AVETMISS

The Standard for VET Financial Data

Release 2.1

Updated December 2017

National Centre for Vocational Education Research

Australian Vocational Education and Training Management Information Statistical Standard

NCVER

INFORMING POLICY AND PRACTICE IN AUSTRALIA'S TRAINING SYSTEM

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Related publications

AVETMISS 8.0 VET Provider Collection specifications ISBN 978 1 925173 68 0

AVETMISS data element definitions: edition 2.3 ISBN 978 1 925173 70 3

AVETMISS Apprentice and Trainee Collection specifications: release 7.0 ISBN 978 1 921170 71 3

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Preface

Overview

National vocational education and training (VET) data collections are managed in accordance with the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS). AVETMISS provides a nationally consistent framework for the collection, reporting and analysis of VET information in Australia.

There are separate AVETMISS specifications for the individual components of the National VET Collection. Collections include: the National VET Provider Collection, the Apprentice and Trainee National Collection, the VET in Schools National Collection and the National VET Finance Collection.

This Standard provides the collection guidelines for the National VET Finance Collection and it has been developed and refined over the years through consultations with major stakeholders.

Contents of this document

AVETMISS: the Standard for VET Financial Data provides the reporting and collection guidelines for the National VET Finance Collection it incorporates five main sections:

- Section 1: provides an introduction to AVETMISS and the National VET Finance Collection.
- Section 2: details the financial statements and definitions.
- Section 3: details the collection guidelines.
- Section 4: details the audit of key data elements.
- Section 5: details the collection arrangements.

Updates to the Standard

This Standard reflects current national policy and is subject to an ongoing review to support changes to policy and practice.

The current version of the Standard or the relevant sections of the standard that have been updated are available directly from the NCVER portal at <http://www.ncver.edu.au>.

Changes to this Standard that are of matters of substance are to be presented to the **Skills Senior Officials Network** following consultation with major stakeholders.

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Section 1: Introduction

Australian Vocational Education and Training Management Information Statistical Standards

Background

In November 1990, the Australian Ministers responsible for VET committed their agencies to the development and implementation of the Australian Vocational Education and Training Management Information Statistical Standards (AVETMISS). The original AVETMIS Standard was endorsed by the Australian Government and state and territory governments in mid-1993 and continues to be updated to keep pace with changes in the VET sector.

AVETMISS underpins the National VET Collections by:

- enabling a comprehensive and high-quality information base that supports policy development, research and evaluation in VET
- providing the information base to underscore public accountability and measurement of the state and national VET systems, including key performance measures
- maximising the opportunity for the information base to be analysed by making the data widely available in a variety of formats
- supporting informed consumers who have access to the information they need to make choices about training that meets their needs.

The National VET Finance Collection began in 1992 with state and territory vocational education and training authorities and their training providers reporting financial information related to government-funded VET; the Australian government[1] reported AVETMISS financial information from 1994.

Purpose of the National VET Finance Collection

The purpose of this National VET Finance Collection is to provide financial information on the government-funded vocational education and training (VET) system in Australia.

National VET finance data is prepared in accordance with *AVETMISS: the Standard for VET Financial Data, release 2.1,* to provide a national standardised account of government-funded VET. Financial reporting is based on calendar year to align with AVETMISS training activity.

AVETMISS data collections provide the source data for reporting Government real recurrent expenditures on VET as reported in the VET chapter of the Productivity Commission's *Report on Government Services*.

Scope

The scope of this data collection includes the transactions that impact the financial performance, the financial position and financing of the government-funded VET system.

The national collection of VET finance data, reflect VET activity administered by the main training authority within each state and territory and their training providers; VET administered by the Australian Government Department of Education and Training; and, government funding for training delivery paid to non-government training providers by the Australian Government and state and territory training authorities.

1 The Australian Government Department of Education and Training is responsible for reporting VET financial data.

In practice, this means collecting data for:

- state and territory training departments and training authorities, including government funding for VET ‘on-forwarded’ by these to: universities, schools, private providers, industry and community providers, rural colleges etc.
- TAFE (technical and further education) institutes and colleges
- VET entities that are 100% controlled by state and territory training authorities or TAFE institutes and colleges
- VET activities appropriated as VET and funded by a government department separate from the state/territory training authority
- government-funded adult and community education activities.
- VET activities funded by a government department separate from the state/territory training authority
- VET activities funded by the Australian Government Department of Education and Training, including VET Student loan payments.

Reporting includes Commonwealth payments to states and territories for VET service delivery paid under the Intergovernmental Agreement on Federal Financial Arrangements framework. These payments are tied to outcomes defined in the National Agreement and National Partnership Agreements.

The National Agreement for VET is the National Agreement for Skills and Workforce Development and the Skilling Australians Fund is the current funding arrangement.

Note: Government-funded VET programs that provide employer and employee incentives sit outside the scope of this data collection.

Implementation

AVETMISS: the Standard for VET Financial Data, release 2.1 — updated December 2017 is to be used for 2017 calendar year VET financial information.

Standard terminology

The standard generally complies with the requirements of the Australian Accounting Standards Board.

Financial statements

In accordance with accepted financial reporting practice, the standard includes the following financial statements:

- statement of comprehensive income
- statement of financial position
- statement of changes in equity
- statement of cash flows
- notes to financial statements.

Audit of key data elements

Some key data elements within the financial statements are subject to external audit. These elements are:

- total expenses from ordinary activities
- fee-for-service revenue
- ancillary trading revenue
- student fees and charges revenue
- other revenue from ordinary activities
- gain on sale of property, plant and equipment
- state recurrent revenue
- government revenue from Commonwealth administered programs
- assumption of liabilities revenue.

Data collection arrangements

The National VET Finance Collection is an annual data collection that reports on financial activity in a specific calendar year, with the collection period commencing on 1 January and ending on 31 December.

The National Centre for Vocational Education Research (NCVER) provides states, territories and the Australian Government Department of Education and Training with a collection time frame prior to the commencement of the data collection year.

Section 2: Financial statements: definitions and pro forma

Definitions

General

This section includes definitions of financial statement line items and section 3 provides guidelines with additional descriptions and examples to support the line items and items reported in the notes to the financial statements.

The following definitions match the line item headings in the financial statements. Where considered useful, references to the Australian Accounting Standard issued by the Australian Accounting Standards Board (AASB) are included. The most relevant accounting standards are AASB 101 — *Presentation of Financial Statements*, and AASB 1049 — *Whole of Government and General Government Sector Financial Reporting*.

Income

Income in the course of ordinary activities in the statement of comprehensive income is recognised when an increase in future economic benefit related to an increase in an asset or a decrease of a liability has arisen and which can be measured reliably. The definition of income encompasses both revenue and gains. Revenue arises in the ordinary activities of an entity from fees, sales, and government appropriations. Gains represent other items that meet the definition of income and may or may not arise in the course of the ordinary activities of an entity. Gains include those arising from the disposal of non-current assets. Where items of income are material, their nature and amount shall be disclosed separately (AASB 101, 97, AASB 118).

FEE-FOR-SERVICE

Fees received from domestic and overseas individuals (other than student fees as defined below) and organisations, including government organisations, for award or non-award courses, on and off-the-job vocational education and training. Fee-for-service also includes revenues for other training-related purposes that are retained by the provider and have arisen through services provided under contracts or commercial arrangements. The fees are generally determined having regard to partial or full recovery of costs.

ANCILLARY TRADING

Amounts received for miscellaneous services, special projects, sale of materials, hospitality trading activities and contracting fees for commercial rather than training-related purposes.

STUDENT FEES AND CHARGES

Fees arising out of specific legislation, parliamentary, Cabinet or ministerial approvals etc. received for vocational education and training services provided to students.

OTHER INCOME

Revenue from other sources not categorised above.

GAIN ON SALE OF PROPERTY, PLANT AND EQUIPMENT

Excess of proceeds from the sale of assets over their written-down value at the time of disposal.

Expenses

Expenses in the course of ordinary activities in the statement of comprehensive income are recognised when a decrease in a future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Most expenses arise from paying staff and suppliers, meeting training-related expenses for individuals and entities, or from depreciating assets. Where items of expense are material, their nature and amount shall be disclosed separately (AASB 101, 97).

EMPLOYEE EXPENSES

Employee expenses represent the amount consumed in the current reporting period, whether directly by the VET entity or on behalf of the entity by another agency, for all salaries, wages and related expenses and on-costs.

Note: Where another agency initially incurs a liability for expenses on behalf of the VET entity (for example, superannuation), the VET entity will recognise the expense but it does not hold the resultant liability. The accounting treatment by the VET entity is to recognise both an operating expense and an offsetting revenue amount, which is disclosed as 'Revenue from government—assumption of liabilities'.

SUPPLIES AND SERVICES

Supplies and services represent the expenses consumed in the current reporting period, whether directly by the VET entity or on behalf of the entity by another agency, for all goods and services.

Note: Where another agency initially incurs a liability for expenses on behalf of the VET entity (for example, building occupancy expenses), the VET entity will recognise the expense but it does not hold the resultant liability. The accounting treatment by the VET entity is to recognise both an operating expense and an offsetting revenue amount, which is disclosed within the note 'Revenue from government—assumption of liabilities'.

GRANTS AND SUBSIDIES

Expenses which are generally in the form of non-repayable contributions and subsidies paid to individuals and organisations.

PAYMENTS TO NON-TAFE PROVIDERS FOR VET DELIVERY

This discloses the funds for course delivery (that is, generally supervised nominal hours) being provided to other (that is, non-TAFE) VET entities such as private providers, including group training and industry providers, secondary schools, independent rural colleges, etc. The payments are usually based on contracted training agreements between the state/territory training authority and the training provider.

DEPRECIATION AND AMORTISATION

Depreciation is the expense associated with the consumption or loss, during the reporting period, of service potential or future economic benefits embodied in non-current assets with limited useful lives. Amortisation is the term that would similarly apply to non-current assets under finance leases or set-up costs of a loan, research and development costs, and copyrights and patents which have been capitalised and amortised over the period of their useful lives.

IMPAIRMENT LOSSES

Impairment losses are recognised when an asset's carrying value in the accounts is reduced to ensure that its adjusted value is its recoverable value. That is, the value that would be recovered through use or sale of the asset (AASB 136, 58–64).

LOSS ON SALE OF PROPERTY, PLANT AND EQUIPMENT

Is the deficit between proceeds from the sale of assets and the depreciated value of assets at the time of disposal.

BORROWING COSTS

Expenses incurred in connection with the borrowing of funds.

OTHER COSTS

Any other expense not included in categories above.

Activities

Total expenses from ordinary activities are dissected according to a number of VET-specific activity categories.

DELIVERY PROVISION AND SUPPORT ACTIVITY

Expenses for directly delivering training and supporting the delivery or development of training.

ADMINISTRATION AND GENERAL SERVICES ACTIVITY

Expenses for general management and administration at college, institute and regional and state office locations.

PROPERTY, PLANT AND EQUIPMENT SERVICES ACTIVITY

Expenses for operating, repairing and maintaining buildings, grounds and equipment.

STUDENT AND OTHER SERVICES ACTIVITY

Expenses for providing services to students outside formal teaching, including those associated with and for supporting the welfare of students and other activities such as commercial activities.

Revenue from government

Revenues from government over which the VET entity gains control during the reporting period, amounts equivalent to any of the entity's liabilities assumed by another entity, and any resources received free of charge but reported at valuation (AASB 1004).

Revaluation increment / (decrement)

As required by AASB 116, 39-40 if the carrying amount of a class of non-current assets increases as a result of a revaluation, the net revaluation increment shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the net revaluation increment shall be recognised as income in the extent that it reverses a net revaluation decrement of the same class of assets previously recognised as an expense.

