



DEPARTMENT OF EDUCATION AND TRAINING

ANNUAL REPORT 2019–2020



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The Hon. James Merlino, MP
Deputy Premier of Victoria and Minister for Education

The Hon. Gayle Tierney, MP
Minister for Higher Education and Minister for Training and Skills

The Hon. Ingrid Stitt, MP
Minister for Early Childhood

Dear Ministers

In accordance with the *Education and Training Reform Act 2006* and the *Financial Management Act 1994*, I am pleased to present the Department of Education and Training's Annual Report for the year ending 30 June 2020.

Yours sincerely



Jenny Atta
Secretary
29 October 2020

Secretary's letter

Education is now more important than ever. The Department of Education and Training (the Department) is committed to the provision of world-class education services, and continues to deliver the Victorian Government's Education State reforms that equip Victorians with the skills and knowledge needed to support current and future challenges.

Learning starts in the early years, and this year the Department commenced its staged roll-out of the Three-Year-Old Kindergarten program, with almost 600 three-year-olds in six local government areas attending kindergarten for the first time. The Department is committed to delivering excellence and equity in education, and the participation of Koorie children in kindergarten continued to increase in 2019 at a rate higher than the overall cohort.

We also continued our strong focus on health and wellbeing. Our Mental Health Practitioners initiative commenced in 121 secondary schools and recruited 85 practitioners to support students. Victoria also became the first state or territory in Australia to provide free sanitary pads and tampons in every government school.

Improving teaching quality has been another strong focus for the Department over the past 12 months. We extended the support and training provided for teachers through our Professional Learning Communities initiative to a total of 833 schools. We continued to roll out the Differentiated Support for School Improvement initiative so that teaching and leadership capability has now been strengthened in 360 schools. In addition, 292 primary teachers completed intensive training to become mathematics and science specialists. The publication of the Mathematics Teaching Toolkit and the Secondary Literacy Teaching Toolkit has helped teachers improve their practice across the system, and targeted training for literacy and numeracy improvement teachers directly supported 3,800 Year 10 students in 2019 through our Middle Years Literacy and Numeracy Support program.

Delivery of the largest school and kindergarten infrastructure program in Victoria's history is well underway, with the Department launching the new Building Blocks program—an infrastructure strategy and grant process to support new and expanded kindergartens needed over the next decade. We also continued our roll out of the school infrastructure program, opening 11 new schools in 2020 and completing 266 modernisation projects.

We continued to support high-quality education and training beyond the school years. The Department commenced the revitalisation of the Bendigo Kangan TAFE campus, and in Morwell opened TAFE Gippsland's Health and Early Childhood Training Centre, and commenced works on the Morwell Trade Skills Centre. A new skills hub was also opened at Victoria University Polytechnic, providing an important link between our schools, TAFEs, universities and industry.

The success of the Free TAFE for Priority Courses initiative (Free TAFE) has continued. In its first year of operation, Free TAFE supported almost 40,000 new commencements—an increase of 88 per cent on 2018 commencement figures—and boosted female participation in training. In addition, the Department subsidised 329,105 course enrolments to reduce financial barriers for students wanting to train for in-demand jobs.

We are focused on developing TAFE teachers to support our students get the best learning opportunities from the best teachers. This year, 1,331 Vocational Education and Training (VET) teachers, trainers and assessors participated in professional development training through the VET Development Centre. We also launched the VET Shared Learning Resources Community, an online platform developed to facilitate curriculum sharing between TAFE institutes. Through the platform, six short courses were made available that included 676 sets of training materials for 41 different qualifications.

I would like to close by acknowledging that 2020 has been a year like no other. The Victorian community has faced extraordinary challenges, initially in relation to the devastating summer bushfires, and of course, for a sustained period now, the coronavirus (COVID-19) pandemic. I am grateful for the contributions made by everyone in the Department and our three education and training sectors to Victoria's response to these emergencies. In particular, I would like to acknowledge our teachers, educators, support staff and specialist workforces across early childhood education and care (ECEC) services, schools, and TAFE and training organisations.

In response to the coronavirus (COVID-19) pandemic, more than one million students across 2,200 schools were transitioned to remote and flexible learning. This had never been done before, and could not have been achieved without the support and leadership of 80,000 teachers and our dedicated corporate staff. We distributed more than 61,000 laptops and 23,000 network connecting devices to students who otherwise would have been unable to continue their education online, and we ensured that schools remained open for those students who could not learn from home.

Together with all our partners and service providers, we continue to navigate the challenges of 2020. We remain committed to providing the highest quality education services to our students while supporting and developing our teachers and non-teaching staff.

I look forward to continuing to work with all education and training sector staff and providers, for the benefit of all Victorians.

Jenny Atta
Secretary

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Year in review

The Department is delivering on the Victorian Government's commitment to make Victoria the Education State by providing all Victorians with the best learning and development experience. Education provides all Victorians with the skills and knowledge they need to actively participate in, and contribute to, our rapidly changing economy and society.

The Department's *Strategic Plan 2019–23* guides the provision of high-quality education, training, development, and child health and wellbeing services. By following this plan the Department seeks to meet its objectives, including the Victorian Government's Education State targets.

The Department's vision

The Department's vision is:

Together we give every Victorian the best learning and development experience, making our state a smarter, fairer and more prosperous place.

In pursuing this vision, the Department is committed to the Victorian public sector values of:

- responsiveness
- integrity
- impartiality
- accountability
- respect
- leadership
- human rights.

These values underpin the behaviours that the community expects of all public sector employees. Actions that are consistently guided by the public sector values strengthen the capacity of the Department to operate effectively and to achieve its purpose and functions.

Purpose and functions

The Department is responsible for delivering and regulating statewide learning and development services to at least one-third of all Victorians across the early childhood, school education, and training and skills sectors. The table below outlines the Department's services during 2019–20.

The Department's services by sector in 2019–20

Early childhood	School education	Training and skills
Birth to 8 More than 400,000 children and families	5 to 18 More than 988,400 students	15 to 65+ More than 317,000 government-subsidised enrolments in VET
<ul style="list-style-type: none"> • Early years learning and development including ECEC services • Early childhood intervention services (ECIS) 	<ul style="list-style-type: none"> • Primary education • Secondary education • Special education • Health and wellbeing 	<ul style="list-style-type: none"> • Technical and further education (TAFE) • Universities • Private registered training providers • Learn Local organisations

We have a diverse range of public, private and not-for-profit providers serving Victorians of all ages:

<ul style="list-style-type: none"> • 4,264 approved education and care services provide long day care, kindergarten, outside-school-hours care and family day care • 316 approved children's services provide education and care on a limited hours or occasional care basis. 	<ul style="list-style-type: none"> • 1,543 government schools • 720 non-government schools (498 Catholic schools and 222 independent schools). 	<ul style="list-style-type: none"> • 12 TAFE institutes • 8 public universities (four of which also provide vocational training), one specialised university, and campuses of the multistate Australian Catholic University • 266 community-owned and managed not-for-profit organisations registered with the Adult Community and Further Education (ACFE) Board as Learn Local organisations to deliver pre-accredited training • 321 government-contracted private registered training organisations (RTOs).
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Progress against the Department's 2019–2023 Strategic Plan initiatives

Every year the Department prepares and publishes a four-year Strategic Plan consistent with the government's objectives, priorities and decision. In 2019–23 the Department outlined 31 strategic initiatives. A progress summary of these initiatives is provided below.

Strategic Plan initiatives progress summary

Strategic Initiative	2019–20 progress summary
Child Information Sharing Scheme	In 2019–20, approximately 5,000 professionals received training on the reforms.
Departmental leadership capabilities framework	In 2021 the Department will transition to a whole of Victorian government leadership capability framework being developed by the Victorian Leadership Academy.
Differentiated Support for School Improvement	Over 360 schools have been supported through this program.
Education Justice Initiative	In 2019–20 this initiative supported more than 2,150 young people appearing before the Children's Court of Victoria by helping them reconnect and remain in education and providing them with advice.
Excellence in Teacher Education	These reforms supported: <ul style="list-style-type: none"> • 160 schools to host 1,152 professional experience placements • 121 graduates and career-changers through employment-based pathways • 64 pre-service teachers as part of the National Exceptional Teaching in Disadvantaged Schools program.
Framework for Improving Student Outcomes	The implementation of this framework is complete. It is now used as the basis for all school improvement activities.
Free TAFE for Priority Courses	In its first year of operation, Free TAFE supported over 39,000 new commencements. This was an increase of 88 per cent on 2018 commencements.
Funding reform	A new funding model was developed and implemented at Parkville College for the 2020 school year.
Head Start apprenticeships and traineeships	Head Start apprenticeships and traineeships are offered in over 100 schools across Victoria. More than 50 school-based staff are working to match and support students and employers.
Improving student health and wellbeing	In 2019, pilots were undertaken in two metropolitan and two rural areas. All areas have established Area Implementation Teams to roll out the practice framework with their health and wellbeing workforces.
Inclusive education agenda	Policy and guidance to deliver inclusive education for students with disability has been developed for and implemented in schools.
Insight Assessment Platform	The platform is now available to all schools in Victoria. Its implementation has been supported by the delivery of resources and professional learning for schools and staff.

Strategic Initiative	2019–20 progress summary
Investing in Our People Strategy	The current strategy is in the final phase of implementation. Planning is underway for a refreshed strategy to commence in 2021.
Three-Year-Old Kindergarten	In 2020, 36 services began delivering funded Three-Year-Old Kindergarten, benefiting almost 600 children. This initiative included launching the new Building Blocks infrastructure strategy and grants program.
Literacy and Numeracy Strategy	<p>Direct support was provided to 3,800 Year 10 students through the Middle Years Literacy and Numeracy Support initiative.</p> <p>Further support, including provision of a Mathematics Teaching Toolkit and a Secondary Literacy Teaching Toolkit, has been rolled out to teachers.</p>
Marrung: Aboriginal Education Plan 2016–26	Cultural Understanding and Safety Training has been delivered to 868 government schools/campuses. In 2020, the Extended Koorie Literacy and Numeracy Program provided literacy/numeracy support to 459 Koorie students in 256 schools.
Mental health Practitioners	A total of 121 secondary schools have commenced implementing this initiative. To date, 85 schools across Bayside Peninsula, Barwon, Loddon Campaspe, North Eastern Melbourne and Outer Gippsland have appointed mental health practitioners to their campuses. The initiative will continue to be rolled out over the next two years.
Place-based Education Plans	This initiative supported approximately 30,000 students in 59 government schools across seven communities to transform local educational outcomes.
Principal Health and Wellbeing Strategy	The strategy delivered over 2,500 treatment services, including 570 health checks and 180 mentoring partnerships.
Raising the Bar: Valuing Integrity Strategy 2018–21	The strategy delivered several key projects to embed a culture of values-led high performance and address emerging integrity risks. It also improved core integrity policies and processes.
Refreshed communities of practice approach	An evaluation of the communities of practice approach is underway and a report will be delivered in late 2021.
Response to the recommendations from the Royal Commission into Family Violence	Over 1,480 Victorian government, Catholic and independent schools are participating in the Respectful Relationships Program.
School Infrastructure Program	Of the 463 commitments made to date under this initiative, 266 are complete and a further 197 are active.
Skills First	The evaluation of Skills First identified policy and reform opportunities to ensure the growth and sustainability of VET. The evaluation findings inform future policy and reform priorities, including the Skills for Victoria's Growing Economy review.
Skills for major projects	An innovative approach to enhancing workforce planning was successfully undertaken on two major projects.
TAFE asset modernisation program	The Bendigo Kangan campus revitalisation project and TAFE Gippsland redevelopment project at Morwell are in the early stages of construction. The TAFE Gippsland Port of Sale project is close to proceeding to tender.

Strategic Initiative	2019–20 progress summary
Teaching and learning quality in VET	During 2019–20 the VET Development Centre provided professional development training to 1,331 VET teachers, trainers and assessors. In addition, the VET Shared Learning Resources Community launched on 23 April 2020 and included 676 sets of training materials for 41 different qualifications.
The Department's asset strategy	This strategy consists of 38 actions designed to mature the Department's asset management system. Of these actions, 11 have been completed.
Transforming Career Education in Victorian Government Schools	All Year 9 students in government schools have access to the My Career Insights planning tool, and over 8,000 Year 9 students accessed their Careers e-portfolio in 2019.
Victorian Curriculum F-10 English as an Additional Language	Materials and resources continue to be developed to support implementation, assessment, reporting and transition between the English as an Additional Language and English curriculums.
Victorian Professional Learning Communities	833 Victorian government schools have received intensive support and training as part of this initiative. Schools continue to receive ongoing support to embed a sustainable, high-quality approach to professional learning.

Changes to the Department during 2019–20

There were no changes to the Department's objectives and output structure as a result of internal reviews or machinery of government changes.

Discontinued operations

There were no discontinued operations under the Department's output structure.

Direct costs attributable to machinery of government changes

There were no direct costs attributable to the machinery of government change incurred by the Department or its entities that are consolidated into the Department's annual report pursuant to section 53(1)(b) of the *Financial Management Act 1994* (FM Act).

Objectives, indicators and outputs

The Department's progress is reported under the objectives, outputs and indicators set out in the 2019–20 State Budget Paper No. 3 (BP3): Service Delivery as shown in the following table.

Progress and performance reporting

The Department's progress towards BP3 objectives and indicators, and its performance against the output performance measures, is reported below.

Departmental objectives, indicators and linked outputs (BP3)

Objectives	Indicators	Outputs
Achievement Raise standards of learning and development achieved by Victorians using education, training, development and early childhood development services.	<ul style="list-style-type: none">Children developmentally 'on track' on the Australian Early Development Census (AEDC) in the language and cognitive skills domains¹Proportion of early childhood services meeting or exceeding National Quality Standard Area 1 (NQSA1—educational program and practice)Students meeting the expected standard in national and international literacy and numeracy assessment²Average score in science (Programme for International Student Assessment (PISA) 15-year-olds) in Victoria compared to global top performers²Percentage of positive responses to teacher collaboration within school³Year 12 or equivalent completion rates of young people³VET course completionsCertificate III or above course completionsProportions of graduates with improved employment status after training	<ul style="list-style-type: none">Strategy, review and regulationEarly childhood developmentSchool education—primarySchool education—secondaryTraining, higher education, workforce development and skillsSupport services deliverySupport for students with disabilities

¹ These indicators refer to government and non-government schools.

² This indicator refers to government schools for the national assessments and both government and non-government schools for the international assessments.

³ These indicators refer to government schools.

Objectives	Indicators	Outputs
Engagement Increase the number of Victorians actively participating in education, training, and early childhood development services	<ul style="list-style-type: none"> • Participation in a kindergarten service in the year before school • Proportion of ECEC services meeting or exceeding National Quality Standard Area 6 (NQSA6—Collaborative partnerships with families and communities) • Mean number of student absent days per full-time equivalent (FTE) a year³ • Mean number of unapproved student absence days per FTE per year in secondary schools³ • Students with a positive opinion about their school providing a stimulating learning environment³ • VET enrolments by age and gender • VET enrolments by administrative regions • VET enrolments by skills shortage category courses • VET enrolments by specialised category courses • VET participation by learners facing barriers • VET participation by unemployed learners • Proportion of VET students satisfied with the teaching in their course 	<ul style="list-style-type: none"> • Strategy, review and regulation • Early childhood development • School education—primary • School education—secondary • Training, higher education, workforce development and skills • Support services delivery • Support for students with disabilities
Wellbeing Increase the contribution education, training, and early childhood development services make to good health and quality of life for all Victorians, particularly children and young people	<ul style="list-style-type: none"> • Proportion of children who have no behavioural issues on entry into Prep • Proportion of children who have no general development issues on entry into Prep • Children developmentally 'on track' on the AEDC social competence and emotional maturity domains • Students feeling connected to their school • Students with a positive opinion about their school providing a safe and orderly environment for learning • Level of student satisfaction with VET 	<ul style="list-style-type: none"> • Strategy, review and regulation • Early childhood development • School education—primary • School education—secondary • Training, higher education, workforce development and skills • Support services delivery • Support for students with disabilities

Objectives	Indicators	Outputs
Productivity Increase the productivity of our services.	<ul style="list-style-type: none"> • \$ per kindergarten student per year • \$ per primary school student per year • \$ per secondary school student per year • \$ per VET student contact hour 	<ul style="list-style-type: none"> • Strategy, review and regulation • Early childhood development • School education—primary • School education—secondary • Training, higher education, workforce development and skills • Support services delivery • Support for students with disabilities

Progress towards achieving departmental objectives

The Department monitors the outcomes of children and young people as they move from early childhood through their school years and into further education and work. It also monitors the progress of adult learners seeking to re-skill and re-engage with the workforce. Progress is measured through four objectives:

- achievement
- engagement
- wellbeing
- productivity.

This year's performance indicator results show continued strong performance against the above objectives. Most Victorian children are engaging with high-quality ECEC services. Victorian students are among the top performers in national literacy and numeracy assessments and have maintained competitive results in international testing at a time when Australia's overall performance has either failed to improve or declined.

Since December 2019, the Department experienced disruptions to service delivery as a result of the 2019–20 summer bushfires and the COVID-19 pandemic. As most of the Department's performance was measured in the calendar year, the full extent of these events on 2019–20 outcomes are limited. However, both these events are expected to significantly affect a number of outcomes in 2020–21 and beyond.

Objective 1: Achievement

Raise standards of learning and development achieved by Victorians using education, development and early childhood development services.

The Education State is equipping students with the broad range of skills they need to reach their potential and achieve success in school and in life.

Early childhood development

High-quality ECEC services set children up for future achievements. Victorian services continue to perform well against the National Quality Standards for ECEC services, with 89.8 per cent meeting or exceeding NQSA1 (educational program and practice).

The Education State Early Childhood Reform Plan is creating a higher-quality, more equitable and inclusive early childhood system for all Victorian children. Additional funding in the Victorian 2019–20 State Budget was provided to respond to increasing demand for four-year-old kindergarten and associated supports, including the Kindergarten Inclusion Support Program. In addition, Three-Year-Old Kindergarten will give children access to two years of funded kindergarten programs delivered by a qualified teacher.

School education

Victoria has an integrated school system to support school improvements and to lift student outcomes. Schools are provided with additional funding to target assistance to those students who need it most. This funding enables schools to provide differentiated support according to the needs of their students, the school and the local community.

Positive teacher collaboration is pivotal to making Victoria the Education State. According to the most recent survey of government school teachers, 61 per cent are positive about collaboration within their school. This result has remained stable for the past five surveys. Professional learning communities help teachers to work more collaboratively by linking the learning needs of students with professional learning and practice.

Student performance in the National Assessment Program of Literacy and Numeracy (NAPLAN) remains strong, with Victoria consistently in Australia's top three performing jurisdictions. Since 2015, Victoria's performance above the bottom three NAPLAN bands has improved for reading and numeracy for all year levels. Excellence in literacy and numeracy is also high, with increases in the proportion of students in the top two bands in every year level except Year 9.

