NCVER

AVETMISS
The Standard for VET Financial Data

Release 1.7

Updated January 2009

Prepared on behalf of the
National Training Statistics Committee

Australian Vocational
Education and Training
Management Information
Statistical Standard

AVETMISS

Australian Government
Department of Education, Employment
and Workplace Relations

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Updated text has been highlighted in yellow.

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Preface

Overview

The Standard for VET Financial Data offers a nationally consistent standard for the collection, reporting and analysis of publicly funded vocational education and training information throughout Australia. It forms part of the Australian Vocational Education and Training Management Information and Statistical Standard (AVETMISS). The standards have been developed and refined over a number of years through consultations with major stakeholders.

Data collections made under the standards will be used as the basis for reporting the key performance measures for the VET sector approved by Commonwealth, state and territory vocational training and education ministers.

Contents of this document

AVETMISS The Standard for VET Financial Data incorporates five main sections:

Section 1	provides an introduction to the standard for VET financial data and the national financial data 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. However, the standard will be subject to ongoing review in the light of future 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 website at <http://www.ncver.edu.au/statistics>

In accordance with current procedures, future revisions to the standard will be presented to the National Training Statistics Committee (NTSC) following consultation with major stakeholders.

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Section 1: Introduction

The Standard for VET Financial Data

Background

Commonwealth, state and territory vocational training and education ministers have approved Australian Vocational Education and Training Management Information and Statistical Standard (AVETMISS) and it has been implemented throughout the public vocational education and training sector.

Since 1992 state and territory vocational education and training authorities have provided financial information related to publicly funded vocational education and training. The Australian National Training Authority (ANTA) provided information from 1994 until its abolition and the transfer of its functions to the Australian Government Department of Education, Employment and Workplace Relations (DEEWR) from 1 July 2005. This standard has been progressively updated in consultation with states, territories, ANTA (up to 30 June 2005) and DEEWR (from 1 July 2005).

Scope

The standard offers a nationally consistent framework for the collection, reporting and analysis of financial information for Australia's public vocational education and training (VET) system. It forms part of the data collections made under the AVETMISS.

Public funds are those transacted through the public accounts of states/territories and DEEWR.

In practice, this means collecting data for:

- state and territory training departments and training authorities, including any public funding for VET 'on-forwarded' by these to universities, schools, private providers, industry and community providers, rural colleges etc.
- TAFE institutes and colleges
- DEEWR training activity
- VET entities which 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 DEEWR and the state/territory training authority, and
- public funded adult and community education activities.

Implementation

Release 1.7-updated January 2009 should be used for the 2008 calendar year information.

Standard terminology

The standard generally complies with the requirements of Australian Accounting Standards (AASB's, AAS's) and International Financial Reporting Standards (IFRS).

Financial statements

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

- income statement
- balance sheet
- statement of changes in equity
- statement of cash flows, and
- notes to and forming part of the above.

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 specific purpose programs, and
- assumption of liabilities revenue.

Data collection arrangements

The national data 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) advises states/territories and DEEWR of detailed collection timeframes prior to the commencement of each calendar year.

Section 2:
Financial statements: definitions and pro forma

Definitions

General

Definitions of the financial statement line items are included in this section. The guidelines section (Section 3) of this standard contains 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, included are references to the Australian Accounting Standards (AASBs) issued by the Australian Accounting Standards Board, Statements of Accounting Concepts (SAC's) and continuing earlier Australian Accounting Standards (AASs) the most relevant of which is AAS29—Financial Reporting by Government Departments.

Income

Income is recognised in the Income Statement when an increase in future economic benefit related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably. (AAS29 [10.1]). The definition of income encompasses both revenue and gains. Revenue arises in the ordinary activities of an entity. Most revenues arise from receiving funds 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 or from increases in the carrying amount assets held for sale. Where items of income are material their nature and amount shall be disclosed separately. (AASB101[97]).

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, sales 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 REVENUE

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 are recognised in the Income Statement 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. (AAS29 [10.2]). Most expenses arise from paying staff and suppliers, meeting training related expenses for individuals and entities and from depreciating assets. Where items of expense are material their nature and amount shall be disclosed separately. (AASB101[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 oncosts.

Note: Where another agency initially incurs a liability for expenses on behalf of the VET entity (e.g. 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" (AAS29 [8.2]).

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 (e.g. 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" (AAS29 [8.2]).

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 (i.e. generally supervised nominal hours) being provided to other (i.e. 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, 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 (AASB136 [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 expenses

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 also for 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 of 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 include recurrent, capital and other parliamentary appropriations 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.