If the carrying amount of a class of assets decreases as a result of a revaluation, the net revaluation decrement shall be recognised as an expense in the statement of comprehensive income. However, the net revaluation decrement shall be recognised in other comprehensive income to the extent of any credit balance existing in any revaluation surplus in respect of that same class of asset. The net revaluation decrement recognised in other comprehensive income reduces the amount accumulated in equity under the heading of asset revaluation surplus.

Note: write-down of assets excludes written-down value on disposal of assets, which is recorded under notes 4 and 10.

Superannuation actuarial gains/(losses)

Actuarial gains and losses occur when changes in actuarial assumptions or experience adjustments affect the present value of the defined benefit obligation. Applicable to entities responsible for funding a defined benefit superannuation balance and account for the net defined benefit liability/asset. (AASB 119 Employee Benefits.)

CURRENT ASSETS

Current assets are short-term in nature and are in the form of cash, or expected to be either converted into cash or consumed within 12 months of the reporting balance date (AASB 101, 66).

NON-CURRENT ASSETS

Non-current assets are long-term in nature and are expected to be neither converted into cash nor consumed within 12 months of the reporting balance date (AASB 101, 66).

Liabilities

Liabilities are present obligations of the entity arising from past events, the settlement of which are expected to result in an outflow from the entity of resources embodying economic benefits.

CURRENT LIABILITIES

Current liabilities are those obligations to other parties that must be met either on demand or within a period not exceeding 12 months from the end of the reporting period (AASB 101, 69).

NON-CURRENT LIABILITIES

Non-current liabilities are those obligations to other parties that would be expected to be met in a period exceeding 12 months from the end of the reporting period (AASB 101, 69).

Equity

Equity is the residual interest in the assets of an entity after deduction of its liabilities. Changes in equity between the beginning and the end of the calendar year reflect the increase or decrease in net assets during the year (AASB 101, 109).

CONTINGENCY

Contingencies are any assets/liabilities which are uncertain because of unfinalised events such as current claims/legal action and which may have material impact on future financial statements (AASB 137).

COMMITMENTS FOR EXPENDITURE

There is a note to the statement of financial position that provides for the disclosure of material commitments for expenditure. Commitments arise where there is a future obligation to make a payment, whereas liabilities represent current obligations to make a payment. These commitments principally arise from lease contracts (AASB 117, 31, 35) and contracts for future capital expenditures (AASB 116, 74).

Pro forma

Statement of comprehensive income for [state, territory, Australian Government Department of Education and Training] for the year ending 31 December XXXX

	Note ref.	XXXX $'000	XXXX -1 $'000
Income			
Fee-for-service	2	0	0
Ancillary trading		0	0
Student fees and charges		0	0
Other income	3	0	0
Gain on sale of property, plant and equipment	4	0	0
Total income from ordinary activities		**0**	**0**
Expenses			
Employee costs	5	0	0
Supplies and services	6	0	0
Grants and subsidies	7	0	0
Payments to non-TAFE providers for VET delivery	8	0	0
Depreciation and amortisation		0	0
Impairment losses	9	0	0
Loss on sale of property, plant and equipment	10	0	0
Borrowing costs		0	0
Other costs	11	0	0
Total expenses from ordinary activities	**12**	**0**	**0**
Surplus/(deficit) from ordinary activities	**23**	**0**	**0**
Revenue from government	13	0	0
Revaluation increment/(decrement) P&L	14	0	0
Surplus/(deficit) for the year	15	0	0
Other Comprehensive Income			
Increase/(decrease) in asset revaluation surplus OCI	14	0	0
Actuarial gain/(loss)	24	0	0
Total Comprehensive Result		**0**	**0**

Note: If applicable need to re-state previous statement for prior period errors as per AASB 108 (42, 49).

Statement of financial position for [state, territory, Australian Government Department of Education and Training] as at 31 December XXXX

	Note ref.	XXXX $'000	XXXX-1 $'000
ASSETS			
Current assets			
Cash		0	0
Receivables		0	0
Investments		0	0
Assets held for sale	18		
Other		0	0
Total current assets		**0**	**0**
Non-current assets			
Receivables		0	0
Investments		0	0
Property, plant and equipment	19	0	0
Other, including intangibles		0	0
Total non-current assets		**0**	**0**
TOTAL ASSETS		**0**	**0**
LIABILITIES			
Current liabilities			
Payables		0	0
Interest-bearing liabilities		0	0
Provisions and employee entitlements		0	0
Other		0	0
Total current liabilities		**0**	**0**
Non-current liabilities			
Payables		0	0
Interest-bearing liabilities		0	0
Provisions and employee entitlements		0	0
Other		0	0
Total non-current liabilities		**0**	**0**
TOTAL LIABILITIES		**0**	**0**
NET ASSETS		**0**	**0**
Equity			
Accumulated surpluses/ (losses)	15	0	0
Reserves	16	0	0
Contributed capital	17	0	0
TOTAL EQUITY		**0**	**0**
Contingency	20	0	0
Commitments for expenditure	21	0	0

Statement of cash flows for [state, territory, Australian Government Department of Education and Training] for the year ending 31 December XXXX

	Note ref.	XXXX $'000	XXXX-1 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Fee-for-service		0	0
Ancillary trading		0	0
Student fees and charges		0	0
Other income		0	0
Total receipts		**0**	**0**
Payments			
Employee costs		0	0
Supplies and services		0	0
Grants and subsidies		0	0
Payments to non-TAFE providers for VET delivery		0	0
Borrowing costs		0	0
Other cost		0	0
Total payments		**0**	**0**
NET CASH FLOWS FROM OPERATING ACTIVITIES	**23**	**0**	**0**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Sales of property, plant and equipment		0	0
Sales/maturities of investments		0	0
Loans and advances returned		0	0
Other		0	0
Total receipts		**0**	**0**
Payments			
Infrastructure capital		0	0
Investments		0	0
Loans and advances advanced		0	0
Other		0	0
Total payments		**0**	**0**
NET CASH FLOWS FROM INVESTING ACTIVITIES		**0**	**0**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Borrowings raised		0	0
Capital injections		0	0
Other		0	0
Total receipts		**0**	**0**
Payments			
Borrowing redemptions		0	0
Finance lease payments (excluding interest)		0	0
Capital returns		0	0
Other		0	0
Total payments		**0**	**0**
NET CASH FLOWS FROM FINANCING ACTIVITIES		**0**	**0**
CASH FLOWS FROM GOVERNMENT			
Recurrent appropriations		0	0
Capital appropriations		0	0
Other	22	0	0
NET CASH FLOWS FROM GOVERNMENT		**0**	**0**
NET INCREASE/(DECREASE) IN CASH		**0**	**0**
NET MOVEMENT IN CASH HELD			
Opening cash held		0	0
Closing cash held		0	0

Statement of changes in equity for [state, territory, Australian Government Department of Education and Training] for the year ending 31 December XXXX

	Note ref.	XXXX $'000	XXXX-1 $'000
Income and expenses recognised directly in equity			
Increase/(decrease) in reserves	16	0	0
Contributed capital and other equity Increase/(decrease) due to			
Administrative restructuring/machinery of government	17	0	0
Capital charge	17	0	0
Contributed capital appropriation from Treasury	17	0	0
Gains/losses on revaluation of assets available for sale		0	0
Actuarial gains/(loss)	24	0	0
Net income recognised directly in equity			
Surplus/(deficit) for the year		0	0
Net effect of the adoption of a new accounting standard	15	0	0
Total recognised income and expense for the year		**0**	**0**

Notes to and forming part of the financial statements for [state, territory, Australian Government Department of Education and Training] for the year ending 31 December XXXX

	XXXX $'000	XXXX-1 $'000

Note 1: Summary of objectives and significant accounting policies

These general-purpose financial statements have been prepared in compliance with the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS). AVETMISS encompasses financial reporting substantially in accordance with Australian Accounting Standards. The objective of the report is to provide a national account of financial activity in the government-funded VET system. This includes financial activity related to departmental policy and support functions.

The financial information has been compiled from national, state and territory financial systems generally in accordance with applicable accounting standards, including the accrual basis of accounting. There are some differences in accounting policies within these systems which result in varying bases for valuation of fixed assets, depreciation and provisions for employee entitlements and different capitalisation thresholds for property, plant and equipment items. Details of accounting policies for jurisdictions in relation to these items are in Section 3 of the AVETMIS Standard for VET Financial Data.

Note 2: Fee-for-service		
Government agencies	0	0
Other*	0	0
Overseas students fees	0	0
Contracted overseas training	0	0
Adult and community education	0	0
Total	**0**	**0**

* 'Other' comprises revenues received from non-government clients. However, some of these clients may have received government funds for VET training purposes.

Note 3: Other Income		
Investment income	0	0
Residential charges	0	0
Recoveries (administration and other)	0	0
Other	0	0
Total	**0**	**0**

Note 4: Gain on sale of property, plant and equipment*		
Proceeds of disposal	0	0
(*Less:* Written-down value)	0	0
Gain on sale of property, plant and equipment	**0**	**0**

* Refer to comments in Note 10 below.

Note 5: Employee expenses		
Salaries, wages, overtime and allowances	0	0

Superannuation	0	0
Payroll tax	0	0
Other salary and wage-related costs	0	0
Total	**0**	**0**

Note 6: Supplies and services		
Consumables	0	0
Communications and utilities	0	0
Rent and leasing	0	0
Contracted services	0	0
Repairs and maintenance	0	0
Travel and transfer	0	0
Marketing and promotions	0	0
Fees and charges	0	0
Other	0	0
Total	**0**	**0**

Note 7: Grants and subsidies		
Apprentices and trainees*	0	0
Adult and community education organisations	0	0
VET in Schools	0	0
Skill Centres	0	0
Other VET programs*	0	0
Total	**0**	**0**

* Please provide a supporting schedule of individual categories within the above in Notes 7a & 7b.

Note 8: Payments to non-TAFE providers for VET delivery		
Private, enterprise, community, industry and local government	0	0
Secondary schools—public and private	0	0
Other government providers e.g. agricultural colleges	0	0
Total	**0**	**0**

Note 9: Impairment losses		
Financial assets*	0	0
Non-current non-financial assets*	0	0
Assets held for sale*	0	0
Total	**0**	**0**

* Please report net result of losses and loss reversals, if applicable.

Note 10: Loss on sale of property, plant and equipment*		
Proceeds of disposal	0	0
(Less: Written-down value)	0	0
Loss on sale of property, plant & equipment	**0**	**0**

* Please report net result in either Note 4 or Note 10.

Note 11: Other		
Special payments	0	0
Other	0	0
Total	**0**	**0**

Note 12: Total expenses from ordinary activities, by activity

Delivery provision and support	0	0
Administration and general services	0	0
Property, plant and equipment services	0	0
Student and other services*	0	0
Depreciation and amortisation**	0	0
Total	**0**	**0**

*Other services comprise:

Staff redundancies	0	0
Commercial trading	0	0
Other (specify material items)	0	0
Total	**0**	**0**

**Depreciation and amortisation costed to activities:

Delivery provision and support	0	0
Administration and general services	0	0
Property, plant and equipment services	0	0
Student and other services	0	0
Total	**0**	**0**

Note 13: Revenue from government

Commonwealth National Agreement	0	0
Commonwealth recurrent (13a)	0	0
Commonwealth capital	0	0
Commonwealth administered programs (13b)	0	0
State recurrent (13c)	0	0
State capital	0	0
Assumption of liabilities	0	0
Resources received free of charge	0	0
Total	**0**	**0**

Note 13a: Commonwealth recurrent

Commonwealth recurrent revenue is only to be reported by – the Australian Government Department of Education and Training for their operating revenue. States and territories do not report against this line.