The Department's Literacy and Numeracy Strategy and Middle Years Literacy and Numeracy Support initiative aims to improve literacy and numeracy outcomes for all Victorian students. In the middle years (Years 7 to 10), there is a focus on supporting students at risk of finishing school without the literacy and numeracy skills they need to fully participate in future work, education and training.

In terms of international assessments, Victoria's performance in the PISA has remained stable while the performance of most other Australian jurisdictions has declined. Victoria's 2018 scores across all three learning domains (reading, maths and science) were at or above the OECD average and on par with the Australian average.

The Victorian 2019–20 State Budget committed \$1.8 billion to deliver new schools and upgrade existing schools and buildings. Additional support is also provided to Victoria's rural and regional schools to attract high-calibre teachers and leadership staff.

Higher education and skills

Overall, government-funded VET activity in Victoria increased significantly in 2019, with new commencements in 2019 up by almost 10 per cent compared to 2018. Total enrolments in 2019 (the sum of new commencements and continuing enrolments from earlier years) increased by four per cent compared to 2018. This strong growth was driven by Free TAFE, which started on 1 January 2019 and saw 39,700 course commencements in 2019. Compared to 2018, this figure was an 87.6 per cent increase in government-funded commencements in the courses

on the Free TAFE course list. The continuing positive impacts of the Skills First reforms (implemented in 2017) ensured a quality benchmark for training providers and created stronger links between training and job outcomes.

In 2019, 82,600 students completed a VET course, with most completions (around 80 per cent) at Certificate III or above. This completion rate is 8.5 per cent less than the 2018 outcome, reflecting:

- shifts towards high-quality longer duration courses
- higher student retention rates
- a fall in course commencements between 2017 and 2018.

The proportion of students reporting improved employment status after training remains stable at around 50 per cent. This result should be interpreted alongside results for related output performance measures showing that around 85 per cent of students are achieving their main reason for training, and a similar proportion of students and employers are satisfied with their training.

Departmental indicators against achievement

Indicators	Unit	2015	2016	2017	2018	2019
Early childhood development						
Children developmentally 'on track' on the AEDC language and cognitive skills domains						
Proportion of children developmentally 'on track' on the AEDC language and cognitive skills domains ⁴	per cent	84.7	–	–	84.6	–
Proportion of early childhood services meeting or exceeding NQSA1—Educational program and practice						
Proportion of early childhood services meeting or exceeding NQSA1	per cent	87.0	87.5	88.8	89.4	89.8
School education						
Students meeting the expected standard in national and international literacy and numeracy assessments⁵						
Proportion of students above the bottom three NAPLAN bands:						
Year 3—Literacy	per cent	76.2	75.6	78.3	79.9	78.5
Year 3—Numeracy	per cent	66.4	67.8	71.7	71.6	71.8
Year 5—Literacy	per cent	62.2	66.2	66.9	70.4	69.7
Year 5—Numeracy	per cent	61.2	61.0	61.8	62.2	64.0
Year 7—Literacy	per cent	59.5	56.9	60.8	59.7	62.0
Year 7—Numeracy	per cent	56.4	62.1	64.2	61.1	64.2

⁴ The AEDC is held every three years, with the 2018 AEDC data collection being the fourth collection.

⁵ Victorian government and non-government schools.

Indicators	Unit	2015	2016	2017	2018	2019
Year 9—Literacy	per cent	50.2	48.9	50.4	53.0	52.3
Year 9—Numeracy	per cent	54.0	51.5	53.6	57.5	55.4
Proportion of students in the top two NAPLAN bands:						
Year 3—Literacy	per cent	53.6	54.1	56.5	58.3	58.0
Year 3—Numeracy	per cent	38.4	40.7	44.3	43.8	44.7
Year 5—Literacy	per cent	36.9	38.3	39.7	43.0	40.4
Year 5—Numeracy	per cent	31.9	31.7	30.6	31.1	33.3
Year 7—Literacy	per cent	30.1	27.4	30.9	28.5	30.7
Year 7—Numeracy	per cent	27.8	32.4	35.0	31.1	36.2
Year 9—Literacy	per cent	22.8	20.7	20.5	21.7	22.6
Year 9—Numeracy	per cent	26.1	23.3	23.8	27.2	25.7
Proportion of Year 4 students reaching international benchmarks (PIRLS) ⁶ —Reading	per cent	—	86.0	—	—	—
Proportion of Year 4 students reaching international benchmarks (Trends in International Mathematics and Science Study (TIMSS))—Mathematics ⁷	per cent	75.0	—	—	—	—
Proportion of Year 8 students reaching international benchmarks (TIMSS)—Mathematics ⁷	per cent	69.0	—	—	—	—
Proportion of 15-year-old students achieving at or above proficient standard (level 3) in PISA reading literacy ⁸	per cent	63.0	—	—	62.3	—

⁶ Source: *Progress in International Reading Literacy Study*, 2016. Data collected every five years. The next assessment will be conducted in 2021 and reported in either the Department's 2021–22 or 2022–23 DET Annual Report, contingent on international publication timelines.

⁷ Source: Thomson, S., Wernert, N., O'Grady, E., & Rodrigues, S. (2016). *TIMSS 2015: A first look at Australia's results*. Australian Council for Educational Research (ACER). The 2019 iteration of TIMSS will be available in December 2020 and published in the Department's 2020–21 Annual Report. Note 2015 results were incorrectly reported against 2016 in the Department's 2017–18 and 2018–19 Annual Reports—this has been corrected.

⁸ PISA data collected every three years. In Australia, the national agreed baseline, as agreed in the Measurement Framework for Schooling in Australia (May 2015), is at or above the National Proficient Standard (Level 3). The next assessment will be undertaken in 2021 and published in late 2022 with results published in the Department's 2022–23 Annual Report.

Indicators	Unit	2015	2016	2017	2018	2019
Proportion of 15-year-old students achieving at or above proficient standard (level 3) in PISA mathematical literacy ⁸	per cent	57.7 ⁹	–	–	56.5	–
Average score in science (PISA 15-year-olds) in Victoria compared to global top performers						
Average score in science (PISA 15-year-olds) in Victoria compared to global top performers ¹⁰	mean score	-14	–	–	-19	–
Percentage of positive responses to teacher collaboration within school						
Percentage of positive responses to teacher collaboration within school	per cent	60.9	60.6	61.2	60.9	61.0
Higher education and skills						
VET course completions						
VET completions ¹¹	number	149,800	107,900	94,300	90,300	82,800
Year 12 or equivalent completion rates of young people						
Year 12 or a non-school qualification at Certificate II level or above of young people 20–24 years ¹²	per cent	89.5	92.6	87.7	90.5	89.3
Certificate III or above completions¹³						
Certificate III or above completions	number	120,700	87,100	75,000	72,900	65,900
Other	number	29,100	20,800	19,400	17,300	16,800

⁹ This number was rounded incorrectly in previous annual reports and has been updated to reflect reported data.

¹⁰ Top performing PISA jurisdictions are defined as the top 25 per cent of jurisdictions (both countries and economic areas) undertaking the PISA test in that cycle based on their mean score. Country/economic area rankings may shift over time.

¹¹ Source: Internal Departmental administrative data from the Skills Victoria Training System (SVTS) database. Data are not available for this measure prior to 2015. In addition, this measure should be interpreted with care because completion reported in any particular year relates to training which may have commenced either in that year or in previous years.

¹² Source: Australian Bureau of Statistics (ABS) Survey of Education and Work (cat.no. 6227.0). These are survey estimates and hence are subject to statistical error. Outcomes reported for 2014–2017 are consistent with previous Annual Reports but differ slightly from those reported in the May 2018 ABS publication, as ABS revises this time series for various reasons, as described at <https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/6227.0Explanatory%20Notes1May%202018?OpenDocument>.

¹³ Source: Internal Departmental administrative data from the SVTS database.

Indicators	Unit	2015	2016	2017	2018	2019
All qualifications	number	149,800	107,900	94,300	90,300	82,600

Proportion of graduates with improved employment status after training						
Proportion of graduates with improved employment status after training ¹⁴	per cent	50.6	47.1	57.3	56.3	55.4

Objective 2: Engagement

Increase the number of Victorians actively participating in education, development and early childhood development services.

The Education State is focused on providing all Victorian children, young people and adults access to high-quality education. Early childhood sector reforms are making early childhood services more accessible and inclusive, and supporting higher-quality education.

Early childhood development

Kindergarten programs have well documented long-term academic and social benefits for children. In 2019, approximately 92 per cent of Victoria's children were enrolled in kindergarten in the year before school. This is comparable with the 2018 participation rate.¹⁵

The reasons why some children are not attending kindergarten in the year before school are complex and varied. Some parents may choose not to send their children to kindergarten, others may face barriers to participation. Despite this result, the Productivity Commission's 2020 *Report on Government Services* shows that Victoria's preschool (kindergarten) participation rate (94.2 per cent) is higher than the national average (91.0 per cent).¹⁶

It is important that all children are able to reap the benefits of kindergarten. As such, the Department continues to focus dedicated supports on cohorts more likely to miss out on kindergarten. These include children in out-of-home care, newly arrived migrants and refugees, and children attending family day care or other early childhood services that do not have a funded kindergarten program.

Dedicated departmental efforts in recent years have improved participation among some cohorts, particularly three- and four-year-old Aboriginal children and three-year-olds known to Child Protection who are eligible for Early Start Kindergarten. Replicating this success for other cohorts requires concerted and ongoing effort and collaboration between government and local communities.

¹⁴ **Source:** Victorian Student Satisfaction Survey (multiple years). *The survey is of students who completed or left training in the previous year. Therefore, the 2020 Survey relates to 2019 students. Two changes in methodology changed the time series for this measure and partly explain the increase between 2016 and 2017. In 2018, respondents were given an extra response option. Data for the 2015 and 2016 training years are therefore not comparable to 2017 onwards. In 2020, a further change was made to the job-related benefits question to reduce complexity and confusion. The data from 2017 to 2018 have been revised to be consistent with the 2019 data.*

¹⁵ Kindergarten enrolment rates for pre-2018 are not directly comparable with previous years as they are calculated using different ABS population estimates following release of the 2016 Census of Population and Housing.

¹⁶ **Source:** Table 3A.18, Productivity Commission 2020, *Report on Government Services 2020*, Productivity Commission, Canberra.

Victoria's ECEC sector continues to provide high levels of care, with most service providers performing strongly against national standards. In 2019, 96.6 per cent of Victorian ECEC services met or exceeded NQSA6 (collaborative partnerships with families and communities). This high level of performance has remained stable for the past five years.

Victoria is taking the necessary steps to create a higher-quality, more equitable and inclusive early childhood system to give all Victorian children the best start in life. Investment in Three-Year-Old Kindergarten will enable an additional year of play-based learning for all children, as well as continuing targeted supports for children who have a disability, developmental delay, or are experiencing vulnerability or disadvantage.

School education

There is a strong correlation between student attendance and learning outcomes. Improving student engagement reduces absenteeism, and vice versa. At a national level, Victoria continues to have the highest government school attendance rates across Years 1 to 10 (91.5 per cent).¹⁷ Between 2015 and 2019, the average number of days absent per FTE student in government schools increased slightly. Importantly, unapproved absences for both Years 1 to 6 and Years 7 to 12 students have decreased since 2015. This result is partially attributable to an increased focus on absence in government schools, with anecdotal evidence suggesting better monitoring of absences has increased reporting.

Positive engagement with schooling can also improve student achievement. Since 2015, increasing proportions of secondary students in Victoria's government schools think that their school provides a stimulating learning environment. These proportions are far greater among students in their primary years; however, declining results highlights further resources could be targeted at primary students.

The importance of student engagement is recognised through the foundations and targets of the Education State. For example, to break the link between disadvantage and poor student outcomes, a target of the Education state is to increase the proportion of students in Years 9 to 12 who stay in education. The focus on student engagement is also acknowledged through programs such as Navigator, LOOKOUT Education Support Centres and the 'positive climate for student learning' priority area of the Framework for Improving Student Outcomes.

Additional investment announced in the Victorian 2019–20 State Budget targets programs and initiatives to increase student engagement in schools. This investment includes:

- the Engaging At-risk Youth Program, which offers education programs for young people at risk of disengagement
- funding to support State Schools' Relief and provide free school uniform and other essential items to government school students experiencing financial hardship
- the extension of the Glasses for Kids program to provide free vision screenings and glasses for government school students from Prep to Year 3 in disadvantaged areas.

¹⁷ Source: Table 4A.18 Productivity Commission *Report on Government Services 2020*, Productivity Commission, Canberra.

Higher education and skills

Overall government-funded VET enrolments increased by four per cent between 2018 and 2019, with strong growth in new commencements driven by Free TAFE. This increase was partially offset by lower continuing enrolments due to decreases in commencements in 2017 and 2018. It is important to note that:

- enrolments increased across all working age student cohorts, with the number of students aged 25 to 44 (the largest cohort) experiencing the strongest growth (up by 8.5 per cent)
- female student enrolments increased particularly strongly (up 7.4 per cent compared to 2018)
- enrolments increased across three of the four high-level administrative regions of training delivery. Although enrolments decreased by 1.7 per cent in the North Western region, new commencements in this region increased by 4.2 per cent
- enrolments increased across all categories of learners who face barriers, which is a key focus of Free TAFE. For example, enrolment of students with prior education levels at Certificate II or below and aged 20 to 64 increased by 4.2 per cent.

Student satisfaction with the quality of teaching in their course remains high at 84.4 per cent for 2018 and averaging 84.7 per cent over the last four years. Improvements in training quality over recent years reflect the success of initiatives that resulted from the July 2015 review of quality assurance in the VET system and continuing Skills First reforms.

Departmental indicators against engagement

Indicators	Unit	2015	2016	2017	2018	2019
Early childhood development						
Participation in a kindergarten service in the year before school						
Participation in a kindergarten service in the year before school ¹⁸	per cent	98.1	96.2	93.4	92.1	91.8
Proportion of ECEC services meeting or exceeding NQSA6 – Collaborative partnerships with families and communities						
Proportion of ECEC services meeting or exceeding NQSA6	per cent	96.8	95.9	96.2	96.9	96.6

¹⁸ In 2014, the methodology changed slightly due to an improvement in available data and methods of analysis. The method of identifying and excluding second year enrolments was improved and the participation rate is now based on a child count rather than an enrolment count. In 2016, an improved methodology was developed for estimating the kindergarten participation rate to more accurately reflect the actual age distribution of children enrolled in kindergarten and for alignment with school/kindergarten entry age.

Indicators	Unit	2015	2016	2017	2018	2019
School education						
Mean number of student absent days per FTE a year¹⁹						
Year 5	number	14.4	15.1	15.5	15.6	16.4
Year 6	number	15.1	15.6	16.3	16.3	17.3
Years 7–10	number	19.3	19.7	20.2	20.4	21.3
Years 11–12	number	16.8	16.6	16.6	16.9	17.3
Mean number of unapproved student absence days per FTE per year in primary schools						
Year 1–6	Number	4.9	5.4	5.0	3.8	3.6
Mean number of unapproved student absence days per FTE per year in secondary schools						
Year 7–12	number	7.9	8.0	7.8	6.6	6.4
Students with a positive opinion about their school providing a stimulating learning environment²⁰						
Proportion of students who agree or strongly agree that their school provides a stimulating learning environment:						
Years 5–6	per cent	61.1	59.1	57.7 ²¹	56.6	54.6
Years 7–10	per cent	20.9	20.5	21.8	24.9	24.7
Years 11–12	per cent	19.8	18.8	26.5	26.1	31.0
Higher education and skills						
VET enrolments by students' age and gender²²						
15–19 years	number	69,900	59,300	53,500	49,900	50,800
20–24 years	number	80,200	69,700	65,200	60,700	62,900
25–44 years	number	141,600	121,500	110,800	100,000	108,500
45–64 years	number	75,100	62,900	56,100	49,500	51,400
Under 15, over 64 and not stated	number	11,000	7,700	6,800	5,900	5,700
Female	number	177,100	153,400	144,600	133,500	143,400
Male	number	199,600	166,900	147,000	131,800	135,100

¹⁹ Victorian government schools. Data extracted on 11 June 2019.

²⁰ Victorian government schools. Derived from multiple questions. Only students who responded 'agree' or 'strongly agree' on all relevant questions were included. Other students gave mixed or opposing views. Source: Department Attitudes to School Survey data.

²¹ The introduction of a new survey instrument and delivery mode from 2017 onwards means that time series data may not be directly comparable.

²² Source: Internal departmental administrative data from the SVTS database.

Indicators	Unit	2015	2016	2017	2018	2019
VET enrolments by administrative region²²						
South western	number	178,600	144,300	129,500	114,000	118,200
North western	number	97,900	82,600	76,300	72,700	71,500
North eastern	number	70,800	64,700	60,600	55,700	58,600
South eastern	number	116,300	92,500	81,300	73,500	81,000
VET enrolments by courses by skills shortage category courses²²						
Government-subsidised enrolments in skill demand occupations	number	148,100	124,800	111,500	99,900	104,900
VET enrolments by specialised category courses²²						
Government-subsidised enrolments in specialist occupations	number	83,800	74,400	69,800	68,400	71,500
VET participation by learners facing barriers²²						
Women seeking to return to work (RTW) (aged 35–64)	number	19,400	17,600	17,300	15,500	16,800
People with no prior Certificate III (aged 20–64)	number	209,800	169,100	150,200	133,300	138,900
Early school leavers (aged 15–19)	number	23,900	21,400	19,300	18,200	18,400
Indigenous people	number	5,500	5,100	5,000	4,900	5,300
People with a disability barrier	number	38,200	34,400	31,100	29,100	30,100
VET participation by unemployed learners²²						
VET participation by unemployed learners	number	113,200	87,900	75,400	62,800	66,100
Proportion of VET students satisfied with the teaching in their course						
Proportion of VET students satisfied with the teaching in their course ²³	per cent	83.3	85.6	85.6	84.4	n.a. ²⁴

²³ Source: National Centre for Vocational Education Research (NCVER) *National Student Outcomes survey*. From 2017, the survey excludes students under 18 years of age. Data from previous years have been revised by NCVER to exclude students under 18 years of age to ensure comparability with the survey outcomes for 2017 and onwards.

²⁴ NCVER National Student Outcomes Survey data for training in 2019 will not be available before December 2020.

Objective 3: Wellbeing

Increase the contribution education, training, and early childhood development services make to good health and quality of life for all Victorians, particularly children and young people.

The Education State agenda prioritises an education system that best promotes and nurtures health and wellbeing. Its reforms seek to develop happy, healthy and resilient children and young people who are engaged with their learning and development journey, regardless of their social or economic background.

Early childhood development

Wellbeing indicators are positive for most Victorian children starting school. Results from the 2019 School Entrant Health Questionnaire, a parent survey of children starting school, show that 78 per cent of children are at low risk of behavioural problems. While this is a positive result, performance in this measure has been declining for the past five years.

In addition, the proportion of children entering Prep with no general development issues has declined since 2018. Increasing reports of children with developmental vulnerabilities may be explained by improved diagnostic methods and increased parental awareness, which mean that more families can discuss developmental concerns with schools and access further support.