Revaluation decrement/increment

A revaluation decrement arising from a devaluation or write down of assets during the reporting period is recognised as an expense in the Income Statement, except to the extent that the decrement reverses a revaluation increment previously credited to and still included in the balance of an Asset Revaluation Reserve for the same class of asset. In this instance, the decrement is charged to the Asset Revaluation Reserve. Any revaluation increment as a result of a revaluation that reverses a revaluation decrement of the same asset class previously recognised as an expense in the Income Statement should be recognised as revenue in the Income Statement (AASB116 [39-40]). Note: write down of assets excludes written down value on disposal of assets, which is recorded under notes 4 and 11.

Assets

Assets are defined as resources controlled by the entity as a result of past transactions or other past events and from which future economic benefits are expected to flow to the entity.

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. (AASB101 [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. (AASB101 [66])

Liabilities

Liabilities are present obligations of the entity arising from past events, the settlement of which is 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. (AASB101 [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. (AASB101 [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. (AASB101 [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 (AASB137).

Commitments for expenditure

There is a note to the balance sheet 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 (AASB117 [31, 35]) and contracts for future capital expenditures (AASB116 [74]).

Pro forma

Income Statement for [State, Territory, DEEWR] 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 revenue	3	0	0
Gain on sale of property, plant & equipment	4	0	0
Total income		**0**	**0**
Expenses			
Employee expenses	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 & equipment	10	0	0
Borrowing costs		0	0
Other expenses	11	0	0
Total expenses	12	**0**	**0**
Surplus/(deficit)	**23**	**0**	**0**
Revenue from government	13	0	0
Revaluation decrement/(increment)	14	0	0
Total operating surplus/(deficit)	15	**0**	**0**

Balance Sheet for [State, Territory, DEEWR] 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, DEEWR] 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 revenues		0	0
Total receipts		**0**	**0**
Payments			
Employee expenses		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 expenses		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 revenues		0	0
Total receipts		**0**	**0**
Payments			
Infrastructure capital		0	0
Investments		0	0
Loans and advances advanced		0	0
Other expenses		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 revenues		0	0
Total receipts		**0**	**0**
Payments			
Borrowing redemptions		0	0
Finance lease payments (excluding interest)		0	0
Capital returns		0	0
Other expenses		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, DEEWR] for the year ending 31 December XXXX

	Note Ref	XXXX $'000	XXXX-1 $'000
Income and expenses recognised directly in equity			
Increase/(decrease) in asset revaluation reserve	16	0	0
Contributed capital and other equity increase/ (decrease) due to	17		
Administrative restructuring/ machinery of government		0	0
Capital charge		0	0
Gains/losses on revaluation of assets available for sale		0	0
Net income recognised directly in equity			
Operating surplus/(deficit) for the year		0	0
Net effect of the adoption of a new accounting standard	15	-	0
Total recognised income and expense for the year		**0**	**0**

Notes to and forming part of the Financial Statements for [State, Territory, DEEWR] for the year ending 31 December XXXX

	XXXX	XXXX-1
	$'000	$'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). The AVETMISS encompasses financial reporting in accordance with Australian Accounting Standards. The objective of the report is to provide a national account of financial activity in the public VET system. This includes financial activity related to departmental policy and support functions.

The financial information has been compiled from national, state and territory 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

	XXXX $'000	XXXX-1 $'000
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 revenues

	XXXX $'000	XXXX-1 $'000
Investment income	0	0
Residential charges	0	0
Recoveries (administration and other)	0	0
Other revenues	0	0
Total	**0**	**0**

Note 4: Gain on sale of property, plant & equipment*

	XXXX $'000	XXXX-1 $'000
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.*

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 & 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 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 general purpose recurrent (13a)	0	0
Commonwealth capital	0	0
State recurrent	0	0
State capital	0	0
Commonwealth specific purpose programs (13b),(13c)	0	0
Assumption of liabilities	0	0
Resources received free of charge	0	0
Total	**0**	**0**

Note 13a: Commonwealth general purpose recurrent
The national total of $Y is for Strategic National Initiatives of $P (XXXX-1,$Q) and DEEWR Operating funding of $R (XXXX-1, $S)
NB: DEEWR only. States and territories are not required to complete note 13a

Note 13b: Commonwealth specific purpose programs
The national total of $ comprises:
Balance of National Programs $ (XXXX-1,$) not in state or territory figures
NB: DEEWR only. States and territories are not required to complete Note 13b