Strategic National Initiatives

The Australian Government Department of Education & Training Operating Revenue	0	0

Note 13b: Commonwealth administered programs

Industry Workforce Training — the Department of Education & Training funded	0	0
Skills Reform NP	0	0
Skilling Australians Fund	0	0
VET STUDENT LOANS (non-government RTO)	0	0
Other	0	0
Total	**0**	**0**

Note 13c: State recurrent

General	0	0
(Less): Payments to Consolidated Account (once off events only as a result of state policy)	0	0
Skilling Australians Fund	0	0
Total	**0**	**0**

Note 14a: Revaluation increment/(decrement) P&L

(Briefly describe class/type of asset)	0	0
Total	**0**	**0**

Note 14b: Asset Revaluation Surplus (increase/decrease) OCI

(Briefly describe here)	0	0
Total	**0**	**0**

Note 15: Accumulated surplus/ (loss)

Balance 1 January	0	0
Surplus/ (deficit) for the year	0	0
Less/(plus) transfers to/ (from) other reserves	0	0
Plus/(less) increases/(decreases) from the net effect of the adoption of a new accounting policy or other adjustments as per the statement of changes in equity*	0	0
Plus/(less) Actuarial gains/(loss)	0	0
Balance 31 December	**0**	**0**

* Refer Section 3: Collection Guidelines for details.

Note 16: Reserves*

Balance 1 January	0	0
Increase/(decrease) in asset revaluation reserve recognised in the statement of changes in equity**	0	0
Gains/ losses on revaluation of assets available for sale recognised in the statement of changes in equity**	0	0
Transfer (to)/from accumulated surplus	0	0
Balance 31 December	**0**	**0**

* A separate note is required for each type of reserve.

** Please provide brief descriptions of reason and type of transaction(s).

Note 17: Contributed capital

Balance 1 January	0	0
Capital contributed increase/(decrease) due to administrative restructuring /machinery of government recognised in the statement of changes in equity*	0	0
Capital charge recognised in the statement of changes in equity*	0	0
Capital contributions in the form of capital appropriation from Treasury	0	0
Balance 31 December	**0**	**0**

* Please provide brief descriptions of reason and type of transaction(s).

Note 18: Assets held for sale

(Specify classes of asset held for sale)	0	0
Total	**0**	**0**

Note 19: Property, plant and equipment*

Land	0	0
Buildings	0	0
Plant and equipment	0	0
Motor vehicles	0	0
Other	0	0
Total	**0**	**0**

* Values are depreciated values

Note 20: Contingency

Briefly describe — CL (Contingent liability)	0	0
Briefly describe — CA (Contingent asset)	0	0
Total	**0**	**0**

Note 21: Commitments for expenditure

Finance lease commitments recognised in the statement of financial position as assets and liabilities		
Current	0	0
Non-current	0	0
Operating lease commitments not recognised in the statement of financial position as liabilities		
Current	0	0
Non-current	0	0
Capital expenditure contracted for at 31 December but not recognised in the statement of financial position as liabilities		
(Briefly describe)	0	0
Others not recognised (briefly describe)	0	0
Total	**0**	**0**

Note 22: Other cash flows from government		
Briefly describe e.g. government restructure	0	0
Briefly describe e.g. balance transfers	0	0
Total	**0**	**0**

Note 23: Reconciliation of surplus/(deficit) to net cash flows from operating activities		
Surplus/(deficit) from ordinary activities	0	0
Items not involving cash:		
Depreciation and amortisation	0	0
Impairment losses	0	0
Loss (gain) on sale of property, plant & equipment		
Provision for doubtful debts	0	0
Provision for employee entitlements	0	0
Liabilities and expenses assumed	0	0
Other	0	0
Change in operating assets and liabilities		
(Increase)/decrease in receivables	0	0
(Increase)/decrease in other operating assets	0	0
Increase/(decrease) in creditors	0	0
Increase/(decrease) in other provisions	0	0
Increase/(decrease) in other current liabilities	0	0
Other	0	0
Net cash flows from operating activities	**0**	**0**

Note 24: Actuarial gain/(losses)		
(Briefly describe here)	0	0
Total	**0**	**0**

Summary analytical data

	XXXX	**XXXX-1**
	$’000	**$’000**
% Fee-for-service to total income from ordinary activities	%	%
% Ancillary trading to total income from ordinary activities	%	%
% Student fees to total income from ordinary activities	%	%
% Other to total income from ordinary activities	%	%
% Gain on sale of property, plant & equipment to total income from ordinary activities	%	%
% Total income from ordinary activities to total recurrent revenue	%	%
% State/territory recurrent funds to total recurrent revenue	%	%
% Total Commonwealth revenue (excl. capital) to total recurrent revenue	%	%
% Commonwealth National Agreement revenue to total recurrent revenue	%	%
% Commonwealth recurrent revenue to total recurrent revenue	%	%
% Commonwealth administered programs revenue to total recurrent revenue	%	%
% Employee expenses to total expenses from ordinary activities	%	%
% Supplies and services to total expenses from ordinary activities	%	%
% Grants/subsidies to total expenses from ordinary activities	%	%
% Payments to non-TAFE providers for VET delivery to total expenses from ordinary activities	%	%
% Depreciation and amortisation to total expenses from ordinary activities	%	%
% Impairment losses to total expenses from ordinary activities	%	%
% Loss on sale of property, plant and equipment to total expenses from ordinary activities	%	%
% Borrowing costs to total expenses from ordinary activities	%	%
% Other to total expenses from ordinary activities	%	%
% Delivery provision and support to total activity	%	%
% Administration and general services to total activity	%	%
% Property, plant and equipment services to total activity	%	%
% Student and other services to total activity	%	%

Section 3: Collection guidelines

Collection Guidelines

The guidelines provide details and supporting examples for the items defined in Section 2: Financial Statements—Definitions & Pro Forma.

COLLECTION GUIDELINES

The guidelines provide details and supporting examples for the items defined in Section 2: Financial Statements—Definitions & Pro Forma.

General

This collection is the primary financial statistical collection for Australia's government-funded vocational education and training system. As a result, there is a significant amount of analysis and consequent reporting of data sourced from this collection. This includes work undertaken by the Productivity Commission and the Australian Government Department of Education and Training. This standard contains a requirement for an external audit of certain key data lines to provide assurance to users in the accuracy and consistency of the financial information.

It is therefore incumbent on preparers of the data to ensure that their data are fully compliant with the agreed definitions, can stand up to scrutiny and, where possible, be supported by working papers and be reconcilable to other documents such as annual reports, budget papers and infrastructure plans.

Working papers need to be available for items that make up totals in the financial statements where there is not a supporting note to the statements. NCVER may require working papers from states/territories with respect to any data item during its review of data quality and consistency.

Comparative figures for the previous year are also required. These will be the figures as published for that year. Unless there are material errors, omissions or changed circumstances, policies or accounting standards, re-casting of previously published data is not permitted. A supporting note must explain any changes that are necessary in these exceptional circumstances.

To assist states and territories in identifying and agreeing with Commonwealth funding to them, the Australian Government Department of Education and Training will provide details of specific-purpose payments under the Intergovernmental Agreement and administered VET programs. These should be available as soon as possible following the end of the calendar year. NCVER will liaise with the Australian Government Department of Education and Training to arrange for the distribution of this information to states and territories. If states/territories cannot agree with the Australian Government Department of Education and Training amounts, they should resolve the issue, initially with their own treasuries in relation to National Agreement funding discrepancies and with the Australian Government Department of Education and Training contact officer. It is important that these figures are agreed between the parties, as some of them are used for calculating VET performance measurements (section 4 of this standard).

Caution needs to be exercised by compilers of the data to ensure that consolidated data have eliminated double counts. These could arise where central training authorities receive appropriations and revenues and they then transfer or expend them to training organisations which are included in the collection (TAFE institutes or colleges, rural colleges etc.). These training organisations then also record an appropriation or receipt and expenditure for the same item. Examples could include funds for tendered courses paid by the state training authorities to the TAFE colleges and block grants of Commonwealth funding paid to the training authorities and subsequently transferred/paid to TAFE colleges. States/territories also need to liaise on cross-border VET initiatives to ensure that double counts are eliminated.

The Australian Government Department of Education and Training is required to eliminate from its data any payments (and related revenue/funding) it makes to state/territory training authorities and the public training providers as these amounts will be reported by states and territories. Alternatively, the Australian Government Department of Education and Training has responsibility for reporting direct payments (and related revenue/funding) it makes to private providers under its administered programs. To assist with elimination or reporting, the Australian Government Department of Education and Training will provide details of direct payments made to government providers in respect to VET programs under its portfolio. Payments reported as fee-for-service revenue by the government provider will be eliminated by the Australian Government Department of Education and Training.

In accordance with Australian Accounting Standards, goods and services tax (GST) transactions are to be reported on a gross basis in the statement of cash flows, that is, both cash inflows and cash outflows are to be reported in cash flows from operating activities. Netting-off of GST receivables and creditors is permitted in the statement of financial position. Any GST paid for which an input tax credit is not recoverable from the taxation authority must be included in the item of expense in the statement of comprehensive income when purchasing consumable/trading items. Similarly, it is to be included as part of the capital cost of the asset as reported in the statement of financial position where the payment relates to the purchase of a capital item.

The financial statements pro forma includes percentage ratios of operating and recurrent revenues and expenditures. This information is provided not only to assist you in assessing the validity of your data but also to provide additional analytical data for possible inclusion in NCVER's VET financial information publication.

Income

FEE-FOR-SERVICE—GOVERNMENT AGENCIES REVENUE

Revenues received directly from Australian and state and territory government departments, generally on a tendering/bidding basis. Tendering/bidding would generally involve shorter-term, individual project/course-specific contracts, arrangements and payments.

Fee-for-service revenue received from the Australian Government includes the following Australian Government Department of Education and Training administered VET programs:

- Skills for Education and Employment
- Workplace English Language and Literacy
- Adult Migrant English Program
- Job Ready Program — Trades Recognition Australia
- other programs for VET training negotiated on a tendering basis from Australian Government departments.

State and territory government departments' fee-for-service revenue includes tendered VET courses/programs paid for by state and territory government departments and agencies, for example, from corrective services, agriculture etc.

Note: Please ensure no double counting of government revenues by including the same revenue in *fee-for-service revenues* and *revenues from government*. In addition states/territories may have to liaise where there are cross-border VET initiatives to eliminate double counts. This is particularly relevant to Australian Government national projects **not** funded by the Australian Government Department of Education and Training, where a state/territory acts as an intermediary/agent and on-forwards the funds to another state/territory for application. The intermediary state/territory should eliminate both revenues received and payments made to other states/territories from its financial statements.

FEE-FOR-SERVICE—OTHER REVENUE

This item includes:

- fees ('prices') paid by individuals, industries and firms for specific, tendered-for course/training provision
- fees ('prices') paid by statutory authorities, instrumentalities and entities whose funding is substantially provided outside the normal parliamentary Budget appropriation processes of the Commonwealth and states/territories
- contracting and consulting fees for training purposes, excluding contract revenue from contracted overseas training (refer to *Fee-for-service—overseas students fees revenue*).

Note: This category potentially includes funds received from non-government entities but paid to them by government sources. These funds are categorised as Fee-for-service—other revenues as this data collection recognises revenues according to the client status. Tracing funds back to their original source is beyond the scope of this collection.

FEE-FOR-SERVICE—OVERSEAS STUDENTS FEES REVENUE

This item is for fees received from overseas students who come to Australia to undertake VET studies on a full-fee-paying basis.