More than three-quarters of Victorian Prep children are assessed by their teachers as 'on track' against the AEDC social competence or emotional maturity domains. School readiness funding is improving children's engagement in funded kindergarten programs. Throughout 2019, this funding supported kindergarten children in 25 local government areas and all Aboriginal community-controlled kindergarten services. Educator capacity is also being improved to more effectively support children's wellbeing and communication skills through programs such as Bridges out of Poverty and Emerging Minds.

School education

Student wellbeing factors, such as feeling safe and connected to school, are important for student happiness and other aspects of their school life. The Student Attitudes to School Survey measures government school students' responses to various aspects of school life, including how connected they feel to school, their sense of safety at school and the behaviour of students in their classroom. Changes were made to the survey in 2017 and, as such, results prior to 2017 may not be directly comparable to recent results.

Over the last three years most student wellbeing measures have remained stable. The proportion of government senior secondary school students feeling connected to their school has remained largely constant with around one-in-three students in Years 10 to 12 feeling connected to school—a proportion similar to students in Years 7 to 9. Over the same period, results for students in primary schools declined.

In 2019, approximately 60 per cent of students in Prep to Year 10 reported feeling safe at school (in 2017 this measure was revised to characterise perceptions of safety as the absence of bullying). For students in Years 10 to 12 this was nearly 80 per cent. In 2017 the survey also introduced more accurate classroom behaviour measures. The 2019 results indicate that nearly all (94 per cent) Years 5–6 students believe their teacher sets clear rules, and over half of

secondary school students believe misbehaving students are managed effectively (55.6 per cent of Year 7–10 students, 60.1 per cent of Year 11–12 students). This represents a small improvement since 2017, particularly for secondary school students.

To support improved student wellbeing, the 2019–20 State Budget provided an additional \$58 million to expand the Schools Breakfast Club program to an additional 500 schools. The program provides healthy breakfasts, lunches and school holiday supplies to help students from disadvantaged backgrounds to fully participate in learning at school.

Funding was also provided for:

- a strengthened suite of anti-bullying responses and supports for schools
- enhanced behaviour support and intervention for schools
- the Mental Health Practitioners initiative (\$51.2 million): this initiative funded 120 secondary school campuses to recruit a suitably qualified mental health professional. Over 100 more secondary school campuses will receive funding by the end of 2020.

Departmental indicators against wellbeing

Indicators	Unit	2015	2016	2017	2018	2019
Early childhood development						
Proportion of children who have no behavioural issues on entry into Prep						
Proportion of children who have no behavioural issues on entry into Prep	per cent	83.9	83.9	82.7	80.3	77.9
Proportion of children who have no general developmental issues identified by parents on entry into Prep	per cent	46.9	45.6	43.8	46.0	36.6
Children developmentally 'on track' on the AEDC social competence and emotional maturity domains						
Social competence domain	per cent	77.2	–	–	77.3	–
Emotional maturity domain	per cent	77.5	–	–	77.7	–

Indicators	Unit	2015	2016	2017	2018	2019
School education²⁵						
Students feeling connected to their school						
Proportion of students who agree or strongly agree that they feel connected to their school						
Years 5–6	per cent	65.8	64.7	62.6 ²⁶	61.4	57.6
Years 7–10	per cent	34.0	33.2	32.4	32.7	30.1
Years 11–12	per cent	25.4	23.6	31.4	32.6	29.8
Students with a positive opinion about their school providing a safe and orderly environment for learning						
Proportion of students who agree or strongly agree that their school is 'safe'						
Years 5–6	per cent	60.3	60.1	57.0 ²⁷	59.4	60.5
Years 7–10	per cent	58.7	58.1	59.5 ²⁷	61.0	60.9
Years 11–12	per cent	64.9	64.6	76.4 ²⁷	77.3	77.2
Proportion of students who believe their teacher sets clear rules / manages misbehaviour effectively ²⁸						
Years 5–6	per cent	–	–	93.2	94.0	94.1
Years 7–10	per cent	–	–	53.3	55.4	55.6
Years 11–12	per cent	–	–	57.7	59.2	60.1
Higher education and skills						
Level of student satisfaction with VET						
Proportion of graduates satisfied with the overall quality of training ²⁹	per cent	84.3	85.3	85.2	85.2	n.a. ³⁰

²⁵ These school education measures relate to Victorian government schools and are derived from multiple questions. Only students who responded 'agree' or 'strongly agree' on all relevant questions are included. Other students gave mixed or opposing views. Source: Department, Attitudes to School Survey.

²⁶ The introduction of a new survey instrument and delivery mode from 2017 onwards means that time series data may not be directly comparable.

²⁷ The introduction of a new survey instrument and delivery mode from 2017 onwards means that time series data may not be directly comparable. For 2017, students who feel safe are those who do not report that they have been bullied, teased, left out of things on purpose/had rumours spread about them or been hit, kicked, hurt or threatened this term.

²⁸ From 2017, the revised Student Attitude to School Survey asks students about the way their teacher manages the classroom and misbehaviour in the classroom. This measure replaces the 'students who are disruptive in class' measure.

²⁹ Source: National Centre for Vocational Education Research (NCVER) *National Student Outcomes Survey*. From 2017, the survey excludes students under 18 years of age. Data from previous years have been revised by NCVER to exclude students under 18 years of age to ensure comparability with the survey outcomes from 2017 onwards.

³⁰ As this is a time lag measure, the NCVER National Student Outcomes Survey data for training in 2019 was unavailable at the time of writing. Results for 2019 are expected in December 2020.

Objective 4: Productivity

Increase the economic and social return on expenditure of the Department's services.

The unit cost per primary and secondary school student increased from 2015–16 (reported as 2015) to 2017–18 (reported as 2017), with higher unit costs for secondary schools.

Since 2015, investment in the VET system as measured through expenditure per student contact hour has increased to \$15.22 per hour in 2018.

Departmental indicators against productivity

Indicators	Unit	2015	2016	2017	2018	2019
Early childhood development						
Dollar per kindergarten child per calendar year in the year prior to school						
Minimum funding available to the majority of children (approximately 90 per cent in 2019) who access a kindergarten program in the year prior to school ³¹	\$ per child	3,208	3,335	3,448	3,549	3,638
School education—primary and secondary³²						
Dollar per primary school student per financial year						
Government real recurrent expenditure (including user cost of capital) per FTE student in primary schools (2016–17 dollars) ³³	\$ per FTE student	14,097.5	14,360.2	14,842.5	n.a. ³⁴	n.a. ³⁴
Dollar per secondary school student per financial year						
Government real recurrent expenditure (including user cost of capital) per FTE	\$ per FTE student	17,542.5	17,914.3	18,447.5	n.a. ³⁴	n.a. ³⁴

³¹ The funding amounts include a Commonwealth Government contribution of approximately 30 per cent through the National Partnership on Universal Access to Early Childhood Education. This table has been updated from previously published versions to show full per child funding (State and Commonwealth) on a calendar year basis to better represent per child allocations. A small proportion of children who access a kindergarten program in a non-government school (around five per cent) receive less. Additional loadings are provided for children based on characteristics, including living in a rural area, Aboriginal or Torres Strait Islander status, or being holders of health care or pension cards or refugee or humanitarian visas. Additional resource for delivery of the program is provided through parental fees and service fundraising.

³² Victorian government schools. Source: Table 4A.15 in Productivity Commission 2019, *Report on Government Services 2019*, Productivity Commission, Canberra. 2014–15 data is published under 2015, 2016–17 under 2016, and 2017–18 under 2017.

³³ Government expenditure refers to Australian and Victorian government expenditure. Time series financial data are adjusted to 2017–18 dollars using the General Government Final Consumption Expenditure (GGFCE) chain price deflator.

³⁴ The Productivity Commission's *Report on Government Services* is published early February each year. There is a time lag in reporting of financial data, with 2018–19 results to be released in the 2021 and the 2019–20 results data in the 2022.

Indicators	Unit	2015	2016	2017	2018	2019
student in secondary schools (2016–17 dollars) ³⁴						
Higher Education and Skills						
Dollar per VET student contact hour per calendar year³⁵						
Victorian Government real recurrent expenditure per annual hour (2017 dollars)	\$ per hour	10.89	12.47	14.76	15.22	n.a. ³⁶

Performance against output performance measures

The following sections detail the outputs provided by the Department to the Victorian Government, including performance measures and costs for each output, and the actual performance results against budgeted targets by output over the full year ending 30 June 2020.

The Department's outputs are reported in seven groups. These are:

- strategy, review and regulation
- early childhood development
- school education—primary
- school education—secondary
- training, higher education and workforce development
- support services delivery
- support for students with disabilities.

The reported outputs refer to the financial year unless indicated.

Strategy, review and regulation

This output group develops, plans and monitors strategic policy settings across all stages of learning. It also includes intergovernmental negotiations as well as research, data and performance evaluations. This output group also supports regulation that ensures quality education and training is delivered and contributes to all the Department's objectives of achievement, engagement, wellbeing and productivity.

³⁵ Source: Productivity Commission RoGS 2019, Table 5A.2. The figures for 2015–2017 have been updated to 2018 dollars and hence do not align with the corresponding time series in the 2018–19 Annual Report (which was denominated in 2017 dollars).

³⁶ RoGS is published in early February each year. There is a time lag in reporting of financial data, with the 2019 results to be released in the 2021 RoGS.

Strategy, review and regulation performance measures

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Quantity					
Number of RTO quality audits and school reviews undertaken annually	number	99	102	-2.9	○
<i>The above performance measure relates to the calendar year.</i>					
Quality					
Education peak bodies that rate the Victorian Registration and Qualifications Authority (VRQA) effective or highly effective in performing its regulatory function	per cent	96	90	6.7	✓
<i>The above performance measure relates to the calendar year. The 2019–20 outcome is higher than the target due to high levels of positive stakeholder sentiment.</i>					
Regulated schools and RTOs that rate the VRQA effective or highly effective in performing its regulatory function	per cent	95	90	5.6	✓
<i>The above performance measure relates to the calendar year. The 2019–20 outcome is higher than the target due to high levels of stakeholder sentiment.</i>					
Percentage of government schools where an enrolment audit is conducted	per cent	32.5	32.5	0.0	✓
<i>The above performance measure relates to the calendar year.</i>					
Cost					
Total output cost	\$ million	117.3	116.8	0.5	○
<i>No footnote required.</i>					
Key: ✓ Target achieved or exceeded ○ Target not achieved—less than 5% variance ■ Target not achieved—more than 5% variance					

Early childhood development

This group of outputs involves the provision of kindergarten and children's services. Services include the monitoring of education and care services and specialist services to improve access to kindergartens among disadvantaged children. This output group provides early intervention and parenting support. It also includes a range of services and support for children with developmental delay or disability and their families. This output group also supports regulation that ensures quality education is delivered and contributes to all the Department's objectives of achievement, engagement, wellbeing and productivity.

Early childhood development performance measures

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Quantity					
Children funded to participate in kindergarten in the year before school	number	79,505	75,000	6.0	✓
<i>The above performance measure relates to the calendar year. It includes first and second year kindergarten participants. The 2019–20 outcome is higher than the target due to greater than expected numbers of children participating in kindergarten in the year before school.</i>					
Aboriginal children funded to participate in kindergarten in the year before school	number	1,570	1,350	16.3	✓
<i>The above performance measure relates to the calendar year. It includes Aboriginal participants in first and second year kindergarten. The 2019–20 outcome is greater than the target due to greater than expected numbers of Aboriginal children participating in kindergarten in the year before school.</i>					
Kindergarten participation rate in the year before school	per cent	91.8	96.0	-4.4	○
<i>The above performance measure relates to the calendar year and excludes participating children in the second year of the four-year-old kindergarten program.</i>					
Kindergarten participation rate for Aboriginal children in the year before school	per cent	99.9	90.0	11.0	✓
<i>The above performance measure relates to the calendar year. It excludes children who participate in a second year of the four-year-old kindergarten program. The 2019–20 outcome is higher than the target due to a higher than expected participation rate in kindergarten in the year before school among Aboriginal children.</i>					
Children funded to participate in kindergarten in the two years before school	number	2,571	2,000	28.6	✓
<i>The above performance measure relates to the calendar year. It includes first and second year Aboriginal kindergarten participants. The 2019–20 outcome is higher than the target due to the sustained focus on initiatives designed to increase early learning participation, such as the Early Years Compact, Koorie Kids Shine at Kindergarten, and the Early Childhood Agreement for Children in Out-of-Home Care.</i>					
Total number of children receiving ECIS	number	5,888	4,000	47.2	✓
<i>The above performance measure relates to the calendar year. The 2019–20 outcome is higher than the target due to stronger-than-expected demand for ECIS as the National Disability Insurance Scheme (NDIS) transition nears full completion.</i>					
Quality					
Education and care services offering a funded kindergarten program assessed as exceeding the National Quality Standard	per cent	45	46	-2.2	○
<i>The above performance measure relates to the calendar year.</i>					

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Education and care services offering a funded kindergarten program assessed as meeting or exceeding the National Quality Standard	per cent	91	91	0.0	✓
<i>The above performance measure relates to the calendar year.</i>					
Families who are satisfied with the Early Childhood Intervention Services provided	per cent	90	90	0.0	✓
<i>The above performance measure relates to the calendar year.</i>					
Parent satisfaction with kindergarten services	per cent	91	90	1.1	✓
<i>The above performance measure relates to the calendar year. It includes funded kindergarten providers.</i>					
Cost					
Total output cost	\$ million	649.9	621.2	4.6	○
<i>No footnote required.</i>					
Key: ✓ Target achieved or exceeded ○ Target not achieved—less than 5% variance ■ Target not achieved—more than 5% variance					

School education

The school education output group comprises two outputs:

- the school education—primary output provides services to develop essential skills and learning experiences to engage young minds in the primary sector
- the school education—secondary output consolidates literacy and numeracy competencies including creative and critical thinking as well as physical, social, emotional and intellectual development in adolescence. It also provides education services as well as varied pathways and support for transition across sectors to further study.

This output group contributes to providing and improving services that support all the Department's objectives of achievement, engagement, wellbeing and productivity.

The Government sets high aspirations for all students. These are reflected in BP3 NAPLAN measures, introduced in 2015, that shift the focus from national minimum standards. The BP3 targets for Koorie students measure—at Years 3, 5, 7 and 9—the percentage of Aboriginal students above the bottom three NAPLAN bands in reading and numeracy. NAPLAN results for Victorian Koorie students are above the national Aboriginal cohort across most domains and year levels.

School education—primary

The School Education—Primary output group provides education and other associated services designed to improve the quality of learning of students in Prep to Year 6 in government and non-government schools. This output group also supports regulation that ensures quality education is delivered and contributes to all the Department's objectives of achievement, engagement, wellbeing and productivity.

School education—primary performance measures

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Quantity					
Average days lost due to absence at Year 5	number	16.4	14.1	16.3	■
<p>The above performance measure refers to government schools only. The 2019–20 outcome is higher than the target due to a continuing emphasis on reporting student absences combined with an increase in absence coded as illness. A lower figure is more desirable, as it indicates that students are having fewer days away from school. The attendance rate covers all absences, including those due to illness and approved family holidays.</p>					
Average days lost due to absence at Year 6	number	17.3	14.5	19.3	■
<p>The above performance measure relates to the calendar year and refers to government schools only. The 2019–20 outcome is higher than the target due to a continuing emphasis on reporting student absences combined with an increase in absence coded as illness. A lower figure is more desirable, as it indicates that students are having fewer days away from school. The attendance rate covers all absences, including those due to illness and approved family holidays.</p>					
Average days lost due to absence for Aboriginal students in Years Prep to 6	number	25.9	24.0	7.9	■
<p>The above performance measure relates to the calendar year and refers to government schools only. The 2019–20 outcome is higher than the target due to a continuing emphasis on reporting student absences combined with an increase in absence coded as illness and school refusal. A lower figure is more desirable, as it indicates that students are having fewer days away from school. The attendance rate covers all absences, including those due to illness and approved family holidays. This cohort is small and the data is subject to volatility.</p>					
Investment in non-government schools (primary)	\$ million	413.7	451.6	-8.4	✓
<p>The 2019–20 outcome is lower than the target due to an underspend in the non-government school budget, following a proposed re-phase of capital grants for non-government schools and the reassessment of the 25 per cent linkage funding required affecting government schools. These are offset by higher actual carryover than budgeted from 2018–19 into 2019–20.</p>					
Percentage of government primary school students receiving equity funding	per cent	25	26	-3.8	○
<p>The above performance measure relates to the calendar year and refers to government schools only.</p>					

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Number of teachers completed professional development as Mathematics and Science Specialists	number	292	100	192.0	✓
<i>The above performance measure relates to the calendar year and refers to government schools only. The 2019–20 outcome is higher than the target due to an additional cohort of teachers undertaking professional development in 2019.</i>					
Number of Assistant Principals participating in leadership development programs, including the Aspiring Principals program	number	798	640	24.7	✓
<i>The above performance measure relates to the calendar year and refers to government schools only. The 2019–20 outcome is higher than the target due to more participants acting in the role of assistant principal.</i>					
Number of Principals participating in leadership development programs, including the Expert Leaders of Education Program	number	1,148	1,100	4.4	✓
<i>The above performance measure relates to the calendar year and refers to government schools only.</i>					
Number of school staff who are not Principals or Assistant Principals participating in leadership development programs, including the Aspiring Principals program and the Local Leaders Program	number	3,817	4,000	-4.6	○
<i>The above performance measure relates to the calendar year and refers to government schools only. It includes all school staff (teaching and education support).</i>					
Number of teachers completing mentoring training	number	909	800	13.6	✓
<i>The above performance measure relates to the calendar year and includes early childhood teachers. The 2019–20 outcome is higher than the target due to extra sessions being run to meet higher than projected demand.</i>					
Number of Victorian schools participating as a lead school for the Respectful Relationships Initiative	number	302	302	0.0	✓
<i>The above performance measure relates to the calendar year.</i>					
Number of school-based staff who have participated in whole-school Respectful Relationships professional learning initiative	number	25,000	25,000	0.0	✓
<i>The above performance measure relates to the calendar year and includes all school staff (teaching and education support).</i>					

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Number of schools able to access the Digital Assessment Library	number	2,413	2,413	0.0	✓
<i>The above performance measure relates to the calendar year and refers to both government and non-government schools.</i>					
Number of Digital Assessment Library items developed	number	2,279	1,590	43.3	✓
<i>The above performance measure relates to the calendar year. The 2019–20 outcome is higher than the target due to a greater than expected amount of content becoming available within the library for construction of tests.</i>					
Number of schools supported with strategic business and financial support	number	632	400	58.0	✓
<i>The above performance measure relates to the calendar year and refers to government schools only. The 2019–20 outcome is higher than the target due to a greater than anticipated uptake from schools.</i>					
Number of school staff attending strategic business and financial support training	number	2,582	2,500	3.3	✓
<i>The above performance measure relates to the calendar year and refers to government schools.</i>					
Quality					
Parent satisfaction with primary schooling on a 100-point scale	100-point scale	81	83	-2.4	○
<i>The above performance measure relates to the calendar year and refers to government schools.</i>					
Percentage of Aboriginal students above the bottom three bands for numeracy in Year 3 (NAPLAN testing)	per cent	44.2	46.7	-5.4	✓
<i>The above performance measure relates to the calendar year. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 2.94 percentage points for the measure in 2019.</i>					
Percentage of Aboriginal students above the bottom three bands for numeracy in Year 5 (NAPLAN testing)	per cent	33.2	33.6	-1.2	✓
<i>The above performance measure relates to the calendar year. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 3.01 percentage points for the measure in 2019.</i>					