Note 13c: Commonwealth specific purpose programs		
DEEWR funded	0	0
Other	0	0
Total	**0**	**0**

Note 14: Revaluation decrement/(increment)		
(Briefly describe class/type of asset)	0	0
Total	**0**	**0**

Note 15: Accumulated surplus/(loss)		
Balance 1 January	0	0
Total operating surplus/ (deficit) recognised in the income statement	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 as per the statement of changes in equity*	-	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
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 balance sheet as assets and liabilities		
Current	0	0
Non-current	0	0
Operating lease commitments not recognised in the balance sheet as liabilities		
Current	0	0
Non-current	0	0
Capital expenditure contracted for at 31 December but not recognised in the balance sheet 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)	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**

Summary Analytical Data

	XXXX $'000	XXXX-1 $'000
% Fee-for-service to total income	%	%
% Ancillary trading to total income	%	%
% Student fees to total income	%	%
% Other to total income	%	%
% Gain on sale of property, plant & equipment to total income	%	%
% Total income to total income plus operating revenue from government	%	%
% State/territory funds to income plus operating revenue from government	%	%
% Commonwealth to total income plus operating revenue from government	%	%
% Commonwealth general purpose to total income plus operating revenue from government	%	%
% Commonwealth special purpose to total income plus operating revenue from government	%	%
% Employee expenses to total expenses	%	%
% Supplies and services to total expenses	%	%
% Grants/subsidies to total expenses	%	%
% Payments to non-TAFE providers for VET delivery to total expenses	%	%
% Depreciation and amortisation to total expenses	%	%
% Impairment losses to total expenses	%	%
% Loss on sale of property, plant & equipment to total expenses	%	%
% Borrowing costs to total expenses	%	%
% Other to total expenses	%	%
% 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.

General

This collection is the primary financial statistical collection for Australia's public 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 Centre for the Economics of Education and Training at Monash University, the Productivity Commission, the Commonwealth Grants Commission and for the DEEWR Annual National Report, and other NCVER statistical publications. This standard contains a requirement for an external audit of certain key elements in the context of this work.

It is therefore incumbent on preparers of the data to ensure that their data is 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 in respect of 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/territories in identifying and agreeing with DEEWR payments to them, DEEWR will provide details of VET recurrent, capital and National Programs payments. These should be available immediately following the end of the calendar year. NCVER will liaise with DEEWR to arrange for the distribution of this information to states and territories. If states/territories cannot agree with the DEEWR amounts they should resolve the issues with the DEEWR contact officer. It is important that these figures are agreed between DEEWR and states/territories as some of them are used for calculating the VET Key Performance Measure (KPM) of efficiency. Refer Section 4 of this standard.

DEEWR will also provide details of Strategic National Initiatives (SNI's) and Flexible Learning Framework (FLAG) to states/territories as these details need to be eliminated from state/territory figures and reported by DEEWR (refer further comments below).

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 originally receive appropriations and revenues and then transfer or expend them to training organisations which are included in the collection (TAFE institutes or colleges, rural colleges etc.) and would 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 public 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.

DEEWR is required to eliminate from its gross data, both revenues (appropriations) and payments, for the VET recurrent, capital, National Program and any other program funding to state/territory training authorities and the public training providers as these amounts will be reported by states and territories. **Alternatively DEEWR has responsibility for reporting all DEEWR funded Strategic National Initiatives (SNI's) and Flexible Learning Framework (FLAG) revenues (appropriations) and payments and these are to be eliminated by states and territories.**

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, i.e. 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 balance sheet.

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 income statement when purchasing consumable/trading items. Similarly, it is to be included as part of the capital cost of the asset as reported in the balance sheet where the payment relates to the purchase of a capital item.

The financial statements pro forma include some 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 DEEWR programs:

- Language, Literacy and Numeracy Program (LLNP);
- Workplace English Language and Literacy (WELL);
- Australian Apprenticeships Access Program (NAAP);
- CONNECTIONS (ex Partnership Outreach Education Model-POEM);
- Skilling Australia for the Future-Productivity Places Program;
- Indigenous Education Strategic Initiative Program (IESIP) and
- Other programs for VET training negotiated on a tendering basis from Australian government departments such as the Department of Immigration and Citizenship, which administers the Adult Migrant English program (AMEP).

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

Note: Please ensure that there is no double counting of government revenues by including the same revenue in Fee-for-service revenues and revenues from government. Also states/territories may have to liaise where there are cross-border VET initiatives to eliminate double counts. This is particularly relevant to non-DEEWR funded National Projects 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 of the normal parliamentary budget appropriation processes of the Commonwealth and states/territories and
- contracting and consulting fees for training purposes excluding contract revenue from contracted overseas training (Refer Heading below).