FEE-FOR-SERVICE—CONTRACTED OVERSEAS TRAINING REVENUE

This item is for revenues received from training delivery and training services initiatives undertaken offshore by public VET entities on a fee-for-service basis.

FEE-FOR-SERVICE—ADULT AND COMMUNITY EDUCATION REVENUE

This item includes, where identifiable, fee-for-service revenue for adult and community education (including recreation, leisure and personal enrichment courses) passing through the accounts of the government-funded training provider(s).

ANCILLARY TRADING REVENUE

This item includes:

- sale of books, handbooks and promotion material
- sale of course projects and materials
- commercial contracting and consulting, excluding those for training purposes included in fee-for-service categories above
- canteen and cafeteria with a trading, rather than training, focus
- joint ventures (venturer's share)
- bookshops
- live work (hairdressing, restaurants etc.)
- printing for external clients.

STUDENT FEES AND CHARGES REVENUE

This item includes:

- administration charges
- tuition fees (enrolment fees), including tuition fees received within the VET Student Loan arrangement
- materials fees etc.
- student services fees passing through the accounts of the government training provider(s).

It excludes:

- student association fees maintained in internal/non-public bank accounts.

OTHER REVENUES

This item includes:

- interest earned/accrued
- car parking revenue, including fees and fines
- insurance recovery
- residences, occupancy and rental income
- expenditure recoveries classified as revenue
- donations and contributions
- child care (parent fees)
- miscellaneous revenue.

GAIN ON SALE OF PROPERTY, PLANT AND EQUIPMENT

This item is recognised when the proceeds of the sale of the asset exceed its written-down (depreciated) value at the time of sale.

Expenses

EMPLOYEE EXPENSES—SALARIES, WAGES, OVERTIME AND ALLOWANCES EXPENSES

Expenses for:

- normal salaries, wages, overtime and allowances for full-time, part-time, temporary and casual staff, including separately contracted or engaged teaching/training personnel
- recreation and long service leave payments, including lump sum payments on retirement/resignation
- performance bonuses and increments.

EMPLOYEE EXPENSES—SUPERANNUATION EXPENSES

Expenses for employer's superannuation contributions including productivity component.

EMPLOYEE EXPENSES—PAYROLL TAX EXPENSES

State/territory payroll tax expenses, where applicable.

EMPLOYEE EXPENSES—OTHER SALARY AND WAGE-RELATED EXPENSES

Includes expenses for fringe benefits tax, workcare (workers' compensation) and other employee-related expenses not in the above.

SUPPLIES AND SERVICES—CONSUMABLES EXPENSES

Includes expenses for expendable materials including plant and equipment, furniture and fittings that cost less than the capitalisation threshold.

SUPPLIES AND SERVICES—COMMUNICATIONS AND UTILITIES EXPENSES

Includes expenses for postage, telephones, faxes, communication network charges and couriers, electricity, gas, fuel, oil and water and property rates.

SUPPLIES AND SERVICES—RENT AND LEASING EXPENSES

Includes expenses for renting, operating lease costs and for hiring assets (except hiring motor vehicles for travel purposes).

SUPPLIES AND SERVICES—CONTRACTED SERVICES EXPENSES

Includes expenses for all contracted services such as outsourced property and computer systems maintenance, marketing and promotional contractors and consultants/contractors providing specialist advice and services but excluding contracted services with individuals for teaching and training, which are to be included under Employee expenses. Would also include expenses incurred within shared services agreements with other agencies, where these expenses cannot be classified according to individual expense categories above.

SUPPLIES AND SERVICES—REPAIRS AND MAINTENANCE EXPENSES

Includes expenses for the repair and upkeep of property, plant and equipment, including building repairs and uncapitalised minor works but excluding work outsourced/contracted to private/non-government contractors, which would be included within contracted services expenses above.

SUPPLIES AND SERVICES—TRAVEL AND TRANSFER EXPENSES

Includes expenses for travel, both domestic and overseas, transfers and relocations, travelling expenses and allowances incurred in attending meetings and hiring motor vehicles and taxis for travel purposes.

SUPPLIES AND SERVICES—MARKETING AND PROMOTIONS EXPENSES

Includes expenses for marketing and information materials such as brochures, pamphlets, videos, discs, promotional activities and services and course (not staff) advertising but not including payments to contractors for marketing and promotional activities, which would be included within contracted services expenses above.

SUPPLIES AND SERVICES—FEES AND CHARGES EXPENSES

Includes expenses for fees and charges relating to management, legal, regulatory (excluding workcare, which is included in other salary and wage-related expenses) and audit functions. Items include agency fees, copyright, licence fees (including software), bureau fees for processing payroll etc., permits, examination fees, membership fees, legal fees to external lawyers, and audit fees.

SUPPLIES AND SERVICES—OTHER EXPENSES

Includes expenses for staff advertising and recruitment, insurance, personnel development — including costs of training seminars and conferences etc — library and other text and reference books, production of annual reports and other non-promotional materials, committee expenses, entertainment, and bank and other administration charges.

GRANTS AND SUBSIDIES EXPENSES

Grant and subsidies expenses are generally non-repayable contributions and subsidies, paid to individuals and organisations, and include expenses in relation to:

- apprentices and trainees for training-related travel and accommodation and other off-the-job training assistance
- various program initiatives such as group training schemes, Aboriginal program assistance — but excluding initiatives directly linked (for example, by contracted delivery) to specific delivery hours which are disclosed below, see Payments to non-TAFE providers for VET delivery.
- VET in Schools (unless specifically linked to training profile hours—see Payments to non-TAFE providers for VET delivery below)
- skill centres (unless specifically linked to training profile hours—see Payments to non-TAFE providers for VET delivery below)
- generic grants and subsidies to adult and community education organisations substantially for administration and infrastructure support.

PAYMENTS TO NON-TAFE PROVIDERS FOR VET DELIVERY

Note this category only reports payments to non-TAFE providers. The payments may include training hours purchased from non-TAFE providers under targeted initiatives through competitive tendering mechanisms through user choice or VET in Schools arrangements. The category includes payments made to non-government providers by the Australian Government Department of Education and Training directly or by state territory training departments or training authorities for training.

The expending of these funds would generally be based on formal contracted training agreements and/or tendering arrangements. They would normally be from funding set aside by state/territory training organisations and which would have been otherwise allocated to their own TAFE institute/college networks to produce state/territory training profile hours.

Note: any successful tendering funds paid to TAFE providers are **not recorded** as a payment that is, by the state/territory training authority and a revenue item that is, by the TAFE entity in these financial statements. The revenue remains within the category, *Revenue from government*, while the expenditures are reported within the expenditures of the TAFE entity that have been included in the financial statements.

DEPRECIATION AND AMORTISATION EXPENSES

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Further information on depreciation can be obtained from AASB 116 (43–62). Amortisation is the equivalent of depreciation for intangible assets; refer AASB 138 (97–99). Guidelines on costing depreciation and amortisation to activities categories are included in the activity expenses section on the next page.

IMPAIRMENT LOSSES

Impairment losses are recognised when an asset's carrying value in the accounts is reduced to ensure that its adjusted value is its recoverable value; that is; the value that would be recovered through use or sale of the asset (AASB 136, 1).

LOSS ON SALE OF PROPERTY, PLANT AND EQUIPMENT

This item is recognised when the proceeds of the sale of the asset are less than its written-down (depreciated) value at the time of sale.

BORROWING COSTS EXPENSES

These expenses include interest, including finance lease interest charges and overdraft interest incurred in connection with the borrowing of funds.

OTHER EXPENSES

Expenses not considered being recurrent supplies and services. Expenses would include research and development costs not capitalised, write-offs of bad debts, losses and special payments such as ex gratia gifts, extra-contractual expenditure, damages, out-of-court settlements and services received free of charge. The Australian Government Department of Education and Training includes some program payments to non-government payees.

Note: Payments (and related revenue funding for these payments) to the state/territory departments, TAFE institutes and other government training providers should be eliminated by the Australian Government Department of Education and Training, as these funds will be reported as an expense (and revenue receipt) within state/territory reporting.

Activities

ACTIVITY EXPENSES—GENERAL

In accordance with this AVETMIS Standard, the total expenses are to be dissected according to a number of activity categories. This requirement reflects financial management initiatives by describing financial transactions in terms of the activities and processes that reflect the 'business of VET'. This provides useful managerial and external user information in assisting, for example, the evaluation of the efficiency and effectiveness of these processes and activities in producing VET outputs.

The most fundamental element of the 'business of VET' is the delivery of education and training. To do this, the system requires administrative, student and infrastructure support. The AVETMISS requirements for reporting expenditures by activities are aligned to these elements.

It is recognised that, in practice, it may be difficult to clearly map some expenditure directly to activities. In these instances, apportionment of expenditures to categories would be appropriate, provided the apportionment is soundly based, generally consistent from year to year and the rationale for apportionment is maintained in working papers.

As a general guide to assist in costing expenses to activities the following list is provided:

- Employee expenses are applicable to all activity categories, depending on the employee's function, for example: teacher, administration, ancillary maintenance and counselling etc.
- Consumables more than likely relate to most activities but particularly to 'delivery provision and support' and 'administration and general services'.

- Communications and utilities are mostly ‘administration and general services’ for the communication elements and ‘property, plant and equipment services’ for the utilities costs.
- Rent and leasing are mainly ‘delivery provision and support’ and ‘administration and general services’ activities except for costs of leases for maintaining property, plant and equipment (which are costed to that services activity).
- Contracted services, which excludes contracted teachers, are mainly ‘property, plant and equipment services’ for contracted costs for cleaning, security, repairs and maintenance of buildings, grounds and equipment, including repairs and maintenance of computer software and hardware. However, there may be some contracted personnel for ‘administration’ and ‘delivery provision and support’, for example, curriculum work, and for ‘student and other services’.
- Repairs and maintenance are mainly ‘property, plant and equipment services’.
- Travel and transfer are ‘delivery provision and support’ for teachers and ‘administration and general services’ for others.
- Marketing and promotions are mainly ‘administration and general services’ activities.
- Fees and charges are mainly ‘administration and general services’ activities.
- Other supplies and services expenses are mainly ‘administration and general services’, although professional development for teachers, library and text books would be ‘delivery provision and support’.
- Grants and subsidies are mainly ‘student services’ activity for travel and accommodation expenses, ‘delivery provision and support’ for VET program expenses, depending on the details of the expense and ‘administration and general services’ for adult and community education administrative infrastructure expenses.
- Payments to non-TAFE providers for VET delivery are ‘delivery provision and support’ expenses.
- Depreciation expenses reflect an annual decrease in the service potential of non-current assets in providing their service or producing revenues. Amortisation applies the same principle to intangible assets such as research and development costs, software development costs, patents, intellectual property etc. These assets primarily include the educational and administrative buildings and equipment and other delivery and administrative cost investment. Therefore, depreciation and amortisation costs should be mostly attributable to ‘delivery provision and support’ and ‘administration and general services’ activity categories, with a minor relationship to ‘student and other services’ activity. Where individual asset usage bases are available for educational and administrative assets, these could be applied to distribute expenses to these activity categories. In the absence of this information, the expenses should be apportioned to these categories on their relative total operating expenses. States and territories are required to provide details of their depreciation expenses costed to activities for further review and consultation.
- Impairment losses would be costed to deliveries on the basis of the type and use of the asset, for example, asset used for ‘training delivery’, ‘administration’, or ‘student services’.
- Loss on sale of ‘property, plant and equipment’, as per impairment losses above.
- Borrowing costs expenses are mainly ‘delivery provision and support’ and ‘administration and general services’ activities.

- Other expenses are mainly ‘administration and general services’ and ‘other services’ activities.