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Percentage of Aboriginal students above the bottom three bands for reading in Year 3 (NAPLAN testing)	per cent	51.9	58.2	-10.8	■
<i>The above performance measure relates to the calendar year. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 3.21 percentage points for the measure in 2019.</i>					
Percentage of Aboriginal students above the bottom three bands for reading in Year 5 (NAPLAN testing)	per cent	41.9	43.4	-3.5	✓
<i>The above performance measure relates to the calendar year. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 3.04 percentage points for the measure in 2019.</i>					
Percentage of students above the bottom three bands for numeracy in Year 3 (NAPLAN testing)	per cent	71.8	73.4	-2.2	○
<i>The above performance measure relates to the calendar year. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 0.9 percentage points for the measure in 2019.</i>					
Percentage of students above the bottom three bands for numeracy in Year 5 (NAPLAN testing)	per cent	64.0	64.0	0.0	✓
<i>The above performance measure relates to the calendar year. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 1.02 percentage points for the measure in 2019.</i>					
Percentage of students above the bottom three bands for reading in Year 3 (NAPLAN testing)	per cent	78.5	82.0	-4.3	○
<i>The above performance measure relates to the calendar year. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 0.79 percentage points for the measure in 2019.</i>					
Percentage of students above the bottom three bands for reading in Year 5 (NAPLAN testing)	per cent	69.7	72.5	-3.9	○
<i>The above performance measure relates to the calendar year. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 0.97 percentage points for the measure in 2019.</i>					

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Percentage of students in the top two bands for numeracy in Year 3 (NAPLAN testing)	per cent	44.7	45.7	-2.2	✓
<i>The above performance measure relates to the calendar year. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 1.08 percentage points for the measure in 2019.</i>					
Percentage of students in the top two bands for numeracy in Year 5 (NAPLAN testing)	per cent	33.3	32.9	1.2	✓
<i>The above performance measure relates to the calendar year. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 1.02 percentage points for the measure in 2019.</i>					
Percentage of students in the top two bands for reading in Year 3 (NAPLAN testing)	per cent	58.0	60.4	-4.0	○
<i>The above performance measure relates to the calendar year. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 1.02 percentage points for the measure in 2019.</i>					
Percentage of students in the top two bands for reading in Year 5 (NAPLAN testing)	per cent	40.4	45.1	-10.4	■
<i>The above performance measure relates to the calendar year. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 1.05 percentage points for the measure in 2019.</i>					
Years 5–6 students' opinion of their connectedness with the school	5-point scale	4.2	4.4	-4.5	○
<i>The above performance measure relates to the calendar year and refers to government schools only.</i>					
Proportion of identified schools that subsequently improved their performance	per cent	80.0	60.0	33.3	✓
<i>The above performance measure relates to the calendar year and refers to government schools identified to receive support to improve performance in 2017. The 2019–20 outcome is higher than the target due to significant performance improvement in the group of schools identified as requiring further support.</i>					

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Proportion of participants rating (at or above 'significant') the impact of the Bastow Institute of Educational Leadership's professional learning on their own development and practice	per cent	76.0	78.0	-2.6	○
<i>The above performance measure relates to the calendar year. The 2019–20 outcome is lower than the target due to a small reduction in rating of the two areas measured.</i>					
Proportion of participants who are satisfied with the Bastow Institute of Educational Leadership's professional learning and development training	per cent	93.0	82.0	13.4	✓
<i>The above performance measure relates to the calendar year. The 2019–20 outcome is higher than the target due to continuous improvement of Bastow's professional learning program.</i>					
Cost					
Total output cost	\$ million	6,100.5	6,111.2	-0.2	✓
<i>No footnote required.</i>					
Key: ✓ Target achieved or exceeded ○ Target not achieved—less than 5% variance ■ Target not achieved—more than 5% variance					

School education—secondary

The school education—secondary output group involves provision of education and support services designed to improve student learning, development and wellbeing in Years 7 to 12 in government and non-government schools. It also covers the provision of services to improve pathways to further education, training and employment. This output group also supports regulation that ensures quality education is delivered and contributes to all the Department's objectives of achievement, engagement, wellbeing and productivity.

School education—secondary performance measures

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Quantity					
Investment in non-government schools (secondary)	\$ million	425.2	462.6	-8.1	✓
<i>The above 2019–20 outcome is lower than the target due to an underspend in the non-government school budget, following a proposed re-phase of capital grants for non-government schools and a reassessment of the 25 per cent linkage funding required which affected government schools. These are offset by higher actual carryover than budgeted from 2018–19 into 2019–20.</i>					
Number of school students enrolled in Victorian Certificate of Applied Learning (VCAL)	number	21,307	20,600	3.4	✓
<i>The above performance measure relates to the calendar year.</i>					
Number of school students participating in accredited vocational programs	number	48,388	47,700	1.4	✓
<i>The above performance measure relates to the calendar year.</i>					
Number of school-based apprentices/trainees	number	3,619	3,700	-2.2	○
<i>The above performance measure relates to the calendar year.</i>					
Proportion of all secondary schools offering vocational options to students as part of their secondary school certificate	per cent	96.1	95.0	1.2	✓
<i>The above performance measure relates to the calendar year.</i>					
Number of students for which government secondary schools are funded to 'catch up'	number	11,100	11,100	0.0	✓
<i>The above performance measure relates to the calendar year and refers to government schools only.</i>					
Percentage of government secondary school students receiving equity funding	per cent	31.0	32.0	-3.1	○
<i>The above performance measure relates to the calendar year and refers to government schools only.</i>					
Number of students participating in the Victorian Young Leaders program	number	342	355	-3.7	○
<i>The 2019–20 outcome is lower than the target due to the impact of COVID-19 related travel restrictions.</i>					

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Number of partner secondary schools accessing a Tech School	number	157	130	20.8	✓
The above performance measure relates to the calendar year and refers to government and non-government schools who are partnered to a Tech School. The 2019–20 outcome is higher than the target due to growth in the number of eligible schools that have opted into a partnership with their local Tech School.					
Quality					
Average days lost due to absence in Years 11 and 12	number	17.3	16.1	7.5	■
The above performance measure relates to the calendar year and refers to government schools only. The 2019–20 outcome is higher than the target due to a continuing emphasis on reporting student absences combined with an increase in absence coded as illness. A lower figure is more desirable, as it indicates that students are having fewer days away from school. The attendance rate covers all absences, including those due to illness and approved family holidays.					
Average days lost due to absence in Years 7–10	number	21.3	19.0	12.1	■
The above performance measure relates to the calendar year and refers to government schools only. The 2019–20 outcome is higher than the target due to a continuing emphasis on reporting student absences combined with an increase in absence coded as illness. A lower figure is more desirable, as it indicates that students are having fewer days away from school. The attendance rate covers all absences, including those due to illness and approved family holidays.					
Average days lost due to absence for Aboriginal students in Years 7 to 12	number	36.8	35.0	5.1	■
The above performance measure relates to the calendar year and refers to government schools only. The 2019–20 outcome is higher than the target due to a continuing emphasis on reporting student absences combined with an increase in absence coded as illness and school refusal. A lower figure is more desirable, as it indicates that students are having fewer days away from school. The attendance rate covers all absences, including those due to illness and approved family holidays. This cohort is small and the data is subject to volatility.					
Median Victorian Certificate of Education (VCE) study score	number	29	29	0.0	✓
The above performance measure relates to the calendar year and refers to government schools only.					
Parent satisfaction with secondary schooling on a 100-point scale	100-point scale	74	76	-2.6	○
The above performance measure relates to the calendar year and refers to government schools only.					
Percentage of Aboriginal students above the bottom three bands for numeracy in Year 7 (NAPLAN testing)	per cent	28.9	29.7	-2.7	✓
The above performance measure relates to the calendar year. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 3.08 percentage points for the measure in 2019.					

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Percentage of Aboriginal students above the bottom three bands for numeracy in Year 9 (NAPLAN testing)	per cent	23.3	27.9	-16.5	■
<i>The above performance measure relates to the calendar year. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 3.23 percentage points for the measure in 2019.</i>					
Percentage of Aboriginal students above the bottom three bands for reading in Year 7 (NAPLAN testing)	per cent	28.4	29.2	-2.7	✓
<i>The above performance measure relates to the calendar year. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 3.24 percentage points for the measure in 2019.</i>					
Percentage of Aboriginal students above the bottom three bands for reading in Year 9 (NAPLAN testing)	per cent	25.2	26.3	-4.2	✓
<i>The above performance measure relates to the calendar year. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 3.12 percentage points for the measure in 2019.</i>					
Percentage of school leavers completing a VCE VET program in a school progressing to further education, training or work	per cent	96.0	95.0	1.1	✓
<i>The above performance measure relates to the calendar year.</i>					
Percentage of school leavers completing an intermediate or senior VCAL in a school progressing to further education, training or work	per cent	86.0	85.0	1.2	✓
<i>The above performance measure relates to the calendar year.</i>					
Percentage of students above the bottom three bands for numeracy in Year 7 (NAPLAN testing)	per cent	64.2	64.6	-0.6	✓
<i>The above performance measure relates to the calendar year. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 1.61 percentage points for the measure in 2019.</i>					

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Percentage of students above the bottom three bands for numeracy in Year 9 (NAPLAN testing)	per cent	55.4	57.9	-4.3	○
The above performance measure relates to the calendar year. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 1.92 percentage points for the measure in 2019.					
Percentage of students above the bottom three bands for reading in Year 7 (NAPLAN testing)	per cent	62.0	61.1	1.5	✓
The above performance measure relates to the calendar year. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 1.52 percentage points for the measure in 2019.					
Percentage of students above the bottom three bands for reading in Year 9 (NAPLAN testing)	per cent	52.3	53.3	-1.9	✓
The above performance measure relates to the calendar year. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 1.76 percentage points for the measure in 2019.					
Percentage of students in the top two bands for numeracy in Year 7 (NAPLAN testing)	per cent	36.2	35.4	2.3	✓
The above performance measure relates to the calendar year. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 1.67 percentage points for the measure in 2019.					
Percentage of students in the top two bands for numeracy in Year 9 (NAPLAN testing)	per cent	25.7	27.6	-6.9	■
The above performance measure relates to the calendar year. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 1.81 percentage points for the measure in 2019.					
Percentage of students in the top two bands for reading in Year 7 (NAPLAN testing)	per cent	30.7	31.2	-1.6	✓
The above performance measure relates to the calendar year. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results, as with any assessment measure, are subject to a small margin of error as reflected in a confidence interval of ± 1.43 percentage points for the measure in 2019.					
Percentage of students in the top two bands for reading in Year 9 (NAPLAN testing)	per cent	22.6	23.0	-1.7	✓

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
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The above performance measure relates to the calendar year. This performance measure includes government and non-government schools. The 2019–20 actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results are subject to a small margin of error as reflected in a confidence interval of ± 1.54 percentage points for the measure in 2019.

Percentage of students who remain at school from Year 7 to Year 12	per cent	91.0	93.0	-2.2	○
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The above performance measure relates to the calendar year.

Percentage of VCAL certificates satisfactorily completed by school students	per cent	77.3	77.0	0.4	✓
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The above performance measure relates to the calendar year.

Years 7–9 students' opinion of their connectedness with the school	5-point scale	3.5	3.7	-5.4	■
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The above performance measure relates to the calendar year and refers to government schools only. The 2019–20 outcome is lower than the target due to an increase in students providing neutral responses to survey questions (an observed trend since 2017).

Percentage of students in out of home care receiving targeted supports in school (LOOKOUT Education Support Centres)	per cent	85.0	85.0	0.0	✓
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The above performance measure relates to the calendar year.

Proportion of Navigator program participants re-engaged in schooling	per cent	63.0	70.0	-10.0	■
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The above performance measure relates to the calendar year. The 2019–20 outcome is lower than the target due to the expansion of the Navigator program to three new areas in 2019. Participants of the Navigator program are generally re-engaged in education over the course of 18 months.

Percentage of Year 9 students with a Careers e-Portfolio	per cent	20.0	20.0	0.0	✓
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The above performance measure relates to the calendar year and refers to government schools only.

Cost					
Total output cost	\$ million	4,882.0	4,845.1	0.8	○

No footnote required.

Key: ✓ Target achieved or exceeded ○ Target not achieved—less than 5% variance ■ Target not achieved—more than 5% variance

Training, higher education and workforce development

The training, higher education and workforce development output group supports Victorians to acquire skills that Victorian industries and businesses need to grow or adjust, by:

- developing strategic advice on Victoria's skill requirements
- supporting better training choices by individuals and employers through improved access to information and advice
- contracting the delivery of quality training provided by TAFEs and dual sector universities, not-for-profit community providers and private RTOs
- ensuring there is a highly capable and diverse internationally focused TAFE and training system in Victoria
- supporting growth industries or those industries involved in adjustment, job creation and development of workforces
- supporting government priorities through training and skills development, such as supporting the Victorian Government's Plan for Change, a response to the Royal Commission into Family Violence
- developing and implementing effective strategies for accredited and pre-accredited training through adult community education and youth transition pathways to ensure access to and increased participation in life-long skills development
- growing TAFE institutes to help Victoria meet its economic and employment needs, and promote equity and address disadvantage in the community.

This output includes the functions of training system design, industry engagement, stakeholder information, contracting and monitoring of quality and training services. It involves the development and implementation of strategies for accredited and pre-accredited VET through to adult community education. This output group also supports regulation that ensures quality education and training is delivered and contributes to all the Department's objectives of achievement, engagement, wellbeing and productivity.

Training, higher education and workforce development performance measures

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Quantity					
Number of government subsidised course enrolments	number	329,105	317,500	3.7	✓
<i>The above performance measure relates to the calendar year.</i>					
Number of government subsidised course enrolments in the TAFE network	number	154,828	145,000	6.8	✓
<i>The above performance measure relates to the calendar year. The 2019–20 outcome is higher than the target due to strong growth in new commencements in 2019 driven by the Free TAFE for Priority Courses initiative.</i>					
Number of government subsidised pre-accredited module enrolments funded through the ACFE Board	number	51,558	45,000	14.6	✓

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
<i>The above performance measure relates to the calendar year. The 2019–20 outcome is higher than the target due to additional one-off government funding committed after the initial target was set.</i>					
Number of government subsidised foundation module enrolments	number	170,333	190,000	-10.4	■
<i>The above performance measure relates to the calendar year. The 2019–20 outcome is lower than the target due to some providers having ceased offering a number of foundation courses, combined with some evidence of substitution of foundation training with other types of accredited training.</i>					
Grants to support workforce development, skills sector reform, structural adjustment and job creation initiatives	number	9	9	0.0	✓
<i>No footnote required.</i>					
Number of government subsidised apprenticeship course enrolments	number	48,955	49,900	-1.9	○
<i>The above performance measure relates to the calendar year.</i>					
Proportion of government subsidised enrolments related to qualifications that will lead to jobs and economic growth	per cent	88.8	83.0	7.0	✓
<i>The above performance measure relates to the calendar year. The 2019–20 outcome is higher than the target due to a methodological improvement to calculating performance on this measure: module-only enrolments were excluded from the overall pool of government-subsidised course enrolments.</i>					
Number of government subsidised enrolments by students living in regional Victoria	number	84,769	81,300	4.3	✓
<i>The above performance measure relates to the calendar year.</i>					
Number of students without Year 12, or Certificate II or above, enrolled in a government subsidised course at Certificate III or above	number	57,987	58,000	0.0	○
<i>The above performance measure relates to the calendar year.</i>					
Number of government subsidised course enrolments by students eligible for fee concession	number	68,373	67,500	1.3	✓
<i>The above performance measure relates to the calendar year.</i>					

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Quality					
Proportion of employers of apprentices and trainees who are satisfied with training	per cent	78.5	77.6	1.2	✓
<i>The above performance measure relates to the calendar year. Data for 2019–20 outcomes relate to the 2019 Victorian Employer Satisfaction Survey of 2018 training experiences.</i>					
Proportion of VET completers who are satisfied with their training	per cent	85.3	84.6	0.8	✓
<i>The above performance measure relates to the calendar year. Data for 2019–20 outcomes relate to the 2019 Victorian Student Satisfaction Survey of 2018 training experiences.</i>					
Proportion of VET completers with an improved employment status after training	per cent	50.1	51.8	-3.3	○
<i>The above performance measure relates to the calendar year. Data for 2019–20 outcomes relate to the 2019 Victorian Student Satisfaction Survey of 2018 training experiences.</i>					
Proportion of VET completers who achieved their main reason for training	per cent	83.5	83.4	0.1	✓
<i>The above performance measure relates to the calendar year. Data for 2019–20 outcomes relate to the 2019 Victorian Student Satisfaction Survey of 2018 training experiences.</i>					
Two-year completion rate for non-apprentice commencements in government subsidised Australian Qualifications Framework qualifications	per cent	53.3	46.3	15.1	✓
<i>The above performance measure relates to the calendar year. Data for the 2019–20 outcome is the proportion of enrolments that commenced in 2018 and that were completed by the end of 2019. The 2019–20 outcome is higher than the target due to the impacts of higher quality training focused on delivering improved student outcomes, as well as improved collection of data on completion status.</i>					
Cost					
Total output cost	\$ million	2,403.1	2,449.6	-1.9	✓
<i>No footnote required.</i>					
Key: ✓ Target achieved or exceeded ○ Target not achieved—less than 5% variance ■ Target not achieved—more than 5% variance					

Support services delivery

The support services delivery output group primarily covers the Department's Schools and Regional Services (SRS) group. It provides student welfare and support, student transport (excluding transport for special needs students) and health services. This output group contributes to providing and improving services that support all the Department's objectives of achievement, engagement, wellbeing and productivity.