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 publicly 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.), and
- printing for external clients.

STUDENT FEES AND CHARGES REVENUE

This item includes:

- administration charges
- tuition fees (enrolment fees)
- materials fees etc. and
- student services fees passing through the accounts of the publicly funded 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) and
- miscellaneous revenue.

GAIN ON SALE OF PROPERTY, PLANT AND EQUIPMENT

- This item is recognised when the proceeds of the sale of the asset exceed it's 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, and
- 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 and 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 repairs 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 report and other non-promotional materials, committee expenses, entertainment and bank and other administration charges.

Grants and subsidies expenses

Includes 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 (e.g. by contracted delivery) to specific delivery hours which are disclosed below;
- VET in Schools (unless specifically linked to training profile hours—see below);
- skill centres (unless specifically linked to training profile hours—see below); and
- 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 or through user choice or VET in Schools arrangements.

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

Note also that any successful tendering funds paid to TAFE providers are not recorded as a payment (i.e. by the state/territory training authority) and a revenue item (i.e. by the TAFE entity) in these financial statements. The revenue remains within the revenue from government category 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 (cost of the asset, or other amount substituted for cost, less its residual value) of an asset over its useful life. Further information on depreciation can be obtained from AASB116 43–62. Amortisation is the equivalent of depreciation for intangible assets-refer AASB138 97–99. Guidelines on costing depreciation and amortisation to activities categories are included in the activity expenses section below.

IMPAIRMENT LOSSES

Impairment losses are recognised when an assets 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 (AASB136 [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, bad debts write offs, losses and special payments such as ex-gratia gifts, extra-contractual expenditure, damages, out of court settlements and services received free of charge. DEEWR specific purpose program payments including payments for Work Skills Vouchers and Productivity Places under this heading. Note the DEEWR payments should be only those paid to non-public payees. Payments to the public (state/territory departments and TAFE's) VET system should, be eliminated by DEEWR as these funds will be reported as a payment within the state/territory figures when expended by them.

Activities

ACTIVITY EXPENSES - GENERAL

In accordance with AVETMISS, the total expenses are to be dissected according to a number of activity categories. This requirement reflects modern financial reporting and best practice 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 e.g. teacher, administration, ancillary maintenance, counselling etc.
- Consumables more than likely relate to most activities but particularly 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 lease costs of leases for maintaining property, plant and equipment which is 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—e.g. 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 e.g. 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, and
- Other expenses are mainly administration and general services and other services activities.

DELIVERY PROVISION AND SUPPORT ACTIVITY

Expenses included are:

- salaries, wages and oncosts for teachers and tutors including supervisory teaching staff, heads of departments and schools
- salaries, wages and oncosts for learning area, classroom and teaching support roles e.g. 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), and

- 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 comments on depreciation above)
- motor vehicle insurance
- fees and charges and
- borrowing costs expenses.

Note: Where administration staff 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, and
- 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, and
- depreciation expenses (refer to comments on depreciation 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 e.g., 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, as required by AAS29 [6.3] and AASB107 [20.1]).

Revenue from government

REVENUE FROM GOVERNMENT—COMMONWEALTH GENERAL PURPOSE RECURRENT REVENUE

These are revenues from DEEWR of a general recurrent nature paid under the Commonwealth–State Agreement for Skilling Australia's Workforce 2005–2008 and DEEWR's own operating revenue.

This category includes:

- recurrent revenue for base and matched growth funds
- Strategic National Initiatives (reporting by DEEWR only);
- VET in Schools revenue;
- indexation revenue, including indexation for VET in Schools; and
- DEEWR's recurrent operating funding

It excludes:

- DEEWR funded National Programs

Note: Transactions (both revenues and expenses) for Strategic National Initiatives which have been funded by **DEEWR only** are to be excluded by states/territories from their financial statements. Although often devolved to states/territories for progressing, DEEWR is ultimately accountable for the management of these projects and as such they will be reported within DEEWR's financial information under this heading.

The states and territories reported figure for Commonwealth general purpose recurrent revenue is to agree with the scheduled amount provided by DEEWR (refer to comments under section 'General' above).