DELIVERY PROVISION AND SUPPORT ACTIVITY

Expenses included are:

- salaries, wages and on-costs for teachers and tutors, including supervisory teaching staff, heads of departments and schools
- salaries, wages and on-costs for learning area, classroom and teaching support roles, for example, librarians, program coordinators and technical and educational assistants
- materials, equipment and consumables specifically for the delivery of training
- curriculum development for major curriculum projects
- course accreditation
- library expenses, including all library resource material such as textbooks, periodicals, audio-visuals, day-to-day operating expenses of libraries and the purchasing and distribution function
- rental, leasing and depreciation expenses (refer to comments on depreciation above)
- borrowing costs expenses.

ADMINISTRATION AND GENERAL SERVICES ACTIVITY

Expenses include:

- corporate services expenses for accounting, financial and clerical functions, policy and planning, information technology, internal audit, human resource management, staff development, marketing and promotions, secretariat and central communication services
- prizes and awards
- examination supervision
- student administration
- expenses of recognition of training and training providers, regulatory activities and advisory and consultative arrangements which are mainly incurred within state/territory training authorities
- rental, leasing and depreciation expenses (refer to depreciation and amortisation above)
- motor vehicle insurance
- fees and charges
- borrowing costs expenses.

Note: Where administration staffs are employed to directly support teaching or learning areas, their expenses should be allocated to the delivery provision and support activity.

PROPERTY, PLANT AND EQUIPMENT SERVICES ACTIVITY

Expenses include:

- wages etc., of ancillary grounds and building services staff
- costs of contracted maintenance, cleaning and security personnel

- repairs and maintenance of equipment and facilities, including repairs and maintenance of computer software and hardware, excluding leasing costs for equipment
- utilities costs of facilities
- expenses for asset management, project planning and project management of major capital works
- insurance of property, plant and equipment (except motor vehicles).

STUDENT AND OTHER SERVICES ACTIVITY

Student services expenses include:

- expenses of services provided for students such as counselling, disabilities, health services, employment services, child care, accommodation services, student amenities and student associations
- depreciation expenses (refer to Depreciation and amortisation expenses above).

Other services expenses include:

- as a general rule this activity might be used where funds are expended on an activity that has no immediate or perceived outcome benefits to the training organisation incurring the expense, for example, redundancies, research and development expenses, commercial operations, specialist consulting and paid staff released to industry.

Note: A supporting note detailing material items for the other services component is included in the notes to the financial statements.

Surplus/ (deficit) from ordinary activities

RECONCILIATION OF SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES TO NET CASH FLOWS FROM OPERATING ACTIVITIES

There is a note to the statement of cash flows which provides for the reconciliation of operating surplus (deficit) to net cash flows from operating activities (AASB 107, 20.1).

Revenue from government

REVENUE FROM GOVERNMENT—COMMONWEALTH NATIONAL AGREEMENT REVENUE

This category is for specific-purpose revenues paid by the Commonwealth Treasury to state/territory treasuries through the Intergovernmental Agreement on Federal Financial Arrangements and detailed in the National Agreement for Skills and Workforce Development.

Note: The Australian Government Department of Education and Training will provide the states and territories and NCVER with a breakdown of revenue paid by the Commonwealth Treasury to jurisdictional treasuries for the calendar year. States and territories need to follow up any discrepancies between their departmental records and the total provided by the Australian Government Department of Education and Training with jurisdictional treasuries in the first instance and if differences cannot be explained at that point, then follow up with the Australian Government Department of Education and Training contact, who can enquire from Commonwealth Treasury. The reported figure by states and territories must be supportable by agreement with, or reconcilable to, the revenue forwarded by the Commonwealth to them. Reconcilability might include any allocation of these funds by jurisdictions to capital projects, in which case the allocated amount would be reported as Revenue from Government—*Commonwealth capital revenue*; see item on the next page.

REVENUE FROM GOVERNMENT—COMMONWEALTH RECURRENT REVENUE

This category is for the Australian Government Department of Education and Training reporting only and will report the Australian Government Department of Education and Training's operating revenues.

REVENUE FROM GOVERNMENT—COMMONWEALTH CAPITAL REVENUE

National Agreement revenues (refer item on previous page) allocated by states/territories to fund capital projects and skill centres etc. States and territories will need to reconcile the direct payment with the scheduled amount provided by the Australian Government Department of Education and Training.

REVENUE FROM GOVERNMENT—STATE RECURRENT REVENUE

Revenues appropriated by the state/territory out of its own funds for recurrent purposes where the entity controls amounts appropriated to it, including appropriations for state/territory taxes and charges (for example, payroll tax). Some other examples which may impact on reported state or territory recurrent revenues and other items would be:

- The requirement for transferee/transferor entities to recognise revenues, assets liabilities and expenses resulting from a restructuring of administrative arrangements where control of the items is transferred.

  Note: Where the transfer is in the nature of a contribution by owners it does not affect revenues but is a direct adjustment to equity, that is, contributed capital.

- Items which may be appropriated to entities but over which they do not have control. These may be transfer payment items and **would not be** reported as revenues.

REVENUE FROM GOVERNMENT— (Less): Payments to consolidated account

(Less): Payments to consolidated account (recognises the return of funds to the state/territory consolidated account as a result of policy requirements, for example the return of proceeds relating to the sale of properties).

Note: In the case of a transfer to owners as result of administrative restructuring/machinery of government this is a direct adjustment to equity and reported through contributed capital.

REVENUE FROM GOVERNMENT—STATE CAPITAL REVENUE

Revenues allocated to capital purposes, including construction of buildings, child care and state/territory's skill centres (infrastructure), as well as industry-based, and school student, skill centres.

Note: Where the transfer is in the nature of a contribution by owners it does not affect revenues but is a direct adjustment to equity, that is, contributed capital.

REVENUE FROM GOVERNMENT—COMMONWEALTH ADMINISTERED PROGRAMS REVENUE

The Australian Government Department of Education and Training and other Australian Government departments can administer training-related programs which fund contracted longer-term training initiatives and/or specific policy needs. The longer-term initiatives are generally characterised by funding being provided in large tranches and in accordance with scheduled funding arrangements, for example, quarterly or half-yearly payments. This Standard requires the disclosure of categories of revenue, currently these are:

- **Industry Workforce Training** — introduced 1 July 2013 and combines three programs: National Programs, Strengthened Role of Industry Skills Councils and Industry Training Strategies. All programs are funded by the Australian Government Department of Education and Training.
- **National Partnership Agreement for Skills Reform** — introduced in 2012 and ceased in 2017 to reform the vocational education and training system.
- **Skilling Australians Fund** — introduced in 2017 with matched funding from states and territories to support apprentices, trainees, and pre- and higher-level apprentices.
- **VET Student Loan allocations to non-TAFE providers** — this category is for Australian Government Department of Education and Training reporting **only** and will report the Australian Department of Education and Training's VET student loan payments for students undertaking training at a non-TAFE training provider. **Note:** The states and territories will report VET Student Loan payments as *Student Fees and Charges revenue* refer to page 30.
- **Other administered programs —** comprise other funds received from the Australian Government Department of Education and Training in large tranches to fund longer-term training initiatives and/or specific policy needs.

Note: The Australian Government Department of Education and Training report government-funded payments to non-government payees only. Government-funded payments to the government-funded provider (state/territory departments and TAFE institutes) are eliminated from the Australian Government Department of Education and Training's reporting, as these funds will be reported as revenues within the state/territory data when received by them from the Australian Government Department of Education and Training.

REVENUE FROM GOVERNMENT—ASSUMPTION OF LIABILITIES

This revenue category discloses the revenue equivalents of expenses incurred and settled by another government agency but reported in the VET entity's financial statements. Examples would include revenue equivalents of employer superannuation contributions and property service charges paid by another government agency.

REVENUE FROM GOVERNMENT—RESOURCES RECEIVED FREE OF CHARGE

These are for any other inflows of service potential or future economic benefits such as grants and gifts that increase net assets. Contributions of services are recognised only if the services would have been purchased (if they had not been donated) and their fair value can be measured reliably.

Revaluation increment /(decrement)

Revaluation of non-current assets are undertaken periodically to maintain the qualitative characteristics of relevance and reliability as required by the Financial Conceptual Framework for Financial Reporting. State and territory policies regarding revaluation of non-current assets are outlined in the accounting policies section of this Standard.

As required by AASB 116, 39-40 if the carrying amount of a class of non-current assets increases as a result of a revaluation, the net revaluation increment shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the net revaluation increment shall be recognised as income in the extent that it reverses a net revaluation decrement of the same class of assets previously recognised as an expense.

If the carrying amount of a class of assets decreases as a result of a revaluation, the net revaluation decrement shall be recognised as an expense in the statement of comprehensive income. However, the net revaluation decrement shall be recognised in other comprehensive income to the extent of any credit balance existing in any revaluation surplus in respect of that same class of asset. The net revaluation decrement recognised in other comprehensive income reduces the amount accumulated in equity under the heading of asset revaluation surplus.

Note: Write-down of assets excludes written-down value on disposal of assets, which is recorded under notes 4 and 10.

Superannuation Actuarial gains/(losses)

Actuarial gains and losses occur when changes in actuarial assumptions or experience adjustments affect the present value of the defined benefit obligation. Generally these liabilities are recognised by the state/territory departments of treasury or superannuation authorities. This reporting line is applicable to those entities responsible for funding a defined benefit superannuation balance and account for the net defined benefit liability/asset, as required by AASB 119 *Employee Benefits*.

Current assets

CURRENT ASSETS—CASH

Cash includes:

- cash on hand — cash, cheques and cash advances
- cash at bank — bank balances adjusted for unpresented/unmatched drawings and outstanding deposits
- cash equivalents, that is, highly liquid investments which are readily convertible to cash on hand at the investor's option and which are used in the cash-management function on a day-to-day basis.

Where another government entity is holding any cash of the VET entity for the purpose of investing those funds, the VET entity's financial statements should disclose those funds as investments.

As finance officers have agreed not to disclose the make-up of this item in a note to the accounts, officers are to keep working papers of this information.

CURRENT ASSETS—RECEIVABLES

Receivables are amounts owing to the VET entity at the end of the reporting period for goods the entity sold or services the entity rendered prior to the end of the reporting period. Receivables could arise through normal invoicing, contracts not involving normal billing, bills of exchange and outstanding loans, and advances and goods and services tax (GST) input tax credits owing by the Australian Taxation Office.

Note: For the purpose of disclosure in the statement of financial position GST receivables can be netted off against GST creditors.

Any debts that are unlikely to be collectable should be provided for as doubtful debts, while those that will not be collected should be written off as bad debts. As finance officers have agreed not to disclose the make-up of the receivables total in a note to the accounts, officers are to keep working papers of amounts for current debtors, provision for doubtful debts, loans and advances, bills of exchange, and other current debtors.

CURRENT ASSETS—INVESTMENTS

Classes of investments include term deposits, short-term securities, government fixed-interest bonds, shares and equities, property investments and interests in business undertakings.

Note: For the purposes of disclosure of investments in the statement of cash flows, accounting standards provide for the disclosure of net investment movements where the volume of transactions is large and the turnover is rapid (AASB 107, 22b, 23b).

As the make-up of this item does not need to be disclosed in a note to the accounts, finance officers are to keep working papers of amounts for each investment class above.

CURRENT ASSETS—ASSETS HELD FOR SALE

Any non-current assets classified as held for sale are to be disclosed separately in the statement of financial position (AASB 5, 38, 41). The assets are to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease (AASB 5, 1). The supporting notes describing the assets classes/groups and the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal should be held in jurisdictional working papers.

CURRENT ASSETS—OTHER

Other current assets mainly comprise inventories and prepayments.