Support services delivery performance measures

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Quantity					
Eligible primary school students in receipt of camps, sports and excursions fund	number	130,346	135,400	-3.7	○
<i>The above performance measure relates to the calendar year.</i>					
Eligible secondary school students in receipt of camps, sports and excursions fund	number	91,999	91,800	0.2	✓
<i>The above performance measure relates to the calendar year.</i>					
Investment in student welfare and support	\$ million	353.0	295.5	19.5	■
<i>The 2019–20 outcome is higher than the target primarily due to new funding decisions during 2019–20, such as the Camps, Sports and Excursion Fund.</i>					
Investment in travelling allowances and transport support (excluding special needs students)	\$ million	48.8	48.8	0.0	✓
<i>No footnote required.</i>					
Health assessments of pre-pared students by school nurses	number	67,360	70,500	-4.5	○
<i>The above performance measure relates to the calendar year.</i>					
School students (government) supported by conveyance allowance	number	9,082	8,750	3.8	✓
<i>The above performance measure relates to the calendar year.</i>					
School students (non-government) supported by conveyance allowance	number	29,177	27,700	5.3	✓
<i>The above performance measure relates to the calendar year. The 2019–20 outcome is higher than the target due to changed government policy resulting in greater than anticipated uptake by eligible families.</i>					

Performance measures	Unit of measure	2019–20 actual	2019–20 target	Performance variation (%)	Result
Schools allocated a nurse through the secondary school nursing program	number	197	198	-0.5	○
<i>The above performance measure relates to the calendar year and refers to government schools only.</i>					
Schools funded for primary welfare officers	number	798	799	-0.1	○
<i>The above performance measure relates to the calendar year. This performance measure refers to government schools only.</i>					
Quality					
School satisfaction with student support services	per cent	70.0	80.0	-12.5	■
<i>The above performance measure relates to the calendar year and refers to government schools only. The 2019–20 outcome is lower than the target due to the Department being in the early stages of a practice change program.</i>					
Cost					
Total output cost	\$ million	401.8	344.3	16.7	■
<i>The 2019–20 outcome is higher than the target primarily due to new funding decisions during 2019–20, such as the Camps, Sports and Excursion Fund.</i>					
Key: ✓ Target achieved or exceeded ○ Target not achieved—less than 5% variance ■ Target not achieved—more than 5% variance					

Support for students with disabilities

The support for students with disabilities output group oversees the Program for Students with Disabilities, as well as transport, welfare and support services for students with special needs. This output group improves services that support all the Department's objectives of achievement, engagement, wellbeing and productivity.

Support for students with disabilities performance measures

Performance measures	Unit of measure	2019–20 target	2019–20 actual	Performance variation (%)	Result
Quantity					
Eligible special school students provided with appropriate travel	number	9,000	8,850	-1.7	○
<i>The above performance measure relates to the calendar year.</i>					
Students funded under the disabilities program in government schools as a proportion of the total student population	per cent	4.4	4.4	0.0	✓
<i>The above performance measure relates to the calendar year and refers to government schools only.</i>					
Quality					
Parent satisfaction with special education on a 100-point scale	100 point scale	85	85	0.0	✓
<i>The above performance measure relates to the calendar year and refers to government schools only.</i>					
Cost					
Total output cost	\$ million	1,138.2	1,140.8	-0.2	✓
<i>No footnote required.</i>					
Key: ✓ Target achieved or exceeded ○ Target not achieved—less than 5% variance ■ Target not achieved—more than 5% variance					

Discontinued measures for 2019–20

Following assessment by the Public Accounts and Estimates Committee, the performance measures listed below were discontinued for 2019–20.

Discontinued performance measures

Output group	Performance measure name
Early Childhood Development	Contribution to NDIS costs paid on time
Early Childhood Development	Timely transfer of client data that complies with the agreed schedule and the National Disability Insurance Agency data standard to the National Disability Insurance Agency
Training, Higher Education and Workforce Development	Number of students enrolled in government subsidised courses in the TAFE network
Training, Higher Education and Workforce Development	Number of students enrolled in government subsidised courses
Training, Higher Education and Workforce Development	Number of students without Year 12, Certificate II or above enrolled in foundation courses
Training, Higher Education and Workforce Development	Participation rate of 15–24 year olds in government subsidised training and further education in Victoria
Training, Higher Education and Workforce Development	Participation rate of 25–64 year olds in government subsidised training and further education in Victoria
Training, Higher Education and Workforce Development	Proportion of government subsidised course enrolments by students eligible for fee concession
Training, Higher Education and Workforce Development	Number of government subsidised course completions

Five-year financial summary

The financial statements presented in this annual report relate to the controlled operations of the Department, including government schools.

Other agencies within the portfolio report separately and therefore their results are not included within the controlled financial transactions of the Department. These entities include: the ACFE Board, Adult Multicultural Education Services (AMES), the Victorian Curriculum and Assessment Authority (VCAA), Victorian Institute of Teaching (VIT), VRQA, and TAFE institutes.

The following table summarises the Department's financial results for the financial year just completed and provides comparative information for the previous four years.

Five-year financial summary

Five-year financial summary	2019–20	2018–19	2017–18	2016–17	2015–16
	\$m	\$m	\$m	\$m	\$m
Operating revenue					
Revenue from State Government	14,887.5	13,815.7	12,816.0	12,197.3	11,194.0
Other revenue	830.4	927.6	834.7	751.1	776.9
Total income from transactions	15,717.9	14,743.3	13,650.7	12,948.4	11,970.9
Total expenses from transactions	15,118.1	14,073.5	13,328.5	12,626.2	11,740.0
Net results from transactions	599.8	669.8	322.2	322.2	230.9
Total other economic flows	(39.2)	(98.1)	(10.3)	86	(48.4)
Net results for period	560.6	571.7	311.9	408.2	182.5
Net cash flow from operating activities	1220.3	1,047.1	790.0	638.5	455.4
Total assets	29,228.9	27,846.8	27,771.7	23,818.6	22,955.5
Total liabilities	3,355.5	3,022.0	2,809.3	2,607.1	2,166.9
Net assets	25,873.4	24,824.8	24,962.4	21,211.5	20,788.6

Current year financial review

Financial performance and business review

The Department's net result from transactions for financial year ended 30 June 2020 is a surplus of \$599.8 million, compared with a surplus of \$669.8 million in 2019. With the inclusion of other economic flows of a \$39.2 million loss, the net result for the financial year is a surplus of \$560.6 million, compared to a surplus of \$571.7 million in 2019.

The growth in revenue primarily reflects increased government funding for delivery of output initiatives and general inflation-related indexation.

The Department's growth in expenditure mainly reflects increased employee benefits expenditure flowing from the employment of additional teachers and allied health staff in schools and regional offices, together with increases under the Victorian Government Schools Agreement 2017. Other increases in expenditure include:

- additional capital asset charges due to the Department's completion of new schools, upgrades and compliance works
- additional grants and other payments to the Department of Health and Human Services for public sector workforce training and development initiatives and payments to non-government schools from initiatives approved as part of the State Budget
- additional support for schools.

Balance sheet

The Department's net asset base as at 30 June 2020 was \$25.9 billion, comprising total assets of \$29.2 billion and total liabilities of \$3.4 billion.

The major assets of the Department are schools' property, plant and equipment. These represent 87 per cent (\$25.3 billion) of total assets. In 2020, the value of the Department's property, plant and equipment increased by \$1.1 billion, due to the Government's continued investment in schools as part of its commitment to make Victoria the Education State. The Department's assets include an increase in cash and deposits, largely reflecting the deferral of expenditure during the COVID-19 pandemic.

Liabilities totalling \$3.4 billion mainly consist of payables, borrowings and employee benefit provisions. The \$333.5 million increase in 2020 in employee benefits accrued for wage inflation, increased staff numbers and the revaluation of long service leave entitlements. There were also increases in payables for accrued costs relating to staff and capital works.

Cash flows

The increase in net cash flows from operations is mainly due to increased Government receipts and changes in receivables, payables and provisions, arising from the timing of cash payments and receipts against these items.

Disclosure of grants and transfer payments

Appendix 5 outlines the Department's assistance to certain companies and organisations in 2019–20.

Capital projects

The Department and its related portfolio entities manage a range of capital projects to deliver government services.

Budget Paper No. 4 State Capital Program—available at www.dtf.vic.gov.au/2018-19-state-budget/2018-19-state-capital-program — outlines new and existing capital projects for departments and the broader Victorian public sector.

During 2019–20, the Department completed several capital projects with a \$10 million or greater total estimated investment (TEI). The details of these projects are below.

Capital projects with a TEI of \$10 million or greater completed during the financial year ended 30 June 2020

Project name	Original completion date	Latest approved completion date	Actual completion date	Reason for variance in completion dates	Original approved TEI budget \$M	Latest approved TEI budget (\$ million)	Actual TEI cost (\$ million)	Variation between actual cost and latest approved TEI budget	Reason for variance from latest approved TEI budget
Bayside Special Developmental School	Q3 2019–20	Q3 2019–20	Q1 2019–20	n.a.	11.46	11.46	11.46	0	n.a.
Beveridge West P6	Q3 2019–20	Q3 2019–20	Q3 2019–20	n.a.	19.70	19.70	19.70	0	n.a.
Botanic Ridge Primary School	Q3 2019–20	Q3 2019–20	Q3 2019–20	n.a.	19.50	25.40	25.40	0	n.a.
Casey Fields Primary School	Q3 2019–20	Q3 2019–20	Q3 2019–20	n.a.	20.10	20.10	20.10	0	n.a.
Davis Creek Primary School	Q3 2019–20	Q3 2019–20	Q3 2019–20	n.a.	23.10	23.10	23.10	0	n.a.
Elevation Secondary College	Q3 2019–20	Q3 2019–20	Q3 2019–20	n.a.	24.0	24.0	24.0	0	n.a.
Footscray Learning Precinct – Stage 1	Q4 2019–20	Q4 2019–20	Q1 2019–20	n.a.	10.64	10.64	10.64	0	n.a.
Geelong High School	Q3 2017–18	Q3 2021–22	Q4 2019–20	Multiple Funding Years	8.50	24.10	24.10	0	n.a.
Grayling Primary School	Q3 2019–20	Q3 2019–20	Q3 2019–20	n.a.	20.80	20.80	20.80	0	n.a.
Homestead Senior Secondary College	Q3 2019–20	Q3 2019–20	Q3 2019–20	n.a.	53.0	53.0	53.0	0	n.a.
Keysborough Gardens Primary School	Q3 2019–20	Q3 2019–20	Q3 2019–20	n.a.	18.90	18.90	18.90	0	n.a.

Project name	Original completion date	Latest approved completion date	Actual completion date	Reason for variance in completion dates	Original approved TEI budget \$M	Latest approved TEI budget (\$ million)	Actual TEI cost (\$ million)	Variation between actual cost and latest approved TEI budget	Reason for variance from latest approved TEI budget
Lucas Primary School	Q3 2019–20	Q3 2019–20	Q3 2019–20	n.a.	17.10	17.10	17.10	0	n.a.
Manor Lakes P-12 College	Q3 2018-19	Q2 2019–20	Q1 2019–20	Completion date revised to reflect a more accurate forecast	10.90	10.90	10.90	0	n.a.
Melba College – Stage 2	Q1 2020–21	Q1 2020–21	Q4 2019–20	n.a.	11.05	20.05	14.55	5.50	Includes contribution from the school, Victorian State Government entities and non-government organisations
Mirripoa Primary School	Q3 2019–20	Q3 2019–20	Q3 2019–20	n.a.	20.20	20.20	20.20	0	n.a.
Northern College of the Arts and Technology	Q2 2018-19	Q2 2019–20	Q1 2019–20	Multiple funding years	2.0	11.25	11.04	0.21	Includes co-contribution from the school
Riverwalk Primary School	Q3 2019–20	Q3 2019–20	Q3 2019–20	n.a.	26.70	26.70	26.70	0	n.a.
Strathmore Secondary College	Q4 2019–20	Q4 2019–20	Q4 2019–20	n.a.	13.80	13.80	13.80	0	n.a.
Sunshine College – Stage 2	Q4 2019–20	Q4 2019–20	Q4 2019–20	n.a.	12.75	12.75	12.75	0	n.a.
Warrnambool Special Developmental School	Q1 2018-19	Q3 2019–20	Q3 2019–20	Multiple funding years	5.0	19.60	19.60	0	n.a.
Westall Primary School	Q1 2020–21	Q1 2020–21	Q3 2019–20	n.a.	12.30	12.30	12.30	0	n.a.

Governance and organisational structure

The Department's ministers

The Department supports two ministers: the Hon. James Merlino MP, Deputy Premier and Minister for Education; and the Hon. Gayle Tierney MP, Minister for Higher Education and Minister for Training and Skills.

Deputy Premier and Minister for Education – The Hon. James Merlino, MP

Deputy Premier Merlino was elected to the Victorian Parliament as the Member for Monbulk in 2002. He has been the Minister for Education since December 2014. He previously served as the Minister for Sport, Recreation and Youth Affairs from December 2006 to December 2010, Minister Assisting the Premier on Multicultural Affairs from August 2007 to December 2010 and Minister for Police and Minister for Corrections from October to December 2010.

The Minister for Education oversees Victoria's Education State reforms and is responsible for providing schooling to over 988,000 Victorian students. This portfolio includes government investment in early childhood education and school infrastructure and programs.

Minister for Higher Education and Minister for Training and Skills – The Hon. Gayle Tierney, MP

Minister Tierney was elected to the Victorian Parliament as the Member for Western Victoria in 2006. She has been the Minister for Training and Skills since November 2016 and Minister for Higher Education since November 2018. She was Minister for Corrections from November 2016 to December 2018. Minister Tierney previously served as the Cabinet Secretary and Deputy President of the Victorian Legislative Council. She was Deputy Chair of the Rural and Regional Parliamentary Committee from March 2007 to November 2010, and Deputy Chair of the Education and Training Parliamentary Committee from February 2010 to June 2013.

The Minister for Training and Skills is responsible for ensuring Victoria's VET system plays a key role in achieving the economic and social objectives of government, industry, local communities and individual learners.

The Minister for Higher Education administers legislation that establishes Victoria's eight public universities, their governing bodies and accountability requirements. The Minister is also responsible for developing policy related to higher education in Victoria and representing Victorian universities and higher education providers within government.

The Department's senior executives

Secretary – Ms Jenny Atta

Jenny Atta has been Secretary of the Department of Education and Training since March 2019. Prior to this, Jenny was Acting Secretary from November 2018.

Jenny is directly responsible for the management of the Department and for ensuring the education and training portfolio Ministers are supported in the management and administration of their portfolios.

Jenny joined the Department in December 2015 as Deputy Secretary, Infrastructure and Finance Services Group. In this role, Jenny was responsible for the management and oversight of the Department's financial, procurement and information technology services, along with strategic advice and planning for State Budget processes, and infrastructure policy and delivery.

This followed a range of senior roles in the Victorian Public Service (VPS), including with the Department of Treasury and Finance (DTF) and the Department of Human Services.

Jenny holds a Bachelor degree in Applied Science and a Masters of Public Policy.

Deputy Secretary, Early Childhood Education – Ms Kim Little

Kim Little leads the implementation of the *Education State Early Childhood Reform Plan: Ready for kinder, Ready for school, Ready for life*, and the delivery of universal funded Three-Year-Old Kindergarten. Kim's group is home to the critical work of the ECEC regulator, and the whole-of-government effort to improve information sharing to promote the safety and wellbeing of children and young people. Working with partners across Government, Kim and her team also work on the delivery of Child Information Sharing Scheme and Child Link.

The Early Childhood Education (ECE) group plays a key role in policy development, service program design and commissioning to ensure a child and family centred, outcomes-focused and integrated early childhood and education system. Together with other groups, the ECE group works to ensure that every child has the best start in life.

Prior to this appointment, Kim was the Assistant Deputy Secretary, Early Childhood Portfolio in the Early Childhood and School Education group. Kim has also worked in the Higher Education and Skills (HES) group with a focus on tertiary education policy matters, including market design and intervention. Before joining the Department, Kim worked in the Department of Premier and Cabinet (DPC) on education and social policy issues. Kim has also worked as a philosopher at Monash University and as a corporate lawyer.

Deputy Secretary, Financial Policy and Information Services – Mr Tony Bates

Tony Bates joined the Department in April 2019 as Deputy Secretary, Financial Policy and Information Services (FPIS). Further, Tony was also appointed as Associate Secretary in April 2020 to support the Department's role within the Stage Government response to the COVID-19 pandemic.

Prior to joining the Department, Tony worked at the Department of Justice and Regulation, DPC, DTF and Victoria Police.

Tony has a breadth of experience in leading significant strategic reforms to public sector governance, corporate services, fiscal strategy, and in performance measurement.

Tony holds a Bachelor of Science (Honours) and Master of Science from the University of Melbourne, is a member of the Australian Institute of Company Directors (AICD) and an alumni of the Australia and New Zealand School of Government (ANZSOG) Executive Fellows Program. Tony was awarded a Public Service Medal in January 2016 for outstanding public service to fiscal management in Victoria.

Deputy Secretary, Higher Education and Skills – Ms Sandy Pitcher

Sandy Pitcher commenced as Deputy Secretary, Higher Education and Skills in the Department in October 2019.

As Deputy Secretary, Sandy is responsible for supporting the delivery of operational and strategic priorities across higher education, VET, apprenticeships and traineeships as well as adult, community and further education.

Sandy brings vast experience to the role, having worked as Executive Consultant in an ASX 100 mining company, OZ Minerals. Prior to this, Sandy served as the Chief Executive of the Department of Environment, Water and National Resources in South Australia for three years and as Deputy Chief Executive at the South Australian Department of Premier and Cabinet for five years.

Sandy's international government experience includes executive roles at the United Kingdom's Commission for Racial Equality. Sandy has also held a variety of senior positions in the Australian Public Service.

Deputy Secretary, People and Executive Services – Ms Kate Rattigan

Kate Rattigan commenced as Deputy Secretary, People and Executive Services (PES) in October 2015.

Kate oversees functions including legal services, human resources, people and culture, workplace safety, operational policy reform, communications and media, integrity reform, cabinet and ministerial support, executive services, knowledge and records management, freedom of information (FOI), privacy, and audit and assurance.

Kate is currently the Secretary's nominee on the VRQA Board, the Chairperson of the Department's Procurement and Probity Committee (PPC), as well as a member of the Executive Board, Education State Board, Audit and Risk Committee (ARC), Integrity Committee (IC) and People and Culture Committee. Kate is Chair of the Wirralung Ganai Aboriginal Inclusion Plan 2019–21 Steering Committee, and champion of the Department's Enablers Network.

Kate represents the Department on the Public Sector Administration Committee, the Public Sector Occupational Health and Safety Interdepartmental Committee, the Victorian Public Sector Gender Audit Reference Group, the Sexual Harassment Interdepartmental Committee, the Jobs and Skills Exchange

Interdepartmental Committee, the VPS Agreement Interdepartmental Committee, the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability Interdepartmental Committee, the VPS Commission Deputy Secretary Disability Champion Round Table, and the Northern Metropolitan Partnership.

Kate has worked in various departmental capacities, providing strategic oversight over complex operational matters and specialist and technical advice to ministers, the Secretary, executives, managers, regional directors, school principals and school councils.

Kate holds a Bachelor of Law (Honours), a Bachelor of Arts and a Master of Employment and Labour Relations Law from the University of Melbourne.

Deputy Secretary, Policy, Strategy and Performance – Ms Katherine Whetton

Katherine Whetton is the Deputy Secretary, Policy, Strategy and Performance (PSP). The group supports the Department to maintain an intensive focus on delivery, performance and engagement to achieve the Education State reform agenda and the Department's strategic intent.

Before joining the Department, Katherine worked at DPC for more than 10 years, most recently as Executive Director, Economic Strategy, and as Director, Health and Human Services. Katherine has extensive central agency policy development and advisory experience across social and economic policy areas, working across portfolios and intergovernmental contexts.