REVENUE FROM GOVERNMENT—COMMONWEALTH CAPITAL REVENUE

Revenues from DEEWR paid under the Commonwealth–State Agreement for Skilling Australia's Workforce 2005–2008 for capital purposes. These include major capital projects, equipment acquisition and state/territory-based new technologies projects under the Infrastructure Program, the Infrastructure Program sub-components of industry-based and school students skill centres, and VET Infrastructure for Indigenous People.

DEEWR is to report the funding of the flexible delivery (FLAG) initiatives funded from capital funds under this heading.

The states and territories reported figure for Commonwealth capital revenue is to agree with the scheduled amount provided by DEEWR (refer to comments under section "General" above).

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 (e.g. payroll tax). Refer to AAS29 10.5. Some other examples which may impact on reported state or territory recurrent revenues and other items would be:

- the requirement of AAS29 10.6 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. Refer to AAS29 10.5 and 11 and the category contributed capital

- items which may be appropriated to entities but over which they do not have control. These may be transfer payment items in terms of AAS29 10.5.11-10.5.17 and would not be reported as revenues.

Revenue from government—state capital revenue

Revenues appropriated by the state/territory out of its own funds for capital purposes including construction of buildings, child care, skill centres (infrastructure), industry based and school student skill centres.

Revenue from government—Commonwealth specific purpose programs revenue

These are revenues received by a training organisation generally in the form of block grants funded under a Commonwealth Specific Purpose Program (SPP). Block grants generally involve longer-term policy arrangements, e.g. triennium/calendar year agreements, in which revenue is received in large tranches in accordance with scheduled funding arrangements, e.g. quarterly or half-yearly.

Commonwealth Specific Purpose Programs—DEEWR funded National Programs. These include:

- Group Training Schemes; and
- Equity Development and Training Innovation

The reported figure for Commonwealth Specific Purpose Programs revenue—DEEWR funded is to agree with the scheduled amount provided by DEEWR (refer to comments under section "General" above).

- Commonwealth Specific Purpose Programs—Other

Comprise other block grant funds received from Commonwealth government departments.

Note: DEEWR is to include funding for VET specific purpose programs (refer fee for service-government agencies revenue heading above for program descriptions) under this heading. Note the DEEWR revenue should be only the revenues which funded payments to non-public payees. Revenues which funded payments to the public (state/territory departments and TAFE's) VET system should, be eliminated by DEEWR as these funds will be reported as revenues within the state/territory figures when received by them from DEEWR. Refer also offset note under Other Expenses for elimination of related expenditures to public providers.

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 according to AAS29 8.2. 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 recognized only if the services would have been purchased if they had not been donated and their fair value can be measured reliably (AAS29 7.3).

Revaluation decrement/increment

A revaluation decrement arising from a devaluation or write down of assets during the reporting period is recognised as an expense in the Income Statement, except to the extent that the decrement reverses a revaluation increment previously credited to and still included in the balance of an Asset Revaluation Reserve for the same class of asset. In this instance, the decrement is charged to the Asset Revaluation Reserve. Any revaluation increment as a result of a revaluation that reverses a revaluation decrement of the same asset class previously recognised as an expense in the Income Statement should be recognised as revenue in the Income Statement (AASB116 [39-40]). Note: write down of assets excludes written down value on disposal of assets, which is recorded under notes 4 and 10.

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 and
- cash equivalents - i.e. 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 (debtors) 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 balance sheet GST receivables can be netted off against GST creditors. Refer to comments on current payables below and also to comments in the section "General" above for disclosure of GST transactions in the statement of cash flows.

Any debtors that are unlikely to be collectable should be provided for as doubtful debts whilst 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 (AASB107 22[b], 23[b]).

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 balance sheet (AASB5 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 (AASB5 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; and
- 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 in respect of 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

Would 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 class above.

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 goods and services taxation (GST) costs on acquisition which are not recoverable from the taxation authority. It includes both owned (i.e. 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 e.g. 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 of 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 - receivables for netting off of 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 (AASB117, 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.

AASB101-Presentation of Financial Statements covers the disclosure requirements of liability reporting

AASB119 - Employee Benefits covers in detail the accounting measurement of employee benefits.

AASB137 - 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

Includes 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 in relation to contractual or legal matters, as examples.

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 from operations, 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 AASB116.

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 (e.g. 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 income statement.

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 balance sheet 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 AASB137.

Commitments for expenditure

There is a note to the balance sheet 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 (AASB117 31, 35) and contracts for future capital expenditures (AASB116 74).

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

- not later than 1 year
- later than 1 year and not later than 5 years, and
- later than 5 years.