Inventories are defined as:

- goods, other than property and services, which are:
  - held for sale in the ordinary course of operations
  - in the process of production for such sale or to be used up in the production of goods
  - other property or services for sale, including consumable stores and supplies, raw materials, work-in-progress, finished goods and land held for resale.

Prepayments are payments made in one reporting period with respect to goods or services that the entity expects to receive or consume in future periods. Examples include rent, telephone, electricity and subscriptions. As the make-up of this item does not need to be disclosed in a note to the accounts, finance officers are to keep working papers of amounts for inventories and prepayments.

Non-current assets

NON-CURRENT ASSETS—RECEIVABLES

Include bills of exchange, debts owing on long-term contracts and outstanding loans and advances. As the make-up of this item does not need to be disclosed in a note to the accounts finance officers are to keep working papers of amounts for each asset class.

The Australian Government Department of Education and Training will provide a supporting schedule for any VET student loan activity. This schedule will show the value of loans issued to government training providers and the value of loans issued to non-government training providers.

NON-CURRENT ASSETS—INVESTMENTS

These include longer-term fixed-interest bonds and deposits. As the make-up of this item does not need to be disclosed in a note to the accounts, finance officers are to keep working papers of amounts for each investment class above.

NON-CURRENT ASSETS—PROPERTY, PLANT AND EQUIPMENT

This category includes land, unimproved and improved, buildings, plant and equipment, motor vehicles, livestock, libraries, capitalised furniture and fittings, capital work-in-progress and including GST costs on acquisition which are not recoverable from the taxation authority. It includes both owned (that is, purchased/constructed) property and property subject to finance leases. A note to the financial statements provides for the disclosure of the net values of these assets. (Net value refers to depreciated values and after accounting for any revaluations, acquisitions, disposals, transfers etc., as at 31 December.)

As the make-up of the accumulated depreciation, revaluation adjustments, additions and disposals, transfers etc. does not need to be disclosed in a note to the accounts, finance officers are to keep working papers of details for each class of asset, for example, land, buildings, plant and equipment etc.

NON-CURRENT ASSETS—OTHER, INCLUDING INTANGIBLES

This item includes, as examples, purchased goodwill, computer software (purchased and internally developed), patents, licenses, rights, brand names and intellectual property. Working papers need to be kept, showing the calculations of the net values of these items as disclosed in the note to the financial statements.

Note: Assets acquired at no cost or for nominal consideration should, where material, be recognised at their fair value at date of acquisition.

Current liabilities

CURRENT LIABILITIES—PAYABLES

Includes trade creditors, accrued expenses for rent, telephones, electricity etc., revenue in advance, unpaid salaries, wages etc. and GST collected from sales but not yet paid to the Australian Taxation Office. (Refer to comments above under Current assets—receivable for netting-off GST balances in the statement of financial position.) Also included are any non-interest-bearing liabilities, including non-interest-bearing borrowings.

As the make-up of this item does not need to be disclosed in a note to the accounts, finance officers are to keep working papers of amounts for each type.

CURRENT LIABILITIES—INTEREST-BEARING LIABILITIES

Includes bank overdrafts, short-term bank and other loans, bills payable and short-term finance lease liability based on the fair value of the leased property or, if lower, the present value of the lease payments, both at the inception of the lease (AASB 117, 20).

As the make-up of this item does not need to be disclosed in a note to the accounts, finance officers are to keep working papers of amounts for each type.

CURRENT LIABILITIES—PROVISIONS

The main provision is for employee entitlements. These are benefit entitlements which employees accumulate as a result of the rendering of their services to an employer up to the reporting date and include, but are not limited to, wages and salaries (including fringe benefits and non-monetary benefits), annual leave, sick leave, long service leave, superannuation, termination and other post-employment benefits.

AASB 101 — *Presentation of Financial Statements* covers the disclosure requirements of liability reporting.

AASB 119 — *Employee Benefits* covers in detail the accounting measurement of employee benefits.

AASB 137 — *Provisions, Contingent Liabilities and Contingent Assets* covers recognition and reporting requirements for other provisions.

As the make-up of this item does not need to be disclosed in a note to the accounts, finance officers are to keep working papers of amounts for each type.

CURRENT LIABILITIES—OTHER

Include any obligations, other than obligations for payables, interest-bearing items or provisions, to other parties that must be met either on demand or within a period not exceeding 12 months from the end of the current reporting period. In general this item would be used for non-routine obligations, for example, in relation to contractual or legal matters.

As the make-up of this item does not need to be disclosed in a note to the accounts, finance officers are to keep working papers of amounts for each type of item.

Non-current liabilities

The main types of non-current liabilities are in relation to borrowings, finance lease obligations and employee entitlements that are expected to be met in a period exceeding 12 months from the end of the reporting period. Descriptions of these are as per their descriptions in the current liabilities' guidelines.

As the make-up of this item does not need to be disclosed in a note to the accounts, finance officers are to keep working papers of amounts for each type.

Equity

CAPITAL CHARGE

A capital charge is a charge that the government levies on an entity's capital funds. The capital funds represent government's investment in the entity and equate to the net assets (or net worth) of the entity. A capital charge is reported as a direct adjustment to equity in the statement of changes in equity.

EQUITY—ACCUMULATED SURPLUSES/(LOSSES)

There is a note to the financial statements disclosing the progressive balance of accumulated surpluses/(losses) resulting from surpluses/deficits total comprehensive result, transfers to and from reserves and other direct adjustments to accumulated surpluses resulting from the introduction of a new/amended accounting policy or other adjustments. The latter adjustments are to be briefly described in a supporting explanatory note.

EQUITY—RESERVES

There is a note to the financial statements that discloses the progressive balance of reserves resulting, for example, from transfers to and from accumulated funds for specific purposes and from adjustments to the carrying values of fixed assets, particularly in accordance with AASB 116.

EQUITY—CONTRIBUTED CAPITAL

There is a note to the financial statements which discloses the progressive balance of contributed capital resulting from non-reciprocal capital transfers between a government department or entity and the government acting in its capacity as owner of the government department/entity.

These transfers can occur upon establishment of the entity or at subsequent stages of the entity's existence (for example, restructure), providing that the contributions establish a financial interest in the net assets of the entity. The financial interests convey entitlements to both dividend-type distributions and to distributions of any excess assets over liabilities in the event of the entity being wound up. Contributions and distributions can take the form of cash, non-monetary assets such as property, plant and equipment or the provision of services. These transactions are a direct adjustment against equity and do not appear in the statement of comprehensive income.

Other cash flows from government

There is a note to the statement of cash flows which shows material cash flows resulting from organisational restructures, cash balance transfers and adjustments that occur during the reporting period and are considered to be separate from normal appropriated cash flows.

Contingency

There is a note to the statement of financial position that provides for a description and amount of any assets/liabilities which are uncertain because of unfinalised events such as current claims/legal action and which may have material impact on future financial statements. Recognition criteria are prescribed in AASB 137.

Commitments for expenditure

There is a note to the statement of financial position that provides for the disclosure of material commitments for expenditure. Commitments arise where there is a future obligation to make a payment, whereas liabilities represent current obligations to make a payment. These commitments principally arise from lease contracts (AASB 117, 31, 35) and contracts for future capital expenditures (AASB 116, 74).

The accounting standards require the disclosure of commitments dissected as follows:

- not later than one year
- later than one year and not later than five years
- later than five years.

Although the summary format as shown in the note is acceptable, finance officers are required to keep working papers containing the above dissections.

Accounting policies—states and territories

ACCRUAL ACCOUNTING

Financial statements are prepared on an accrual basis in accordance with the requirements of Australian equivalents to International Financial Reporting Standards, current Australian Accounting Standards Board (AASB) interpretations, relevant state and territory audit acts, public finance standards and financial reporting directions of states and territories. Current Exposure Drafts released by the AASB also provide a useful reference to future directions.

NON-CURRENT PHYSICAL ASSET VALUATIONS

New South Wales

Physical non-current assets are valued in accordance with NSW Treasury ‘Valuation of Physical Non-Current Assets at Fair Value’ Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants’ perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

Revaluations are made with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date. The state conducts a comprehensive revaluation at least every three years for its land and buildings (except infrastructure and land under infrastructure) where the market or income approach is the most appropriate valuation technique, and at least every five years for other classes of property, plant and equipment. The last comprehensive revaluations for land and buildings were completed for the years ended 30 June 2013 (buildings) and 30 June 2015 (land), and were based on independent assessments using external professionally qualified valuers.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. An interim management revaluation was completed as at 31 March 2017, and was rolled forward to 30 June 2017. The state used an external professionally qualified valuer to conduct the interim revaluation. A comprehensive valuation will be performed for both land and buildings for the year ending 30 June 2018.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation for fair value. The state has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then adjusted by the revaluation increments or decrements.

Revaluation increments are recognised in the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in asset revaluation surplus in respect of the same non-current class of assets, they are debited directly to the asset revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are only offset within a class of non-current assets.

When revaluating non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation surplus in respect of that asset is transferred to accumulated funds.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

Victoria

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Directions issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

All non-financial assets are subject to impairment test on an annual basis.

Queensland

Land, buildings (including residential buildings and land improvements such as sports facilities), heritage and cultural assets, and buildings under a finance lease are measured at fair value as required by Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector.*

Where intangible assets have an active market, they are measured at fair value; otherwise they are measured at cost.

Revaluation of non-current assets

Land, buildings (including residential buildings and land improvements such as sports facilities), heritage and cultural assets are revalued by management each year to ensure that they are reported at fair value. Management valuations incorporate the results from the independent revaluation program and the indexation of the assets not subject to independent revaluation each year. This ensures that all assets are simultaneously valued, and materially reflect their fair value at balance date.

Western Australia

Property, plant and equipment are initially recognised at cost.

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land and buildings and historical cost for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation (buildings only) and accumulated impairment losses. Artworks are carried at fair value.

All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, that is, the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately. Fair value for restricted use of land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuation Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgment by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

South Australia

Non-current assets are initially recorded at cost plus any incidental cost involved with the acquisition. Non-current assets (excluding land) are subsequently measured at fair value less accumulated depreciation which gives rise to a new fair value. Where assets are acquired for no consideration, or minimal value, they are recorded at their fair value in the statement of financial position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value, that is, the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current assets with a value equal to or in excess of $10,000 are capitalised, with the exception of works of art. All works of art are capitalised irrespective of their value.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is greater than $1 million.

Revaluation of non-current assets

All non-current assets are valued at fair value and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years.

Every five years, the Department revalues its land and buildings, with the libraries being revalued every six years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrement of the same asset class previously recognised as an expense, in which case the increase is recognised as income in the statement of comprehensive income.

Any revaluation decrement is recognised in the statement of Comprehensive Income as an expense, except to the extent that it offsets a previous revaluation increment for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

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

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

The valuation methodology applied to specific classes of non-current assets under revaluations is as follows:

Land

Land is recorded at fair value using the market approach. The most recent valuations for land were conducted as at 30 June 2014 by Liquid Pacific, independent valuer, on the basis of market value. As at 30 June 2017, properties classified as ‘held for sale’ were valued at the lower of their carrying amount and fair value less costs to sell.

Buildings and improvements

Buildings and improvements are valued at fair value. The building data provided in the statements relates specifically to buildings, paved areas, utility reticulation, fencing, sheds and other site infrastructure assets. The most recent valuations for building and infrastructure assets were conducted as at 30 June 2014 by Liquid Pacific, independent valuer, on the basis of market value or written-down current cost. As at 30 June 2017, properties classified as ‘held for sale’ were valued at the lower of their carrying amount and fair value less costs to sell.

Buildings under construction are recorded as work in progress and are valued at cost.