Katherine holds a Bachelor of Arts (Honours) from the University of Melbourne and an Executive Master of Public Administration from ANZSOG. She is also an AICD graduate.

Deputy Secretary, School Education Programs and Support – Mr Stephen Gniel

Stephen Gniel was appointed in October 2019 and heads the School Education Programs and Support (SEPS), which is responsible for designing a learning, development and wellbeing system that provides every student with the knowledge, capabilities and attributes to thrive throughout their lives.

Stephen has extensive experience in education, having previously held positions as a teacher, principal and department executive, including as Regional Director, South East Victoria Region.

Stephen holds a Bachelor of Education and Master of Business Administration, and has undertaken further study through Harvard University, the ANZSOG Executive Fellow Program and AICD. He is currently president of the Australian Council for Educational Leaders.

Deputy Secretary, Schools and Regional Services – Dr David Howes

David Howes is the Deputy Secretary, SRS. Immediately prior to this, David was Chief Executive Officer (CEO) of the VCAA.

David began his career as a teacher in the western suburbs of Melbourne, where he worked for 10 years as a teacher and in a range of school leadership roles. David has since held positions in Victoria and overseas, including as an educational adviser to the Royal Government of Cambodia between 2003 and 2006.

David holds a Bachelor of Arts (Honours), Diploma of Education, Master of Education and Doctor of Philosophy degrees from the University of Melbourne. David also holds an Executive Master of Public Administration from ANZSOG.

Chief Executive Officer, Victorian School Building Authority – Mr Chris Keating

Chris Keating is the CEO of the Victorian School Building Authority (VSBA), which was established in August 2016. Chris leads the planning and delivery of Victoria's record investment in schools and early childhood centres. In 2019, Chris oversaw the delivery and opening of nine new state-of-the-art schools. Eleven more opened in 2020, and a further 14 are due for completion in the next 12 months.

Before being appointed CEO of the VSBA soon after its establishment, Chris led the Department's Infrastructure and Sustainability Division, and has more than 10 years' experience delivering public school building projects in Victoria.

Chris holds a Bachelor of Arts and a Master of Computer Science.

Assistant Deputy Secretary, Quality and Implementation – Ms Lee Watts

Lee Watts joined the Department as the Executive Director of Training Market Operations, HES. Lee was appointed to the role of the Assistant Deputy Secretary, HES in 2016.

Focused on quality and implementation, Lee is responsible for the overarching key government initiatives and coordinated delivery of priority projects within the training and skills and higher education portfolios.

Lee has extensive experience in the skills and higher education portfolios, including VET contract and program management, information system design and provider quality. Lee has responsibility for the design and implementation of a more managed, stable and competitive training system.

Prior to joining the Department, Lee was a senior consultant at a consulting firm. Lee has held senior teaching and research positions at several Australian universities, with a focus on workplace relations, alternative dispute resolution and change management.

Lee holds a Master of Arts and a Bachelor of Arts (Honours) from the University of Melbourne and has authored several books.

Assistant Deputy Secretary, Schools and Regional Services – Mr Chris Thompson

Chris Thompson is Assistant Deputy Secretary, SRS. The position is responsible for supporting the strategy and operations of Victoria's government school system, including the Department's four regions as well as security and emergency management.

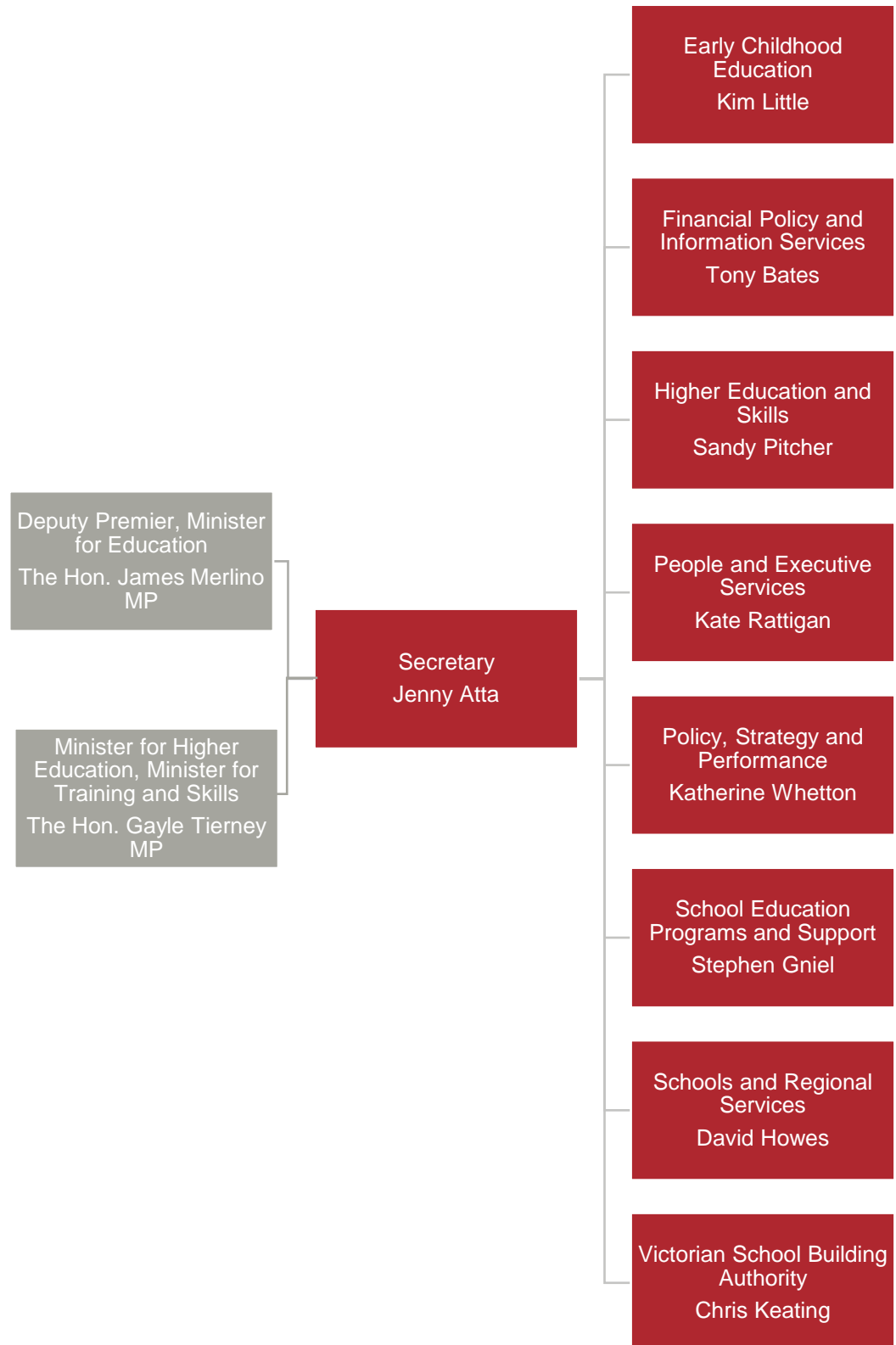
Previously, Chris was the Executive Director for the North East Melbourne Area, one of Victoria's 17 education areas. Chris led a large multidisciplinary team responsible for supporting the operations and improvement of approximately 130 government schools and 350 early childhood services. This role followed a period acting as the Deputy Regional Director for the North-Western Victoria Region.

Chris previously held executive roles in the Department relating to language education policy; sport; and multicultural, Koorie, and rural students. He also worked at DPC, the Department of Planning and Community Development, and the Department of Human Services.

Chris holds a Bachelor of Arts (Honours) and a Bachelor of Laws from Monash University, and an Executive Master of Public Administration from ANZSOG.

Organisational structure

Organisational structure at 30 June 2020



Early Childhood Education

ECE has lead responsibility for the *Education State Early Childhood Reform Plan: Ready for kinder, Ready for school, Ready for life*, and for major early childhood reform commitments, such as the progressive implementation of Three-Year-Old Kindergarten, school readiness funding and the kindergarten quality improvement program. ECE group provides oversight of the early childhood service system, regulates early childhood services (as required by the *Education and Care Services National Law Act 2010* and the *Children's Services Act 1996*) and leads implementation of relevant legislative reforms such as Child Link and the Child Information Sharing Scheme.

Financial Policy and Information Services

FPIS is a crucial corporate service delivery arm of the Department. Its primary purpose is to provide strategic and technical advice on budget, finance and resourcing, information technology and procurement. It plays a key role in financial management, oversight and reporting across the education and training portfolios.

Higher Education and Skills

HES oversees tertiary education in Victoria, including VET, higher education, adult education and lifelong learning.

HES contributes to the Victorian Government's Education State objectives by ensuring Victorians have equitable access to high-quality and relevant post-school education and training that enable individuals to develop deep knowledge, skills and attributes needed for current and future jobs.

People and Executive Services

PES supports education through expert services that enable the Department to deliver necessary systems such as people services, workplace accommodation, and employee health, and safety and wellbeing. PES also delivers school operational policy reform and engagement, and provides the Department with communications and media support, legal services, and ministerial services, including for Cabinet and Parliament support. Other functions PES provides for the Department include knowledge and records management, privacy, FOI, integrity, audit and assurance.

Policy, Strategy and Performance

PSP supports the Department to maintain its intensive focus on delivery, performance and engagement to achieve the Education State reform agenda and the Department's strategic vision. It aligns policy leadership with strategy, planning, risk, governance and performance to enable evidence-informed decisions that drive current and future system-wide reforms and improve outcomes for all Victorians.

School Education Programs and Support

SEPS has a lead responsibility for shaping the Education State reforms to ensure that we build a system that provides every student with the knowledge, capabilities and attributes that will see them thrive throughout their lives. Its four key roles are as policy lead, system architect, commissioner, and program

designer. These roles aim to ensure better outcomes for all students regardless of their start in life, and promote excellence and equity.

SEPS works in close collaboration and partnership with other parts of the Department, statutory authorities, service delivery partners, parents and families.

Schools and Regional Services

SRS has a functionally and geographically diverse workforce that enables education, health and development professionals to directly interact with children and young people. The group is responsible for building the capability of professional workforces and developing excellence in leadership, teaching quality and educational practice.

SRS has four regions, North Western, North Eastern, South Western, South Eastern. The four regions provide an interface between the Department's central office and schools and service providers, ensuring that learners move seamlessly through the education system. Each region is further divided into areas to enable a deeper understanding of the trends and issues in local communities. Input from these areas into policy and program development is pivotal to ensure effective initiative delivery. At a local level, areas are responsible for driving child and learner outcomes across all services and programs.

Victorian School Building Authority

The VSBA helps to deliver the Victorian Government's vision of building a world-class education system and transforming Victoria into the Education State. It designs and builds new schools and early childhood centres to cater for Victoria's rapidly growing student population. It also maintains and upgrades existing facilities to be positive learning environments, allocates resources, and manages educational infrastructure assets.

Governance structure

The Department is led by the Secretary who reports to the Minister for Education, the Minister for Higher Education and the Minister for Training and Skills.

Executive Board

The Executive Board provides stewardship by giving the Secretary a whole-of-department perspective, and provides support to the Secretary and ministers, as well as oversees departmental committees. The Executive Board is chaired by the Secretary.

The Executive Board plays a central coordinating and authorising role for whole-of-department issues, provides strategic leadership across the Department, prioritises departmental resources and monitors performance. It assists the Secretary with strategic leadership of the Department and its agencies and portfolios. It also:

- oversees the portfolio's financial and operational performance
- monitors delivery of key priorities
- ensures integration and alignment across groups and agencies
- drives strong leadership and a high-performing culture across the Department's portfolios.

From March 2020 onwards, the Executive Board led and provided oversight to the Department's response to the COVID-19 pandemic.

The Executive Board comprises the heads of the Department's seven groups, and the CEOs of the VSBA and VCAA.

Education State Board

The Education State Board is the Department's key advisory body responsible for progressing the Education State agenda. It is chaired by the Secretary and comprises the head of each of the Department's seven groups, the CEO of the VSBA, all assistant deputy secretaries and the Department's four regional directors. It shapes the policies and implementation of the Education State reform agenda and oversees:

- Education State priority reform areas and related stakeholder engagement
- progress on key election commitments
- reform design, business case development, and work program implementation and monitoring
- continuous departmental improvement that has material impact on the design and delivery of reform directions.

Committee structure

Three committees report to the Secretary:

- the Audit and Risk Committee (ARC)
- the Executive Remuneration Committee (ERC)
- the Integrity Committee (IC).

Six committees report to the Executive Board:

- the Budget and Financial Management Committee (BFMC)
- the Culture and People Committee (CPC)
- the Infrastructure Planning and Delivery Committee (IPDC)
- the Information Management and Technology Committee (IMTC)
- the Procurement and Probity Committee (PPC).

Audit and Risk Committee

The ARC assists the Secretary to fulfil governance responsibilities and obligations under the FM Act.

The ARC was established in 2003 in compliance with the Standing Directions under the FM Act, which require 'each public sector agency to appoint an audit committee to oversee and advise the public sector agency on matters of accountability and internal control affecting the operations of the agency'. The ARC directly advises the Secretary on governance, risk management, audit and control assurance activities.

The ARC comprises six members appointed by the Secretary, including an independent chair, three independent members, and two executive officers from the Department. In addition to committee members the Chief Finance Officer (CFO) and the Chief Audit Executive attend all committee meetings.

Independent member – Ms Fiona Bennett, Chair

Fiona Bennett is a director of a number of entities, including Hills Limited, BWX Limited and Select Harvests Limited. She is also the Chairperson of the Victorian Legal Services Board.

Fiona is a chartered accountant with extensive experience in commercial and financial management, governance, risk management and audit. Fiona has held senior executive positions at BHP Ltd and Coles Group Ltd and has been CFO of several organisations in the health sector.

Fiona is a Fellow of the Institute of Chartered Accountants and the AICD.

Independent member – Mr Stuart Alford, Deputy Chair

Stuart Alford spent 40 years in professional practice with Ernst & Young, including 27 years as a partner. Stuart is a non-executive director with extensive experience in governance, risk management and auditing.

Stuart currently serves on the boards of the Eastern Health Foundation and AMES Australia. He has audit, risk and finance committee roles in a number of organisations, including the VCAA, the Office of the Australian Accounting Standards Board (AASB), the Office of the Auditing and Assurance Standards Board and the Metropolitan Fire and Emergency Services Board. Stuart is also the independent chair of the Network Audit Review Panel for Pitcher Partners.

Stuart is a Fellow of the Institute of Chartered Accountants in Australia and an Associate member of the AICD.

Independent member – Mr Andrew Nicolaou

Andrew Nicolaou is an experienced non-executive director with extensive skills and expertise in assurance, risk management, governance, financial management and performance consulting. Andrew has had 38 years of professional practice in PricewaterhouseCoopers, including 24 years as a partner. In that time, his role included leading PricewaterhouseCoopers Government Practice in Victoria, interacting with senior executives, ministers, parliamentarians and boards.

Andrew currently serves as chair of audit, risk, and governance committees for the Department of Transport, Grampians Wimmera Mallee Water and the Victorian Parliament. Andrew has previously served on the Board of the State Trustees Group, Victoria.

Andrew is specialised in advising financial institutions on banking, insurance, funds management and treasury in both private and government sectors.

Andrew is a Fellow of the Institute of Chartered Accountants in Australia, a Graduate Member of the AICD and a Fellow of the Institute of Public Administration Australia.

Independent member – Ms Helen Thornton

Helen Thornton is an experienced non-executive director and is currently on the boards of Treasury Corporation Victoria, ISPT Pty Ltd, Ansvar Insurance Pty Ltd, Yarra Valley Water and Austin Health. Helen is also a member of the Legal Practitioners Liability Committee.

Helen is an independent member of the audit and risk committees for the departments of Environment, Land, Water and Planning and Health and Human Services. Helen is a chartered accountant with extensive experience in finance, risk management, governance and both internal and external auditing. Helen was the Vice President, Risk Management at BlueScope Steel Ltd and has held senior positions at BHP Billiton Ltd, KPMG and Deloitte.

Helen is a member of the Institute of Chartered Accountants and the AICD.

Executive Remuneration Committee

The ERC reviews and sets executive remuneration, performance bonus and ratings for all executive appointments. The purpose of the ERC is to ensure that a consistent and rigorous approach is taken to setting and adjusting remuneration for senior executive services within the Department and its statutory authorities. This approach is required to comply with the VPS Commission's *Victorian public service executive employment handbook (2019)*.

The ERC comprises four members, including the Secretary as Chair, two executive officers from the Department and one independent member.

Independent member – Ms Pam White

Pam White has had more than 30 years' experience in VPS senior management and leadership positions in both policy development and operations. Pam has worked in child protection, disability, housing, youth justice and emergency management. For two years she led the State Services Authority (now the Victorian Public Sector Commission (VPSC)), the body responsible for public sector administration, governance, service delivery, and workforce management and development.

In 2012, Pam was awarded the Public Service Medal for her work improving services for vulnerable children and emergency management recovery services.

Pam appreciates and understands the roles and workings at all government levels, including the importance of good governance in delivering effective and integrated public services.

Integrity Committee

The IC provides assurance to the Secretary that the Department has a robust framework for managing integrity risks and for lifting integrity performance. It does this by approving and overseeing the development and delivery of integrity reforms that strengthen the Department's three lines of defence for risk management. The IC leads the Department's efforts to support all corporate and school staff to strive for the highest standards of integrity and public trust.

The committee undertakes a stewardship role for portfolio statutory entities (the TAFE sector and funded services) that reflects the Department's governance responsibilities and operational relationships.

The IC comprises 12 members including the Secretary as Chair, the CEO of the VRQA, six executive officers from the Department, the Chair of the ARC and two independent members.

Independent member – Ms Michaela Healey

Michaela Healey is an experienced corporate executive with over 20 years' experience in governance, legal, human resources and risk management. Since retiring from her role as a member of the executive team at the National Australia Bank in 2016, Michaela has been engaged in board and advisory roles, including governance, culture and board evaluations and executive coaching with the Magokoro Practice.

Michaela is a director of Berry Street, Free to Feed and The Man Cave.

Independent member – Ms Maria Peters

Maria Peters is the Chair of the ACFE Board, a member of the VRQA Board and the RMIT University Council. Maria has extensive experience in the vocational and tertiary sector, having worked in management, leadership and governance roles for more than 30 years, including as CEO of Chisholm Institute of TAFE from 2010 to 2017. In 2017, Maria received the Lynne Kosky Lifetime Achievement Award for leading significant educational innovation within the VET sector and was awarded an Honorary Doctor of Education from Swinburne University in 2018.

Budget and Financial Management Committee

The purpose of the BFMC is to advise the Executive Board on priorities for budget and finance matters, provide oversight of the Department's budget and finances, and act as the decision-maker for the Executive Board on budget and finance matters.

The BFMC leads the Department's drive for improved financial sustainability and ensures effective oversight and allocation of financial resources in alignment with the Department's service delivery, planning objectives and government priorities.

The BFMC comprises 11 members including the Deputy Secretary, SRS as Chair, an officer from the Financial Services Division, seven executive officers from the Department, an executive officer from the VSBA and one independent member.