Although the summary format as shown in the note is acceptable, finance officers are requested 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 from its Interpretations Agenda Committee and Advisory Panels and 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 the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP05-03). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

The Commission revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

A notional revaluation of land and buildings is reflected in the Balance Sheet as at 30 June 2006 based on valuation factors supplied by the Department of Commerce, Property Valuation Services. These factors are based on written down replacement costs on an existing use basis with appropriate allowances for regional considerations. A full revaluation of land and buildings was completed prior to 30 June 2007.

Victoria:

Revaluation of non-current assets relates to only land and building assets in Victoria. The Department of Treasury and Finance together with the Victorian Auditor General's Office co-ordinates the revaluation process on a sector by sector basis on a five year cycle. However, revaluation of a class of assets may still be undertaken if there had been material movement (greater than 10%) from the last revaluation to the reporting date.

All other non current assets are subject to impairment and useful life tests on a yearly basis.

Queensland:

Land, buildings, infrastructure, major plant and equipment and heritage and cultural assets are measured at fair value in accordance with AASB 116 Property, Plant and Equipment and 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.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index.

Western Australia:

Land and buildings valuations are being progressively revalued to fair value under a program of valuations which will be completed in 2008. General plant and equipment is valued at cost. VTEC in Kalgoorlie which forms part of Curtin University carries values in the asset register at deemed cost only.

South Australia:

Non-Current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-Current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired for no consideration, or minimal value, they are recorded at their fair value in the Balance Sheet.

All non-current assets are valued at written down current cost (a proxy for 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.

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

Land

Land is recorded on the basis of best use market value obtained from the South Australian Valuer-General. The most recent valuation was conducted as at 30 June 2007.

Buildings and Improvements

Buildings and improvements are valued at current replacement cost. Replacement costs have been established by reference to Quantity Surveyors estimates. The building data provided in the statements relates specifically to buildings and paved areas. The most recent valuations for buildings and paved areas were conducted as at 30 June 2007.

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 2008 by Rushton Valuers Pty Ltd, an independent valuer, on the basis of replacement 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 Income Statement as an expense in the accounting period in which they are acquired.

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 (WDCC) basis.

Plant and Equipment: This is valued at cost less accumulated depreciation, with the carrying amount of the assets being deemed at historic cost at 31 December 2002. All assets added to this class in future reporting periods will be added based on the cost of the asset and this class will no longer be subject to revaluation.

Northern Territory:

Department of Education and Training (DET) and Batchelor Institute of Indigenous and Tertiary Education (BIITE):

Buildings and improvements (excluding land) valuations are based on the estimated written down replacement cost of the most appropriate modern equivalent replacement facility having a service potential of the existing asset. Land is valued on an existing use basis subject to any restrictions or enhancements since acquisition.

A significant portion of the land and building assets included are not under the direct control of the NT Government Agencies but belong to the NT Government.

Charles Darwin University (CDU):

Land and Buildings are valued at fair value.

BIITE:

The art and library collections are valued every three years by direct appraisal and annually by electronic means.

Australian Capital Territory:

Property, plant and equipment and leased assets are measured at cost in accordance with AASB116, as these asset class values are not utilised for management decisions. CIT is moving to valuing Land and buildings greater than $1,000,000 at fair value as per General Government Sector (GGS) reporting requirements. Assets less than $1,000,000 will also be valued at fair value as per GGS reporting requirements.

CURRENT DEPRECIATION METHODS FOR NON-CURRENT PHYSICAL ASSETS

New South Wales:

The depreciable amount of assets is allocated on a systematic basis over their useful life. Depreciation is provided for on a straight-line basis for all depreciable assets with a review undertaken at the time of each revaluation to adjust the written down values in accordance with the Commission's depreciation model. Land is not a depreciable asset.

Victoria:

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 a regular basis.

Queensland:

Property, plant and equipment is 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 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 a regular basis.

South Australia:

Non-current assets are depreciated using the straight-line method of depreciation over their useful lives. This method is considered to reflect the consumption of their service potential. The Department reviews useful lives of assets annually.

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)
Transportable Buildings	40 - 60
Fixed construction Buildings	10 - 30
Improvements	10 - 40
Paved areas	10 - 48
Computing and communication equipment	1 - 20
Other plant and equipment	1 - 47
Library collection	12 - 15

Tasmania:

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, in a manner that reflects the consumption of its service potential and over its expected useful life.

Northern Territory:

Department of Education and Training (DET) and Batchelor Institute of Indigenous and Tertiary Education (BIITE) and Charles Darwin University (CDU):

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:

Depreciation and amortisation is determined on a straight line basis on all fixed assets with a physical substance (excluding land) at a rate to allocate the depreciable amounts over the useful life of the assets. The useful lives of all major assets of the Canberra Institute of Technology are reassessed on an annual basis.