Library collection

The library collection is recorded at replacement value. The most recent valuation was carried out as at 30 June 2014 by AON Risk Solutions, an independent valuer, on the basis of depreciated replacement cost (a proxy for fair value).

Plant and equipment

Items of plant and equipment are recorded at fair value less accumulated depreciation.

All plant and equipment assets with a value of $10 000 or greater are capitalised.

Items under $10 000 are recorded in the statement of comprehensive income as an expense in the accounting period in which they are acquired.

Leasehold Improvements

Following initial recognition, leasehold improvements are carried at cost less any accumulated amortisation and any accumulated impairment losses.

All leasehold Improvement assets with a value of $10 000 or greater are capitalised.

Items under $10 000 are recorded in the statement of comprehensive income as an expense in the accounting period in which they are acquired

Heritage Assets

Heritage assets are recorded at fair value (deemed) and recognised when valued at greater than $10 000.

Intangibles

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The department only has intangible assets with finite lives. The amortisation period for the intangible assets is reviewed on an annual basis.

The acquisition, or internal development, of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to $10 000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 Intangible Assets are expensed.

Where subsequent expenditure on intangible assets cannot be attributed to existing intangible assets, the expenditure is not capitalised but is classified as expenditure in the statement of comprehensive income.

Tasmania

Land and buildings

Land is valued at current market value. Buildings (including sundry structures and infrastructure assets) are valued on a fair value basis, being market value, or where a market does not exist, on a written-down current cost basis.

Plant and equipment

This class of assets is valued at cost less accumulated depreciation and accumulated impairment losses.

Northern Territory

Department of Trade, Business and Innovation, Department of Education, Department of the Attorney General and Justice:

Subsequent to initial recognition, land and buildings are revalued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value. Plant and equipment are stated at historical cost less depreciation, which is deemed to equate to fair value.

Charles Darwin University: Land and buildings are valued at fair value.

Batchelor Institute of Indigenous Tertiary Education: Land and buildings are valued at fair value. Batchelor revalues property, plant and equipment and Library items every five years by an external independent valuer. In addition to the external valuation every five years, the artwork collections are subject to periodic review by electronic means.

Australian Capital Territory

The Canberra Institute of Technology conducted an asset revaluation in 2014 for its land, buildings and building improvements, plant and equipment, heritage assets and artworks.

Fair value for land and non-specialised buildings is measured using the market approach valuation technique. This approach uses prices and other relevant information generated by market transactions involving identical or similar assets.

Leasehold improvements are measured at cost.

Heritage assets artworks comprise works produced by students and held for permanent exhibition, for which fair value is determined using a market price where there is a market for the same or a similar item.

Land, buildings, plant and equipment, and heritage assets are revalued every three years. As these assets were revalued in 2014, the next asset revaluation is scheduled for 2017. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Any accumulated depreciation relating to buildings, plant and equipment and heritage assets, at the date of revaluation, is written-back against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

CURRENT DEPRECIATION METHODS FOR NON-CURRENT PHYSICAL ASSETS

New South Wales

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life by the state.

All material identifiable components of assets are depreciated separately over their useful lives.

Land is not a depreciable asset. Certain heritage assets including heritage buildings may not have a limited useful life because appropriate preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

The expected useful life ranges for assets remained unchanged from 2016 and are listed below.

Asset	Useful life range
Buildings	20 to 105 years
Leasehold Improvements	Term of the lease
Heritage Buildings	Indefinite
Plant and Equipment	3 to 43 years

Victoria

Depreciation is provided on property, plant and equipment, including buildings but excluding land. Depreciation is calculated on a straight-line basis to write off the cost or revalued amount for each fixed asset, less its estimated residual value, over its expected useful life. The expected useful life of each asset is reviewed on an annual basis.

Queensland

Property, plant and equipment are depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life.

Western Australia

Depreciation and amortisation is calculated using the straight-line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are as follows:

	Useful life (years)
Buildings	40 years
Plant and Equipment	5 — 10 years
Office Equipment	5 — 10 years
Communication Equipment	5 years
Computer equipment	3 — 5 years
Furniture & Fittings	10 years
Motor Vehicles/Marine Craft	5 years
Leasehold Improvements	7 years
Land is not depreciated.	

The expected useful lives for each class of intangible assets are as follows:

	Useful life (years)
Computer software*	3 — 5 years
Computer licences	7 — 10 years
Internally developed software	3 — 5 years

*Software that is not integral to the operation of any related hardware.

South Australia

Non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, library collections and plant and equipment.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Land and non-current assets held for sale are not depreciated. In addition, heritage assets are not depreciated.

Depreciation/amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

	Useful life (years)
Buildings	25 — 80 years
Plant and equipment	1 — 45 years
Library collection	3 — 15 years
Leasehold improvements	10 years
Intangibles	3 — 10 years

Tasmania

All applicable non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Land, being an asset with an unlimited useful life, is not depreciated.

Key estimate and judgement

Depreciation is provided for on a straight line using rates which are reviewed annually. Major depreciation periods are:

Plant and equipment	3 — 20 years
Buildings and Infrastructure	50 — 60 years
Library Book Stock	10 — 25 years

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the State. The State has assessed amortisation for intangible assets as 25 percent.

Northern Territory

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Land is not a depreciable asset.

Australian Capital Territory

Amortisation is used in relation to intangible assets, while depreciation is applied to physical assets such as buildings, leasehold improvements, and plant and equipment.

Land and heritage assets have an unlimited useful life and are therefore not depreciated.

Leasehold improvements are depreciated over the estimated useful life of each asset, or the unexpired period of the relevant lease, whichever is shorter. Buildings and plant and equipment is depreciated over the estimated useful life of each asset.

All depreciation is calculated after first deducting any residual values which remain for each asset.

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

Class of Asset Depreciation/Amortisation Method Useful Life:

Buildings Straight Line	5 — 100 years
Leasehold Improvements Straight Line	2 — 10 years
Plant and Equipment Straight Line	2 — 20 years
Externally Acquired Software Straight Line	2 — 5 years

CURRENT LIABILITIES AND PROVISIONS FOR EMPLOYEE ENTITLEMENTS—RECOGNITION AND VALUATION

General: in general no liability is recognised for accrued superannuation benefits to employees. Most employees are members of state/territory superannuation schemes. The liabilities are recognised by the state/territory departments of treasury or superannuation authorities. Annual superannuation expenses are recognised for the employer's contribution for all schemes. For those states and territories which have been appropriated superannuation contributions funding, the expense is the actual payments made, including accrual adjustments. Where superannuation funds are totally administered elsewhere, the expense is obtained from the administering party.

New South Wales

Salaries and wages (including non-monetary benefits), and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service, are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The state has assessed the actuarial advice based on the state's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the state does not expect to settle the liability within 12 months as the state does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The state's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The state accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using the Commonwealth government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

Victoria

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values. Liabilities that are not expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave:

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed as a current liability even when the institute does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at:

- present value — component that is not expected to be settled within 12 months
- nominal value — component that is expected to be settled within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an other economic flow.

Queensland

Wages and salaries due but unpaid at the reporting date are recognised in the statement of financial position and include related on-costs such as payroll tax, workcover premiums and employer superannuation contributions. Sick leave is non-vesting and an expense is recognised for this leave as it is taken.

The liabilities for annual leave and long service leave have been assumed by a central agency of the Queensland Government. For the purposes of AVETMISS reporting, approximations of the Queensland Government's overall liability for annual leave and long service leave are reported. The approximation for annual leave is obtained by the payroll data, while the approximation for long service leave is obtained by applying a shorthand method derived by the Queensland State Actuary which reflects the present value of expected future payments to be made, based on expected future salary and wage levels, experience of employee departures and periods of service and national government bond rates.

Western Australia

Liabilities for salaries and wages, and annual leave, are recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement. Sick leave is non-vesting and is therefore not generally recognised. A liability for long service leave is recognised and measured as the present value of expected future payments to be made, based on expected future salary and wage levels, experience of employee departures and periods of service. The present value of obligations is calculated by discounting future payments by the national government bond rates. The liability for superannuation charges under the Superannuation and Family Benefits Act 1938 pension scheme is recognised under Revenue from government in the income statement, as the WA Treasurer assumes the unfunded liability.

South Australia

Liabilities have been established for various employee benefits arising from services rendered by employees to balance date. Employee benefits include entitlements to wages and salaries, long service leave, annual leave and non-attendance days. Long-term benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Employment-related expenses include on-costs such as employer superannuation and payroll tax on employee entitlements together with the workers' compensation insurance premium. These are reported under Payables as on-costs on employee benefits.

Non-attendance days are accrued annually for employees engaged under the TAFE SA Act 2012 but are non-cumulative.

Salaries, wages, annual leave, skills and experience retention leave, non-attendance days, and sick leave

Liabilities for salaries and wages are measured as the amount unpaid at the reporting date — at remuneration rates current at the reporting date.

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention leave liability are payable later than 12 months, the liability will be measured at present value.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the education sector across government. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

Tasmania

Liabilities for salaries and wages and annual leave are recognised and are measured as the amount unpaid at current pay rates with respect to employees' services up to that date. Sick leave is non-vesting and is therefore not generally recognised. A liability for long service leave is recognised and measured as the present value of expected future payments to be made, based on expected future salary and wage levels, experience of employee departures and periods of service. The present value of obligations is calculated by discounting future payments by the national government bond rates.

Northern Territory

Department of Trade, Business and Innovation (DTBI), Department of Education (DoE), Department of the Attorney General and Justice (AGD):

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include salaries, wages and recreation leave. Liabilities arising with respect to these which are expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates at the time of expected settlement. Non-current employee benefits are recorded at present value as required by AASB 119, using the government's long-term bond rate.

No provision is made for sick leave, which is non-vesting, as the anticipated pattern of future sick leave indicates that accumulated sick leave is unlikely to be paid.

Employee benefits expenses are recognised on a net basis with respect to the following:

- salaries and wages, non-monetary benefits, recreation leave, sick leave and other leave entitlements
- other types of employee benefits.

The liability for long service leave has been assumed by a nominated central agency. For the purposes of AVETMISS reporting, an approximation, obtained from the central agency, of that portion of the liability attributable to VET, is reported.

Employees' superannuation entitlements are provided through the NT Government and Public Authorities Superannuation Scheme (NTGPASS), Commonwealth Superannuation Scheme (CSS) and non-government employee nominated schemes for those employees commencing on or after 10 August 1999.

The agency makes superannuation contributions on behalf of its employees to their nominated scheme and these are reported in the AVETMISS financial statements. Any liability for government superannuation is met directly by the schemes and is thus not reportable by DTBI, DoE, and AGD.

Batchelor Institute of Indigenous Tertiary Education: Liabilities for short term employee benefits including wages and salaries and non-monetary benefits are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before 12 months after the end of the reporting period, and is recognised. The liability for long term benefits such as annual leave if it is due to be settled within 12 months are measured at amount expected to be paid when the liability is settled. Long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currently that match, as closely as possible, the estimated future cash outflows. Regardless of the expected timings of the settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability or at least 12 months after the reporting date, in which case it is classified as a non-current liability.

Charles Darwin University: Provisions made with respect to long service leave entitlements (1–6 years of service) which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the employee up to the reporting date.

Australian Capital Territory

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

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and applicable on-costs.

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

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

CURRENT CAPITALISATION THRESHOLD FOR PLANT AND EQUIPMENT

New South Wales

Property, plant and equipment costing $10 000 and above individually (or forming part of a network costing more than $10 000) are capitalised. The threshold for intangibles is $50 000. Capitalisation thresholds remain unchanged from prior year.