Independent member – Mr Peter Fuhrmann

Peter Fuhrmann has more than 32 years' experience, mostly as an executive officer, in budget and financial management with the VPS, encompassing all facets of financial and public account management and budgeting.

Peter came to the VPS following an extensive period in the banking industry, including six years as Budget Manager, State Bank of Victoria.

From 2006 to 2012, Peter was the Treasurer's representative on the Finance Committee and the Audit Committee of the Cancer Council of Victoria. The committees were responsible for the Council's substantial investment program during the global financial crisis, and for developing and monitoring its operating budget, accommodation, risk management, fund raising strategies and statutory reporting. Peter is a Fellow of Certified Practising Accountants and, in 2010, was awarded the Australian Public Service Medal.

Culture and People Committee

The purpose of the CPC is to advise the Executive Board on significant and strategic culture and capability matters related to the Department's VPS workforce. CPC also provides oversight and assurance over strategies to promote diversity and inclusion, and over occupational health and safety (OHS) matters across the breadth of the Department's workforce.

The CPC comprises 13 members, including the Deputy Secretary, PSP as Chair, nine executive officers and Principal Medical Adviser from the Department. An executive officer from both the VCAA and VRQA are also members.

Infrastructure Planning and Delivery Committee

The IPDC provides assurance to the Executive Board that the Department has a robust framework for developing and implementing infrastructure delivery, and for managing strategic development, implementation and delivery of departmental physical (non-financial) assets.

IPDC fulfils this role by approving and overseeing the infrastructure planning and implementation components of the Education State reform agenda in alignment with the Department's service delivery and planning objectives.

The IPDC comprises nine members, including the Deputy Secretary, FPIS as Chair, the CEO of the VSBA, six executive officers from the Department, and an executive officer from the VSBA.

Information Management and Technology Committee

The IMTC oversees the Department's information management and technology functions, priorities and systems, including information security. All departmental information management and technology initiatives must be presented to IMTC for endorsement prior to submission to the PPC, BFMC or the Executive Board for approval.

The IMTC is chaired by the Deputy Secretary, HES and comprises 16 members, including one independent member.

Independent member – Ms Susan Mann

Susan Mann has worked in state and national education over the past four decades. Over the last 20 years, Susan has played a key role in conceptualising and implementing Australian national information and communication technology (ICT) and education policy.

Susan is the former CEO of Education Services Australia, a company owned by all Australian education ministers that focuses on technology provision and service support for the Australian education and training sector.

Prior to this position, Susan was the CEO of Curriculum Corporation, where she initiated the National Schools Online Curriculum initiative.

Susan has previously worked in executive positions with the Victorian State Board of Education and the Victorian Department of Education. She was a member of the ministerial team that established the Victorian Curriculum and Assessment Board (now the VCAA), Deputy Chair of the Asia Education Foundation and a member of the Australia-Indonesia Institute Board.

Procurement and Probity Committee

The PPC oversees procurement activities within the Department to ensure appropriate rigour is exercised in accordance with procurement policies. In doing so, it supports the Secretary's obligations as outlined in the Victorian Government Purchasing Board policy and the FM Act. The PPC considers the procurement of goods and services by statutory authorities (VCAA, VRQA and the Merit Protection Board). It does not consider procurement related to construction or property.

The PPC comprises 13 members including the Deputy Secretary, PES as Chair, the CFO, nine executive officers from the Department and an executive officer from both the VSBA and VRQA.

Statutory authorities and boards

The Department works in conjunction with the following statutory authorities and boards:

- ACFE Board
- AMES Australia
- Centre for Adult Education
- Children's Services Coordination Board
- Disciplinary Appeals Board
- Independent Office for School Dispute Resolution
- Merit Protection Board
- TAFE institutes
- VCAA
- Victorian Children's Council
- VIT
- VRQA.

Statutory authorities and boards produce their own annual reports for financial years (1 July–30 June) or calendar years (1 January–31 December).

The statutory authorities and boards that produce financial year reports (1 July 2019–30 June 2020) are:

- ACFE Board
- AMES Australia
- VCAA
- VIT
- VRQA.

The statutory authorities and boards that produce calendar year reports (1 January 2020–31 December 2021) are:

- Centre for Adult Education
- TAFE institutes.

Reports of the Children's Services Coordination Board, Disciplinary Appeals Board, Independent Office for School Dispute Resolution, Merit Protection Board and Victorian Children's Council are included in Appendix 3 of this report.

Workforce data

Public sector values and employment principles

The Department adopts the public sector values set out in the Code of Conduct for Victorian Public Sector Employees. The Department's values underpin how departmental employees interact with colleagues, learners and families, members of the community and suppliers.

When employees act in accordance with the Department's values, the Department is more effective, achieves outcomes and ensures the public has trust and confidence in the education system. This adherence also builds trust between employees and leaders, as everyone operates under the same principles and can be confident they are doing the right thing.

A suite of materials developed for use across the Department ensures consistent interpretation, strong engagement and connection with these values among employees. These materials inform, educate and guide employees on what each of the seven values means in the Department's context, and how they can demonstrate them every day through their actions and decisions.

Occupational health and safety

The Safe and Well in Education Strategy 2019–2024 and its corresponding framework are the foundations for building health, safety and wellbeing in schools and corporate workplaces. Together, with the Health, Safety and Wellbeing Policy, they equip the Department to meet the safety needs of school and corporate workforces.

The Safe and Well in Education Strategy brings together existing systems and supports with the Employee Wellbeing and Operational Policy reforms. This provides a clear roadmap to further strengthen supports for all school and corporate staff.

The Department is also committed to implementing the Victorian Government's Mental Health and Wellbeing Charter. The charter was developed to actively demonstrate the Government's commitment to having an engaged workforce that is physically and mentally safe and healthy. This has never been more important than with the Department's response to the 2019–20 bushfires and COVID-19.

During 2019–2020, the Department improved OHS in schools and corporate workplaces by:

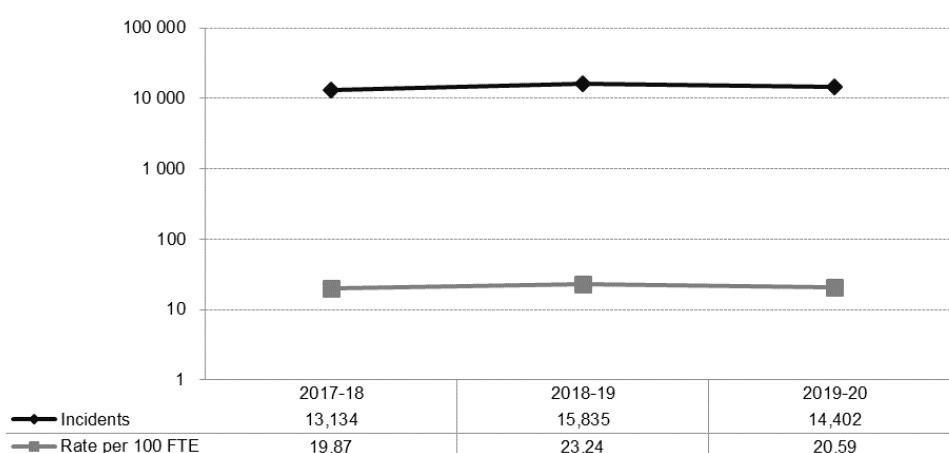
- completing 325 scheduled OHS school audits
- providing support and advice on implementing and maintaining the OHS Management System (OHSMS) in schools and workplaces, including answering 8,647 communications and undertaking 2,742 site visits
- enabling staff to access a total of 9,051 hours from the Employee Assistance Program counselling, manager assist contacts, critical incident response and onsite support counselling services
- enabling workplaces to access 798 hours of conflict resolution services including mediation, conflict coaching and team facilitations
- developing and delivering wellbeing webinars to 2,974 staff
- providing OHS support relating to COVID Safety Management

- matching 220 principals with trained mentors to improve principal health and wellbeing
- proactively identifying potential physical or mental health risks of school leaders through 525 principal health checks.

Incident and hazard management

Incidents, including injuries and other hazard-related events, decreased from 23.24 per 100 FTE in 2018–19 to 20.59 per 100 FTE in 2019–20. This reduction equates to 1,433 fewer reports, totalling 14,402 in 2019–20 compared with 15,835 in 2018–19.

Number of incidents and hazards rate per 100 FTE: 2017–18 to 2019–20



Workers' compensation

The Department has been improving its return-to-work process for injured employees. The Department continues to reduce the human and financial costs of workplace injuries, provide support and sound advice to workplace managers and injured workers, build departmental capability to effectively manage workers' compensation and return-to-work responsibilities, and comply with legislation.

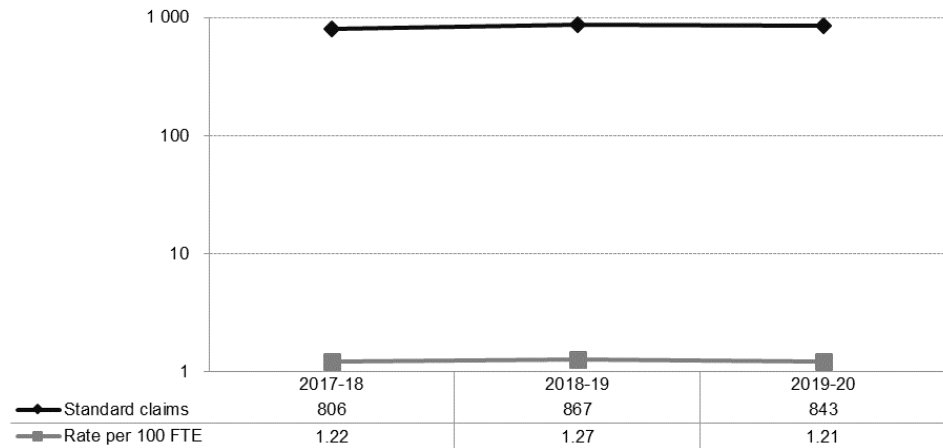
During 2019–2020, the Department, through the Safe and Well in Education Strategy also improved Workers' Compensation by:

- releasing a new online portal for schools to simplify administrative calculations
- supporting schools to manage new workers compensation claims, aligned to a new best-practice framework for employee injury management
- increasing support for dispute resolution matters including conciliation and legal proceedings.

Claims management

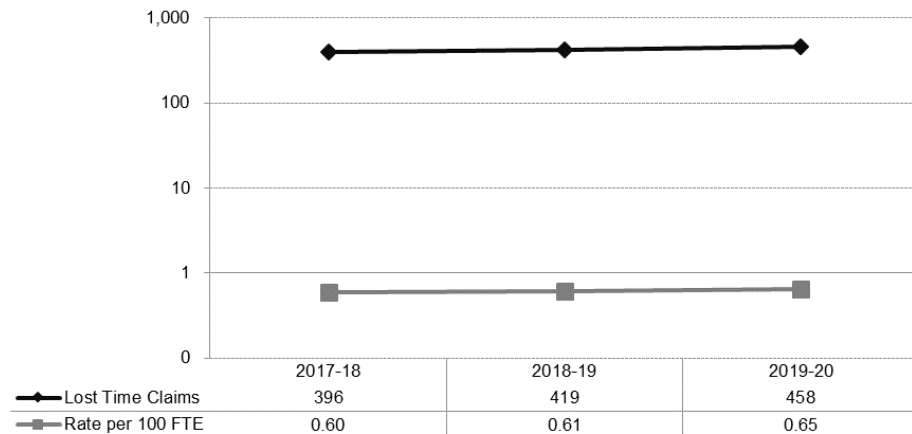
The number of standard claims decreased from 867 in 2018–19 to 843 in 2019–20. This reduction represented a decrease per staff member from 1.27 per 100 FTE in 2018–19 to 1.21 per 100 FTE in 2019–20.

Number of standard claims and rate per 100 FTE: 2017–18 to 2019–20



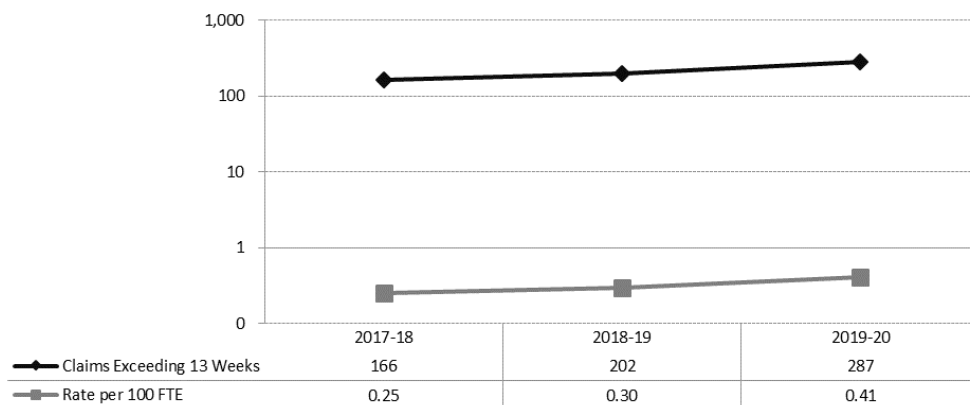
The number of lost time claims increased to 458 in 2019–20, compared with 419 in 2018–19. This represented an increase per staff member from 0.61 per 100 FTE in 2018–19 to 0.65 per 100 FTE in 2019–20.

Lost time claims and rate per 100 FTE: 2017–18 to 2019–20



The number of claims exceeding 13 weeks increased to 287 in 2019–20 compared with 202 in 2018–19. This represented an increase per staff member from 0.30 per 100 FTE in 2018–19 to 0.41 per 100 FTE in 2019–20.

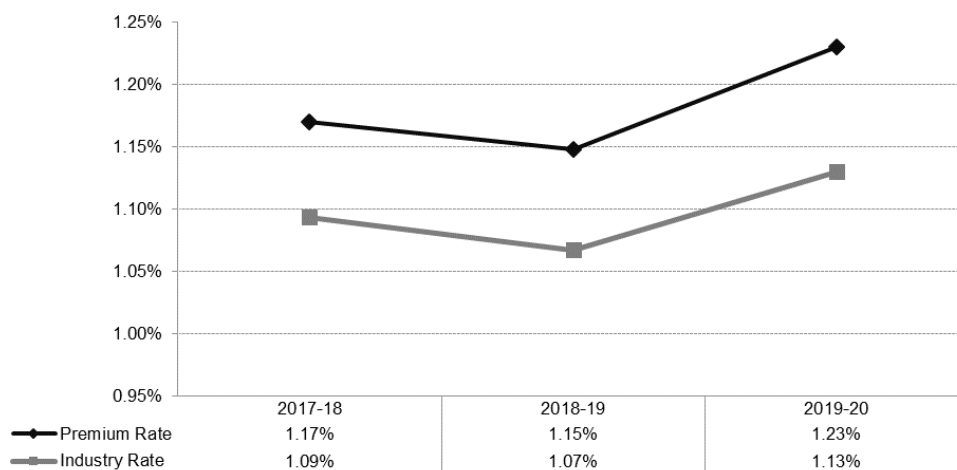
Claims exceeding 13 weeks and rate per 100 FTE: 2017–18 to 2019–20



The Department's workers' compensation premium is a function of the premium rate as calculated by WorkSafe and the Department's remuneration. Further, the Department's premium rate is determined by adjusting the industry's premium rate with the Employer Performance Rating (EPR). The EPR is a measure of the Department's claims cost relative to the industry's claims costs.

The Department's premium increased from \$71.9 million (excluding goods and services tax (GST)) in 2018–19 to \$80.7 million (excluding GST) in 2019–20. This increase was the net effect of an increase in the Department's remuneration and an increase in industry rate from 1.15 per cent in 2018–19 to 1.23 per cent in 2019–20. The increase in the Department's premium rate was driven by an increase in the industry's premium rate from 1.07 per cent in 2018–19 to 1.13 per cent in 2019–20.

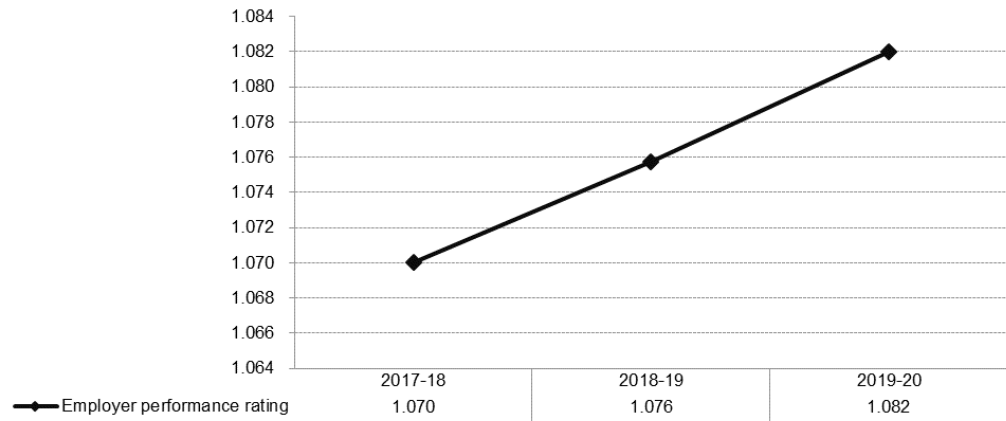
Premium rate: 2017–18 to 2019–20



The Department's EPR reflects the employer's claims experience compared to employers across the industry. An EPR greater than one reflects a higher claim

costs experience when compared to the employer's industry. The EPR has increased from 1.076 in 2018–19 to 1.082 in 2019–20.

Employer performance: 2017–18 to 2019–20



Performance against OHS and workers' compensation management measures

Measure	Key performance indicator	2017–18	2018–19	2019–20
Incidents	Number of incidents	12,382	14,923	13,297
	Rate per 100 FTE	18.73	21.90	19.01
	Number of incidents requiring first aid and/or medical treatment	5,712	6,346	5,190
Hazards	Total number of hazards reported	752	912	1,105
	Rate per 100 FTE	1.14	1.34	1.58
Claims	Number of standard claims	806	867	843
	Rate per 100 FTE ⁴²	1.22	1.27	1.21
	Number of lost time claims	396	419	458
	Rate per 100 FTE ⁴²	0.599	0.615	0.655
	Number of claims exceeding 13 weeks	166	202	287
	Rate per 100 FTE ⁴²	0.251	0.296	0.410
Fatalities	Fatality claims	0	0	0
Claim costs	Average cost per standard claim (\$)	66,810	73,124	96,182
RTW ³⁷	Per cent of claims with RTW plan <30 days	n.a.	n.a.	n.a.
OHSMS development and implementation/ review and improvement	Number of policies, procedures, guidelines and templates reviewed and/or updated	n.a.	309	58
	School audits completed	405	468	325
	Average OHSMS audit score (schools)	70	78	80
	Per cent of corrective actions completed – incident reports	55	58	55

³⁷ The Department is unable to report on this indicator because RTW plans are developed locally and their data is not collected centrally. The Department will determine the processes required to report on this measure as part of the EWOP reforms.