CURRENT LIABILITIES AND PROVISIONS FOR EMPLOYEE ENTITLEMENTS—RECOGNITION AND VALUATION

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 that are 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:

Liabilities for wages and salaries (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting data at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

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 benefits accrued in the future. The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

The Commission's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Commission 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".

Victoria:

Liabilities for salaries and wages, executive performance, accrued days off and annual leave are recognised and are measured as the amount unpaid at current pay rates or employment contract conditions in respect of 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. The liability is split between current for the estimated payment in the next year and non-current for the balance.

Queensland:

Wages and salaries due but unpaid at the reporting date are recognised in the balance sheet 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 (AL) and long service leave (LSL) have been assumed by a central agency of the Queensland state government. As a result, the accounts of Queensland government departments no longer contain a provision for annual leave and long service leave. The liability for AL is reported under the category of "Payable" instead of "Provision and Employee Entitlements". For the purposes of AVETMISS reporting, an approximation of the Queensland government's overall liability on LSL is reported. This approximation 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 are measured as the amount unpaid at current pay rates in respect of 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. The liability for superannuation charges under the Superannuation and Family Benefits Act 1938 pension scheme is recognised under Revenues 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.

Non-attendance days are accrued annually for employees engaged under the Technical and Further Education Act 1975 but are non-cumulative.

Salaries, wages, annual leave and non-attendance days

Liabilities for salaries, wages, annual leave, non-attendance days and leave loading are measured and recognised at their nominal amount in respect of employees' services up to the reporting date.

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

Long service leave

The liability for long service leave is recognised after an employee has completed seven and a half years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

Sick leave

Sick leave is not provided for in the financial report, as it is non-vesting. However, entitlements are accumulated and any sick leave is considered to be taken from the employees' current entitlement.

Tasmania:

Liabilities for salaries and wages and annual leave are recognised and are measured as the amount unpaid at current pay rates in respect of 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 Education and Training (DET) and Batchelor Institute of Indigenous and Tertiary Education (BIITE):

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 in respect of these which are expected to be settled within twelve 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 AASB119, 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 in respect of the following:

- salaries and wages, non-monetary benefits, recreation leave, sick leave and other leave entitlements; and
- 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 DEET and BIITE.

Charles Darwin University (CDU):

Provisions made in respect of long service leave entitlements (1-9 years of service) which are not expected to be settled within twelve 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:

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within the ensuing twelve months, comprising wages and salaries, annual leave and long service leave have been measured based on the amount of remuneration anticipated to be paid when the leave is taken. Other employee entitlements payable later than one year after balance date, e.g. LSL, have been measured at the present value. To simplify the present value calculation, CIT uses a shorthand approach whereby a net factor of 0.95 is applied to the Institute's amount of long service leave liability in order to calculate the present value. Present value is also calculated with reference to the length of qualifying service. For employees with less than ten years of required qualifying service, the liability is calculated using another shorthand approach where a 100% liability is recorded for employees with five or more years of service and 0% for employees with less than five years of service. This approach is an approximation process to recognise the probable liability that will eventuate for officers with less than ten years of service, when ten years of service is achieved.

CURRENT CAPITALISATION THRESHOLD FOR PLANT AND EQUIPMENT

New South Wales:

Property, plant and equipment costing $5,000 and above individually (or forming part of a network costing more than $5,000) are capitalised. Intangible assets (software) have a capitalisation threshold of $50,000.

Victoria:

TAFE Institutes have a capitalisation threshold of $5,000 and except for land and cultural assets (libraries), all other public VET plant and equipment items with a cost in excess of $5,000 are capitalised as non-current assets. All land and library acquisitions are capitalised and no threshold apply.

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 $5,000.

Western Australia:

The capitalisation threshold for plant and equipment, computer equipment, motor vehicles and other is $5000.

South Australia:

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

Tasmania:

TAFE Tasmania has a capitalisation threshold for property, plant and equipment items of $5,000. The capitalisation threshold for Department of Education property, plant and equipment items is $10,000.

Northern Territory:

Department of Education and Training (DET) and Batchelor Institute of Indigenous and Tertiary Education (BIITE) and Charles Darwin University (CDU):

The capitalisation threshold for property, plant and equipment is $5,000 with the exception of Charles Darwin University which is $10,000.