Victoria

TAFE institutes (except for Holmesglen TAFE institute) have a capitalisation threshold of $5000 except for land and cultural assets (libraries); all other public VET plant and equipment items with a cost in excess of $5000 are capitalised as non-current assets. All land and library acquisitions are capitalised and no thresholds apply.

Holmesglen TAFE institute has increased the capitalisation threshold from $5000 to $10 000 effective from 9 December 2013. The assets that have been affected by this change comprise mainly computer related equipment and engineering plant and equipment used for teaching purposes.

Queensland

In accordance with the *Non-Current Asset Policies for the Queensland Public Sector*, the recognition threshold for plant and equipment (including computer equipment and leasehold equipment) is $5000.

Western Australia

The capitalisation threshold for property, plant and equipment is $5000.

Thresholds for the capitalisation of intangible assets are as follows

- Computer software and licences — $5000
- Internally generated intangible assets — $1 000 000

South Australia

The capitalisation threshold for property, plant and equipment and intangibles is $10 000.

Tasmania

The capitalisation threshold for property, plant and equipment and intangibles is $10 000. Capital works and intangibles are capitalised at $150 000.

Northern Territory

Department of Trade, Business and Innovation, Department of Education, Department of the Attorney General and Justice, and Charles Darwin University: The capitalisation threshold for property, plant and equipment is $10 000.

Batchelor Institute of Indigenous Tertiary Education: The capitalisation threshold for property, plant and equipment is $5000.

Australian Capital Territory

Plant and equipment purchases with a cost or equivalent value of greater than or equal to $2000, exclusive of GST are capitalised (or $50 000 exclusive of GST in the case of externally acquired software for the Canberra Institute of Technology).

CURRENT INVESTMENT VALUATIONS

New South Wales

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The state determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Fair value through profit or loss — the state subsequently measures investments classified as ‘held for trading’ or designated upon initial recognition ‘at fair value through profit or loss’ at fair value. Financial assets are classified as ‘held for trading’ if they are acquired for the purpose of selling in the near term. Gains or losses on these assets are recognised in the net result for the year.

Held-to-maturity investments — non-derivative financial assets with fixed or determinable payments and fixed maturity that the state has the positive intention and ability to hold to maturity are classified as ‘held to maturity’. These investments are measured at amortised cost using the effective interest method. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Victoria

The investment classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the consolidated comprehensive operating statement as a transaction.

Queensland

Investments are initially recognised at cost and adjusted if necessary to fair value.

Western Australia

Investments are brought to account at amortised cost less any impairment.

South Australia

Not applicable.

Tasmania

Not applicable.

Northern Territory

Department of Trade, Business and Innovation, Department of Education, and Department of the Attorney General and Justice: Not applicable.

Batchelor Institute of Indigenous Tertiary Education: Cash investments at end of year in term deposits are recorded as cash or cash equivalents.

Charles Darwin University: Investments at year end are cash or cash equivalents.

Australian Capital Territory

The long term investment The Canberra Institute of Technology holds is measured at cost and are classified between current and non-current assets based on the intended timing of maturity.

OTHER

New South Wales

The state holds inventory of teaching and resource materials that are consumed directly in the delivery of educational courses. Inventory is expensed on acquisition, as they are high-turnover items with immaterial levels of stock holdings.

Victoria

Inventories are recognised as current assets at the lower of cost or net realisable value.

Queensland

Inventories are valued at the lower of cost and net realisable value. In accordance with AASB 102 *Inventories*, those inventories held for distribution are measured at the lower of cost and current replacement cost.

Western Australia

Inventories are measured at the lower of cost and the net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being measured on a first in first out basis.

South Australia

Inventories include goods and other property held either for sale or distribution at no or nominal cost in the ordinary course of business.

Inventories held for distribution at no or nominal consideration are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Cost is assigned to low volume inventory items on a specific identification of cost basis.

Inventories comprise learning modules, food and wine, wine-making equipment, books, stationery, hair and beauty products and timber supplies.

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses is recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are recognised as an expense reduction.

Bases used in assessing loss of service potential for inventory held for distribution at no or minimal cost include current replacement cost and technological or functional obsolescence.

Tasmania

Inventories are valued at the lower of cost and net realisable value.

Northern Territory

Department of Trade, Business and Innovation, Department of Education, and Department of the Attorney General and Justice: Inventories comprise teaching and resource materials, which are expensed on acquisition, as they are high-turnover items with immaterial levels of stock holdings.

Charles Darwin University: Inventories are valued at the lower of cost and net realisable value, except for livestock — cattle and horses — which are measured at net market value.

Batchelor Institute of Indigenous Tertiary Education: Inventories are valued at the lower of cost and net realisable value. Costs are assigned to the individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deduction rebates and discounts.

General

The Northern Territory Financial Statements for AVETMISS are consolidated financial statements prepared by the Department of Trade, Business and Innovation (DTBI) from data provided by Department of Education, Department of the Attorney General and Justice, Batchelor Institute of Indigenous Tertiary Education and Charles Darwin University. DTBI does not control (as defined in AASB 127) any of these entities, but nevertheless they encapsulate the VET public providers for the Northern Territory.

Australian Capital Territory

Nil.

Section 4:
Audit of key data elements

Audit of Key Data Elements

Background

This requires an external audit of key data elements to provide independent confidence in the veracity of those elements. This is important, as the information is one of the sources for reporting Government real recurrent expenditures on VET as reported in the VET chapter of the Productivity Commission's *Report on Government Services.*

Key data elements

The key data elements that require an external audit are:

- total expenses from ordinary activities
- fee-for-service revenue
- ancillary trading revenue
- student fees and charges revenue
- other operating revenue
- gain on sale of property, plant and equipment
- state recurrent revenue — total figure only
- revenue from Commonwealth administered programs
- assumption of liabilities revenue.

Section 5: Collection arrangements

Collection Arrangements

Management

The National VET Finance Collection is a calendar year financial data collection that focuses on government-funded training. Financial data is prepared in accordance with *AVETMISS: the Standard for VET Financial Data, release 2.1,* to provide a national standardised account of government-funded VET. The data collection period is 1 January to 31 December.

The National Centre for Vocational Education Research (NCVER) will initiate the annual data collection process formally with a letter to the jurisdictional Chief Officer[2] responsible for AVETMISS financial reporting which will provide the key target dates for the data collection year.

AVETMISS: the Standard for VET Financial Data with the data collection instrument the *AVETMISS financial statements pro forma* will be available for download from the NCVER portal at the beginning of the data collection year, please refer to <https://www.ncver.edu.au/publications/2590.html>.

NCVER will conduct a telephone conference with jurisdictional finance officers in February each year to ensure that the collection templates, the financial standard and collection timetable have been received and are understood.

Data is to be returned electronically to NCVER via the *AVETMISS financial statement proforma* and this will be reviewed for data quality. Key data elements will be audited by independent external auditors appointed by states/territories.

Your cooperation is sought in adhering to the timelines on the collection plan. One key date is the return to NCVER this is to allow for validation and review by NCVER as well as for adequate time for the audit of the key data elements. It is expected that final data will be accompanied with a letter of sign-off from the Chief Officer or their appropriate nominees.

The National VET Finance Group

The national VET financial data collection is steered by the National VET Finance Group which has representation from each jurisdiction. The group provides the financial expertise for the collecting and reporting of VET financial data and is responsible for safeguarding the integrity of reported VET financial data by ensuring reporting is to the guidelines of the *AVETMISS: the Standard for VET Financial Data* and the data collection process is guided by the principles and provisions outlined below:

Primacy Principle — the guiding principles provide the framework to the National VET Financial Collection process and therefore apply to all entities collecting and submitting AVETMISS financial data.

The purpose of this principle is to provide consistent and measurable information to stakeholders and safeguard against exclusion, favouritism and inconsistency.

Provisions undertaken to ensure this principle:

- all principles and provisions are reviewed annually by the National VET Finance Group to ensure they are satisfying purpose.

2 Electronic copy to finance officers.

Governance Principle — a formalised governance arrangement is in place and clearly defined in the *AVETMISS: the Standard for VET Financial Data*.

The purpose of this principle is to ensure any significant change made to the collection scope has undergone the appropriate consultation process and endorsement from senior officials from each jurisdiction.

Provisions undertaken to ensure this principle:

- the National VET Finance Group will meet at least three times per year to discuss and agree changes required to the collection scope
- any significant change to the collection scope and its implementation timeframe will have endorsement from the appropriate authority of each jurisdiction
- all endorsed changes will be documented in *AVETMISS: the Standard for VET Financial Data*.

Compliance Principle — financial reporting will be to Australian statutory requirements and to the requirements of the Australian VET sector.

The purpose of this principle is to ensure data is compliant with Australian Accounting Standards in order to provide a public account of monies spent. Data is relevant to the Australian VET sector and provides the evidence base that will support policy reform.

Provisions undertaken to ensure this principle:

- the National VET Finance Group will agree inclusion of revised Australian Accounting Standards and the implementation timeframe
- the National VET Finance Group will agree relevant changes to *AVETMISS: the Standard for VET Financial Data*
- key data elements will be subject to an independent financial audit process with audit certificates kept on file
- agreed changes will be documented in *AVETMISS: the Standard for VET Financial Data*.

Data Quality Principle — financial reporting will undergo a data quality regime to ensure reporting is to Australian Accounting Standards and prepared under the requirements of *AVETMISS: the Standard for VET Financial Data*.

The purpose of this principle is to ensure national VET financial statistics meet current and potential user needs.

Provisions undertaken to ensure this principle:

- final data submissions have endorsement from the appropriate jurisdictional senior official
- data is checked by responsible parties prior to data submission
- data is reviewed by the collection agent
- a continuous improvement process is in place to eliminate common reporting problems
- the information flow between parties will be forthcoming and detailed to ensure accurate and timely reporting

- final data to be submitted on the AVETMISS financial collection instrument
- all parties will prioritise data quality issues as they develop
- reporting will be to the guidelines of *AVETMISS: the Standard for VET Financial Data*
- comparative data will be reported
- a variance report is to be submitted with each data submission
- explanatory endnotes in the final publication have undergone the appropriate approval process
- reporting is to align as far as possible to departmental annual reports.

Transparency Principle — the National VET Finance Group will adopt a data sharing philosophy to ensure reported data provides an evidence base that will support policy reform.

The purpose of this principle is to ensure accuracy of the reported data and in order to achieve this, the information flow between reporting entities and levels of government will be open and transparent.

Provisions undertaken to ensure this principle:

- the two levels of government will consult on the detail required to satisfy the data elimination process
- the National VET Finance Group will continuously improve data templates that assist with the reporting or eliminating process.

Responsive to Change Principle — relevant changes as a result of policy reform will be captured in national VET financial reporting and in an appropriate time frame.

The purpose of this principle is to ensure the national VET financial data collection meets stakeholder needs by having flexibility to incorporate changes in event of policy reform.

Provisions undertaken to ensure this principle:

- the National VET Finance Group will consult on new funding arrangements and assess the impact of inclusion into the data collection process
- agreement for inclusion of new programs is to be noted by June prior to the following data collection year.

Inclusion Principle — VET activity costs are direct costs to training.

The purpose of this principle is to ensure a clear definition on collection scope.

Provisions undertaken to ensure this principle:

- the National VET Finance Group will define the methodology used in determining costs relating to VET activity
- a clear definition of costs relating to VET activity will be documented in *AVETMISS: the Standard for VET Financial Data* and the *Australian vocational education and training statistics: financial information* publication.

Statement of Purpose Principle — the managing organisation will maintain a publically available statement of purpose.

The purpose of this principle is to define why this data collection exists.

Provision undertaken to ensure this principle:

- *AVETMISS: the Standard for VET Financial Data* will document a statement of purpose for the data collection process.

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