient frequency to ensure that the carrying amount does not differ materially from the assets' fair values and reporting date.

Departmental liabilities – provisions – employees

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

Employee entitlements payable are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. Liabilities expected to be settled within 12 months are measured at the nominal amount.

Departmental liabilities – payables – suppliers

Suppliers are recognised at cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Administered items

Administered items are those that TEQSA does not control and which are subject to prescriptive rules or conditions established by legislation or Australian Government policy, in order to achieve Australian Government outcomes.

Administered revenue is fee revenue from cost recovery arrangements.

PORTFOLIO GLOSSARY

Accrual accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Additional Estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the <i>Additional Estimates Acts</i> .
Additional Estimates Bills or Acts	These are Appropriation Bills 3 and 4, and a separate Bill for the Parliamentary Departments [Appropriations (Parliamentary Departments) Bill (No. 2)]. These Bills are introduced into Parliament sometime after the Budget Bills.
Administered items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
Annual Appropriation	Two Appropriation Bills are introduced into Parliament in May and comprise the Budget for the financial year beginning 1 July. Further Bills are introduced later in the financial year as part of the additional estimates. Parliamentary departments have their own appropriations.
Assets	Assets are physical objects and legal rights it is expected will provide benefits in the future or alternatively items of value owned by an agency.
Budget measure	A decision by the Cabinet or ministers that has resulted in a cost or savings to outlays.
Capital expenditure	Expenditure by an agency on capital projects, for example purchasing a building.
Consolidated Revenue Fund	Section 81 of the Constitution stipulates that all revenue raised or money received by the Commonwealth forms the one Consolidated Revenue Fund (CRF). The CRF is not a bank account. The Official Public Account reflects most of the operations of the CRF.
Departmental items	Assets, liabilities, revenues and expenses that are controlled by the agency in providing its outputs. Departmental items would generally include computers, plant and equipment assets used by agencies in providing goods and services and most employee expenses, supplier costs and other administrative expenses incurred.
Depreciation	Apportionment of an asset's capital value as an expense over its estimated useful life to take account of normal usage, obsolescence, or the passage of time.
Effectiveness indicators	Measures the joint or independent contribution of outputs and administered items to the achievement of their specified outcome.

Equity or net assets	Residual interest in the assets of an entity after deduction of its liabilities.
Expenses	Total value of all of the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of an entity.
Fair value	Valuation methodology: The amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The fair value can be affected by the conditions of the sale, market conditions and the intentions of the asset holder.
<i>Financial Management and Accountability (FMA) Act 1997</i>	The principal legislation governing the proper use and management of public money and public property and other Australian Government resources. FMA Regulations and FMA Orders are made pursuant to the Act.
Forward estimates	A system of rolling three year financial estimates. After the budget is passed, the first year of the forward estimates becomes the base for the next year's budget bid, and another out-year is added to the forward estimates.
Liabilities	Liabilities represent amounts owing on goods or services that have been received but not yet paid for. A liability shows the future commitment of an agency's assets.
Net annotated appropriation (Section 31 Receipts)	Section 31 Receipts, also known as net annotated appropriations, are a form of appropriation which allows a department access to certain money it receives in payment of services. These monies are known as Section 31 Receipts, reflecting their authority under Section 31 of the FMA Act 1997.
Official Public Account	The Australian Government maintains a group of bank accounts at the Reserve Bank of Australia, known as the Official Public Account (OPA), the aggregate balance of which represents its daily cash position.
Operating result	Equals revenue less expenses.
Outcomes	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the Australian Government. Actual outcomes are assessments of the end-results or impacts actually achieved.
<i>Public Governance, Performance and Accountability Act 2013</i>	The <i>Public Governance, Performance and Accountability Act 2013</i> will replace the FMA Act 1997 and the <i>Commonwealth Authorities and Companies (CAC) Act 1997</i> as of 1 July 2014.
Portfolio Budget Statements	Statements prepared by portfolios to explain the budget appropriations in terms of outcomes.

Receipts	The total or gross amount received by the Australian Government. Each receipt item is either revenue, an offset within outlays, or a financing transaction. Receipts include taxes, interest, charges for goods and services, borrowings and Government Business Enterprise (GBE) dividends received.
Revenue	Total value of resources earned or received to cover the production of goods and services.
Section 31 Receipts	See net annotated appropriation.
Special Account	Balances existing within the Consolidated Revenue Fund (CFR) that are supported by standing appropriations (FMA Act 1997, ss.20 and 21). Special accounts allow money in the CFR to be acknowledged as set-aside (hypothecated) for a particular purpose. Amounts credited to a Special Account may only be spent for the purposes of the Special Account. Special accounts can only be established by a written determination of the Finance Minister (s.20 of the FMA Act 1997) or through an Act of Parliament (referred to in s.21 of the FMA Act 1997).
Special Appropriations (including Standing Appropriations)	An amount of money appropriated by a particular Act of Parliament for a specific purpose and number of years. For special appropriations the authority to withdraw funds from the Consolidated Revenue Fund does not generally cease at the end of the financial year. Standing appropriations are a sub-category consisting of ongoing special appropriations — the amount appropriated will depend on circumstances specified in the legislation.

PORTFOLIO ACRONYMS

ACARA	Australian Curriculum Assessment and Reporting Authority
ACECQA	Australian Children's Education and Care Quality Authority
AEIFRS	Australian Equivalents to International Financial Reporting Standards
AEDI	Australian Early Development Index
AGIE	Australian Government Indigenous expenditure
AIATSIS	Australian Institute for Aboriginal and Torres Strait Islander Studies
AITSL	Australian Institute for Teaching and School Leadership
ARC	Australian Research Council
BBF	Budget Based Funded
CAC	Commonwealth Authorities and Companies
CCB	Child Care Benefit
CCR	Child Care Rebate
CDAB	Collection Development Acquisition Budget
CGS	Commonwealth Grants Scheme
COAG	Council of Australian Governments
CCSSP	Child Care Services Support Programme
CSP	Community Support Programme
DCB	Departmental Capital Budget
EIF	Education Investment Fund
ELLA	Early Learning Languages Australia
ERA	Excellence in Research for Australia
ESOS Act	<i>Education Services for Overseas Students Act 2000</i>
FMA	Financial Management and Accountability
HECS	Higher Education Contribution Scheme
HELP	Higher Education Loan Programme
HESA	<i>Higher Education Support Act 2003</i>
HIPPY	Home Interaction Programme for Parents and Youngsters
ICTL	Information and Communication Technology Literacy
ITRH	Industrial Transformation Research Hubs
ITTC	Industrial Transformation Training Centres
JETCCFA	Jobs Education and Training, Child Care Fee Assistance
KPI	Key performance indicator
LDC PDP	Long Day Care Professional Development Programme

LIEF	Linkage Infrastructure, Equipment and Facilities
LP	Linkage Projects
MOU	Memorandum of Understanding
MYEFO	Mid-Year Economic and Fiscal Outlook
NAP	National Assessment Programme
NAPLAN	National Assessment Programme – Literacy and Numeracy
NCGP	National Competitive Grants Programme
NCRIS	National Collaborative Research Infrastructure Strategy
NP	National Partnership
NP UAECE	National Partnership Agreement on Universal Access to Early Childhood Education
NQF	National Quality Framework
NSCP	National Schools Chaplaincy Programme
PACER	Parliament and Civics Education Rebate
PBS	Portfolio Budget Statements
SCSEEC	Standing Council on School Education and Early Childhood
SES	Socio-economic status
TAFE	Technical and Further Education
TEQSA	Tertiary Education Quality and Standards Authority
VET	Vocational Education and Training