Australian Capital Territory:

Plant and equipment purchases with a cost or equivalent value of greater than or equal to $2,000, exclusive of GST are capitalised (or $50,000 exclusive of GST in the case of 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. NSW determines the classification of its financial assets after initial recognition and, when allowed, and appropriate, re-evaluates this at each financial year end.

Victoria:

Investments are valued at cost and are classified between current and non-current assets based on the intention of the investor (mainly institutes' councils) at balance date in relation to the timing of the disposal.

Queensland:

Investments are brought to account at the lower of cost and net realizable value.

Western Australia:

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

South Australia:

Investments are carried in the Balance Sheet at the lower of cost or recoverable amount. Investments at year end are predominately cash deposits.

Tasmania:

Not applicable.

Northern Territory:

Department of Education and Training (DET):

Not Applicable.

Batchelor Institute of Indigenous and Tertiary Education (BIITE):

Cash investments at end of year in bank bills are recorded as cash or cash equivalents.

Charles Darwin University (CDU):

Investments at year end are cash or cash equivalents.

Australian Capital Territory:

Investments are valued at cost (or market value) and are classified between current and non-current assets based on the intended timing of maturity.

OTHER

New South Wales:

New South Wales holds inventories of teaching and resource materials that are consumed directly in the delivery of educational courses. Inventory is expensed as it is acquired. New South Wales does not capitalise inventories as holdings are high turnover items that are characterised by low stock levels that are not of a material nature.

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

South Australia:

Inventories held for sale and/or distribution are measured at the lower of cost (as determined by the latest purchase price) or their net realisable value.

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

Northern Territory:

Department of Education and Training (DET):

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 (CDU):

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 and Tertiary Education (BIITE):

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

General:

The Northern Territory Financial Statements for AVETMISS are consolidated financial statements prepared by DET from data provided by DET, Department of Justice, BIITE and CDU. DET does not control (as defined in AASB127) any of these entities but nevertheless they encapsulate the VET public providers for the NT.

The consolidated information has eliminated DET and other intra-group (1) debtors and creditors and (2) grants. Movements in the asset revaluation reserve are reported on a net basis in the balance sheet. No other consolidated eliminations are undertaken and the financial statements for NT are a collation of all other line items.

Tasmania and Australian Capital Territory:
Nil.

Section 4:
Audit of key data elements

Audit of key data elements

Background

The AVETMISS financial data collection requires an external audit of key data elements within that collection. This provides independent confidence in the veracity of those elements. This is important as the information becomes publicly available principally through publications of the NCVER, the Australian Productivity Commission in its Report on Government Services and DEEWR in its Annual National Report of Australia's Vocational Education and Training System.

The information also is the source for one of the Key Performance Measures (KPMs) which have been adopted by the national VET system to measure progress towards the achievement of objectives of the MINCO endorsed National Strategy for VET 2004–2010-*Shaping our Future, Australia's National Strategy for VET 2004–2010*

The KPMs and their related components are reviewed annually by the National Training Statistics Committee (NTSC) to ensure that they remain relevant to national priorities and strategies.

One of the KPMs is a measure of the efficiency of producing publicly funded vocational education and training skill outputs from the recurrent government funding provided for VET. The unit cost per nominal hour of training activity for publicly funded VET is the current basis for measuring performance.

Government recurrent expenditure is divided by comparable nominal training hours' data collected by NCVER in its annual provider collection to calculate a unit cost of delivery (deflated to current prices). This unit cost is the efficiency measure reported in the key performance measures section of DEEWR's Annual National Report (ANR) of Australia's VET system.

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
- revenue from specific purpose Commonwealth funds (DEEWR and other Commonwealth government agencies)
- assumption of liabilities revenue

Section 5: Collection arrangements

Collection arrangements

Management

The national data 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.

To initiate the annual collection process, NCVER will electronically provide state, territory and DEEWR contact officers with the pro forma financial statements, definitions and guidelines and a detailed collection plan prior to the commencement of a new calendar year. An official letter will simultaneously inform Chief Executive Officers (CEOs).

Data will be returned electronically to NCVER for quality reviews and consolidation. 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 substantial validation and review by NCVER as well as for adequate time for the audit of the key data elements. NCVER provides the audited data to DEEWR for summary publication in its Annual National Report and much of the data is also provided to the Australian Productivity Commission for its Report on Government Services. The full VET finance data is published by NCVER in its *Australian vocational education and training statistics: Financial information* publication.

It is expected that final data will be accompanied by a letter of transmission (sign-off) from CEOs or their appropriate nominees.