Measure	Key performance indicator	2017–18	2018–19	2019–20
Management commitment	Evidence of OHS policy statement, objectives, regular reporting to senior management and plans (signed by CEO or equivalent)	Complete	Complete	Complete
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)	Complete	Complete	Complete
	Management engagement in audits ³⁸	n.a.	n.a.	n.a.
	Senior management commitment – OHSMS review ³⁹	n.a.	Yes	Yes
Consultation and participation	Evidence of agreed structure of designated workgroups, health and safety representatives, and issue resolution procedures	Complete	Complete	Complete
	Per cent of schools reported to have health and safety representatives and OHS committees based on audit results	66	68	63
	Senior management involvement in consultation and communication ⁴⁰	n.a.	n.a.	n.a.
	Compliance with agreed structure of above	Completed	Completed	Completed
Risk management	Per cent of internal audits/inspections conducted as planned	100	100	79
	Per cent of reported incidents investigated	-	59	55

³⁸ School principals engage with OHS auditors and take the lead for addressing any corrective action. Currently, data is not collected centrally for the Department to report on this measure. The Department will consider how this measure will be reported.

³⁹ Senior management review the OHSMS, its performance and relevant development actions.

⁴⁰ Senior executives, executives, principals and management OHS nominees attend periodic OHS committees. Currently, the data needed to determine the percentage of participation is not centrally captured. The Department will consider how this indicators will be reported.

Measure	Key performance indicator	2017–18	2018–19	2019–20
	Number of Improvement notices issued by WorkSafe inspector ⁴¹	-	105	98
	Per cent of issues actioned as part of the total issues identified in:			
	• internal audits ⁴²	64	69	50
	• health and safety representatives provisional improvement notices ⁴³	n.a.	n.a.	n.a.
	• WorkSafe notices	-	100	100
Training	Per cent of managers and staff who have received OHS training:			
	• induction	67	72	79
	• management training (OHS for principals)	-	70	74
	• contractors and temporary staff ⁴⁴	n.a.	n.a.	n.a.
	Per cent of health and safety representatives trained:			
	• acceptance of role (initial training)	73	75	68
	• re-training (annual refresher)	37	53	51
	Total number of mental health training sessions	-	15 people managers and human resources staff 3 executives	73

⁴¹ Improvement notices for the purposes of this report includes prohibition notices, non-disturbances notices, and other notices issued by WorkSafe Victoria.

⁴² 2017–18 data is not comparable to previous years because the measure has changed. A new OHS audit program was established in July 2016, which provides more accurate data and enables improved monitoring and verification of action items for all internal audits (including schools).

⁴³ The Department is unable to report on this indicator in 2020 because data relating to provisional improvement notices are not collected centrally. The Department will determine the processes needed to report on this indicator as part of its EWOP reforms.

⁴⁴ Currently, the Department does not maintain contractor training records centrally to be able to report on this measure. The Department will consider how this indicator will be reported.

Measure	Key performance indicator	2017–18	2018–19	2019–20
Absenteeism	• Total number of days of absence due to injury or illness	605,155	639,518	628,411
	• Rate per 100 FTE	916	939	898
People Matter survey results	• Response rate (%)	79	79	n.a. ⁴⁵
	• Per cent of respondents who think the Department provides a safe work environment	83	81	n.a.
Prosecutions	• Total number of prosecutions	-	0	0
Mental health and wellbeing	• Mental health audit ⁴⁶	n.a.	n.a.	n.a.
	• Calendar of mental health and wellbeing activities ⁴⁷	n.a.	n.a.	Yes

⁴⁵ The 2020 People Matter Survey was scheduled to run during May and June. In March, with the Victorian Public Sector's move to remote working as a result of the COVID-19 pandemic, the VPSC postponed a decision to run the 2020 survey until later in the calendar year.

⁴⁶ The Department has updated the Mental Health and Wellbeing Procedure and Guide, which is a step towards planning for future mental health audits in the workplace.

⁴⁷ Mental health and wellbeing activities have been organised centrally such as the promotion of 'R U OK'.

Comparative workforce data

The following tables disclose the headcount and FTE of all active public service employees of the Department ^{48 49 50 51 52}

VPS staff employment levels as at June 2019 and 2020

		June 2020							June 2019						
		All employees		Ongoing			Fixed term and casual		All employees		Ongoing			Fixed term and casual	
		Number (head count)	FTE	Full-time (head count)	Part-time (head count)	FTE	Number (head count)	FTE	Number (head count)	FTE	Full-time (head count)	Part-time (head count)	FTE	Number (head count)	FTE
Demographic data	Gender														
	Women	3,162	2,849.3	1,760	830	2,322.1	572	527.1	3,147	2,812.8	1,612	789	2,138.3	746	674.5
	Men	1,117	1,091.3	800	67	847.9	250	243.4	1,028	998.9	728	55	765.5	245	233.5
	Self-described	11	10.3	5	2	6.7	4	3.6	9	9.0	8	-	8.0	1	1.0
	Age														
	Under 25	55	47.4	18	4	20.5	33	26.9	82	72.7	41	3	42.9	38	29.8
	25-34	931	876.8	542	112	613.9	277	262.9	959	900.1	554	100	617.6	305	282.5
	35-44	1,287	1,163.2	691	347	927.5	249	235.7	1,205	1,070.6	567	330	786.7	308	283.9
	45-54	996	928.7	637	209	786.8	150	141.9	947	880.0	560	186	690.5	201	189.6
	55-64	825	767.1	569	156	674.0	100	93.1	823	752.2	529	166	639.1	128	113.1
	65+	196	167.7	108	71	154.0	17	13.7	168	145.1	97	59	135.1	12	10.0

⁴⁸ This table includes employees of the VCAA and the VRQA who are also reported in those authorities' annual reports.

⁴⁹ 'Headcount' refers to the number of people employed where each person counts as an employee regardless of the number of hours engaged to work.

⁵⁰ 'Casual' means a person who is subject to clause 25, (Casual employees—Loading) of the VPS Agreement 2006, or similar clauses in other relevant agreements. It includes a person employed on a seasonal basis where such provision is made under an applicable industrial agreement.

⁵¹ Age of staff is calculated as at 30 June each year.

⁵² The category VPSG2 includes graduate recruits.

		June 2020							June 2019						
		All employees		Ongoing			Fixed term and casual		All employees		Ongoing			Fixed term and casual	
		Number (head count)	FTE	Full-time (head count)	Part-time (head count)	FTE	Number (head count)	FTE	Number (head count)	FTE	Full-time (head count)	Part-time (head count)	FTE	Number (head count)	FTE
Classification data	VPS 1–6 grades	3,338	3,161.4	2,096	482	2,442.8	760	718.6	3,192	3,002.9	1,886	429	2,188.9	877	814.0
	VPS 1	9	9.0	-	-	-	9	9.0	14	13.8	1	-	1.0	13	12.8
	VPS 2	126	109.4	79	22	93.4	25	16.0	141	118.8	83	22	98.1	36	20.7
	VPS 3	409	381.5	257	68	304.5	84	77.0	438	406.5	268	72	317.3	98	89.2
	VPS 4	659	626.5	414	87	474.4	158	152.1	625	595.3	394	63	435.9	168	159.4
	VPS 5	1,405	1,331.2	837	215	992.5	353	338.7	1,317	1,237.3	712	196	849.4	409	387.8
	VPS 6	730	703.9	509	90	578.1	131	125.8	657	631.2	428	76	487.2	153	144.0
	Senior employees	123	120.4	107	13	117.4	3	3.0	114	112.2	100	10	108.3	4	3.9
	STS	28	27.3	22	3	24.3	3	3.0	26	25.0	17	5	21.1	4	3.9
	Executive Officers ⁵³	95	93.1	85	10	93.1	-	-	88	87.2	83	5	87.2	-	-
	SMA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other	829	669.1	362	404	616.6	63	52.5	878	705.6	362	405	614.6	111	91.1
	Allied health	601	495.0	285	267	452.4	49	42.6	644	531.2	293	265	457.6	86	73.6
	Nurses	228	174.2	77	137	164.3	14	9.9	234	174.5	69	140	157.0	25	17.5
Total employees		4,290	3,950.9	2,565	899	3,176.8	826	774.1	4,184	3,820.7	2,348	844	2,911.8	992	908.9

⁵³ Executive officers include SES1–3 and the Secretary.

Government teaching service staff employment levels as at June 2019 and 2020

		June 2020							June 2019						
		All employees		Ongoing			Fixed term and casual		All employees		Ongoing			Fixed term and casual	
		Number (head count)	FTE	Full-time (head count)	Part-time (head count)	FTE	Number (head count)	FTE	Number (head count)	FTE	Full-time (head count)	Part-time (head count)	FTE	Number (head count)	FTE
Demographic data	Gender														
	Women	59,214	49,544.8	27,450	22,976	42,110.7	8,788	7,434.2	57,841	48,387.3	25,609	21,898	39,611.1	10,334	8,776.3
	Men	17,694	16,421.9	12,019	2,825	13,902.6	2,850	2,519.3	17,145	15,907.3	11,300	2,623	13,046.2	3,222	2,861.1
	Self-described	35	29.9	15	14	25.3	6	4.6	24	20.5	11	7	15.9	6	4.6
	Age														
	Under 25	3,261	2,883.1	829	609	1,232.1	1,823	1,651.0	3,369	3,016.8	725	518	1,075.0	2,126	1,941.8
	25-34	20,689	19,038.0	12,557	3,242	14,536.1	4,890	4,501.8	19,933	18,353.7	11,369	2,896	13,127.7	5,668	5,226.0
	35-44	18,452	15,330.3	9,081	6,996	13,454.2	2,375	1,876.1	17,716	14,661.1	8,345	6,659	12,510.3	2,712	2,150.8
	45-54	17,869	15,050.5	8,915	7,253	13,727.4	1,701	1,323.1	17,564	14,768.4	8,519	7,064	13,222.3	1,981	1,546.0
	55-64	14,098	11,754.5	7,079	6,313	11,236.0	706	518.5	14,092	11,762.2	7,036	6,141	11,076.3	915	685.9
	65+	2,574	1,940.4	1,023	1,402	1,852.8	149	87.6	2,336	1,752.8	926	1,250	1,661.5	160	91.4
Classification data	Executive class	158	156.6	143	2	144.1	13	12.5	150	148.6	104	2	105.4	44	43.2
	Principal class ⁵⁴	3,306	3,276.4	3,202	104	3,276.4	-	-	3,230	3,200.7	3,127	103	3,200.7	-	-
	Teacher class ⁵⁵	49,360	44,407.6	29,492	11,269	36,530.0	8,599	7,877.5	48,345	43,483.0	27,642	10,823	34,426.5	9,880	9,056.5
	Education support class	24,119	18,156.1	6,647	14,440	16,088.1	3,032	2,068.0	23,285	17,482.8	6,047	13,600	14,940.5	3,638	2,542.2
	Total employees	76,943	65,996.7	39,484	25,815	56,038.6	11,644	9,958.1	75,010	64,315.0	36,920	24,528	52,673.1	13,562	11,641.9

⁵⁴ Principal class includes principals, assistant principals and liaison principals.

⁵⁵ Teacher class includes classroom teachers and paraprofessionals.

The following table discloses the annualised total salary of Department senior employees, categorised by classification. The salary amount is reported as the full-time annualised salary excluding superannuation.

Annualised total salary (by \$20,000 bands) for executives and other senior non-executive staff

Income band (salary)	Executives	STS	PS	SMA	SRA	Other
< \$160,000	-	-				
\$160,000 – \$179,999	-	8				
\$180,000 – \$199,999	28 ⁵⁶	12 ⁵⁷				
\$200,000 – \$219,999	14 ⁵⁸	7 ⁵⁹				
\$220,000 – \$239,999	11 ⁶⁰	1				
\$240,000 – \$259,999	12 ⁶¹	-				
\$260,000 – \$279,999	6	-				
\$280,000 – \$299,999	9 ⁶²	-				
\$300,000 – \$319,999	5	-				
\$320,000 – \$339,999	6 ⁶³	-				
\$340,000 – \$359,999	-	-				
\$360,000 – \$379,999	1	-				
\$380,000 – \$399,999	1	-				
\$400,000 – \$419,999	1	-				
\$420,000 – \$439,999	-	-				
\$440,000 – \$459,999	-	-				
\$460,000 – \$479,999	-	-				
\$480,000 – \$499,999	-	-				
Total	94	28				

⁵⁶ This band includes one SES at a 50/52 employment mode, and two SES on a part-time basis at 0.6 FTE rate, two SES on a part-time basis at 0.8 FTE rate and one SES on a part-time basis at 0.9 FTE rate.

⁵⁷ This band includes one STS at a 49/52 employment mode, one STS at a 51/52 employment mode, one STS on a part-time basis at 0.7 FTE rate and one STS on a part-time basis at 0.8 FTE rate.

⁵⁸ This band includes three SES employees on a part-time basis at 0.9 FTE rate.

⁵⁹ This band includes one STS on a part-time basis at 0.8 FTE rate.

⁶⁰ This band includes one SES at a 44/52 employment mode, and two SES at a 50/52 employment mode.

⁶¹ This band includes one SES on a part-time basis at 0.8 FTE rate and one SES on a part-time basis at 0.9 FTE rate.

⁶² This band includes one SES at a 50/52 employment mode.

⁶³ This band includes one SES at a 50/52 employment mode.

Workforce diversity and inclusion

The Department is creating safe, inclusive and respectful workplaces, where staff are valued and supported, regardless of their age, ethnicity, race, colour, abilities, religion, socioeconomic status, culture, sex, sexual orientation, and gender identity. The Department's policies and practices, outlined in the [Workforce Diversity and Inclusion Strategy 2017–2020](#), encourage people of all backgrounds to pursue challenging and rewarding public sector careers at all levels in the Department.

Striving to meet whole-of-government employment targets is one way to ensure that the Victorian community is represented in the Department's workforce. The Department's corporate workforce targets include:

- an executive gender profile of 50 per cent women and 50 per cent men by 2019
- two per cent who are Aboriginal and/or Torres Strait Islander peoples
- six per cent who are people with disability by 2020 and 12 per cent by 2025.

Department's progress against employment inclusion targets

Workforce inclusion initiative	Target	Progress as at 30 June 2020	Progress as at 30 June 2019
Gender profile at executive levels⁶⁴	50 per cent women, 50 per cent men by 2019	55.8 per cent women, 44.2 per cent men	53.1 per cent women, 46.9 per cent men
Aboriginal employment targets	Two per cent who are Aboriginal and/or Torres Strait Islander peoples	0.4 per cent	0.4 per cent
Disability employment targets	Six per cent who are people with disability by 2020 and 12 per cent by 2025	0.1 per cent	n.a.

A diverse workforce provides a range of different skills, perspectives and experiences to inform the Department's work. As well as informing policy development, the Department's thriving staff networks also provide support, advice and social connections for staff. These networks include the Koorie Staff Network, the Enablers Network, the Pride Network, the Workforce Diversity and Inclusion working group, and the Gender Equality Act working group. Staff are also encouraged to participate in the sector-wide VPS staff networks.

Industrial relations

Department employees, other than executive officers, are covered by industrial agreements. Industrial action is not permitted on specified matters in industrial agreements prior to their nominal expiry dates.

The Victorian Government Schools Agreement 2017 commenced on 22 August 2017 with a nominal expiry date of 30 April 2021. This agreement

⁶⁴ The self-described category is nil for this entry

applies to the government teaching service, including executives, principals, teachers, paraprofessionals and education support staff.

The VPS Agreement 2016 came into effect on 18 May 2016 and expired on 31 December 2019. The Nurses (Department) Agreement came into effect on 28 December 2016 and expired on 31 December 2019. Negotiations for replacement agreements with Industrial Relations Victoria have been occurring.

No time was lost due to industrial action during 2019–20.

Executive officer data

The following tables disclose information about the executive officers of the Department and its portfolio agencies as at 30 June 2020.

Total number of executive officers (FTE) in the Department by gender

Class	All		Men		Women		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
SES-3	8.0	+1.0	4.0	+1.0	4.0	-	-	-
SES-2	39.9	-1.7	18.0	-2.0	21.9	+0.3	-	-
SES-1	44.2	+6.6	18.7	+0.8	25.5	+5.8	-	-
Total	92.1	+5.9	40.7	-0.2	51.4	+6.1	-	-

Reconciliation of executive officer numbers (headcount) excluding statutory authorities

	2020	2019
Executives	94	91
Accountable officer (Secretary)	1	1
Less separations ⁶⁵	(8)	(11)
Total executive officer numbers as at 30 June	87	81

Number of executive officers (FTE) for the Department's statutory authorities

Class	All		Men		Women		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
VCAA	5.0	-	3.0	+1.0	2.0	-1.0	-	-
VRQA	3.0	+1.0	2.0	+1.0	1.0	-	-	-
Total	8.0	+1.0	5.0	+2.0	3.0	-1.0	-	-

⁶⁵ This item reflects all executive officers who have separated from the Department, including those who transferred to another government department.

Number of executive officers for the Department's portfolio entities as at 30 June 2020⁶⁶

Portfolio agency	2020				2019				Change			
	Female	Male	Self-described	Total	Female	Male	Self-described	Total	Female	Male	Self-described	Total
AMES Australia	5	2	0	7	5	3	0	8	0	-1	0	-1
Bendigo Kangan Institute	4	4	0	8	5	6	0	11	-1	-2	0	-3
Box Hill Institute	8	5	0	13	9	6	0	15	-1	-1	0	-2
Chisholm Institute	5	2	0	7	6	3	0	9	-1	-1	0	-2
Gordon Institute of TAFE	3	2	0	5	0	1	0	1	3	1	0	4
Goulburn Ovens Institute of TAFE	3	2	0	5	1	1	0	2	2	1	0	3
Holmesglen Institute	8	4	0	12	9	4	0	13	-1	0	0	-1
Melbourne Polytechnic	5	9	0	14	6	8	0	14	-1	1	0	0
South West Institute of TAFE	0	1	0	1	0	1	0	1	0	0	0	0
Sunraysia Institute of TAFE	0	1	0	1	0	1	0	1	0	0	0	0
TAFE Gippsland	0	3	0	3	0	3	0	3	0	0	0	0
VET Development Centre	0	1	0	1	0	1	0	1	0	0	0	0
VIT	0	1	0	1	0	1	0	1	0	0	0	0
William Angliss Institute of TAFE	1	2	0	3	1	2	0	3	0	0	0	0
Wodonga Institute of TAFE	0	2	0	2	0	2	0	2	0	0	0	0
Total	42	41	0	83	42	43	0	85	0	-2	0	-2

⁶⁶ For the purposes of this table, executive officers are employees who have significant management responsibility with a total remuneration package of \$185,711 or more. It excludes employees on leave without pay or absent on secondment, external contracts, consultants and temporary staff employed by employment agencies. The 2019 figures for Melbourne Polytechnic have been updated following further validation of 2018–19 data.

Pecuniary interests

All relevant officers have completed declarations of pecuniary interests.

Shares held by senior officers

No shares are held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.

Other disclosures

Victoria's Social Procurement Framework

The Department implemented its Social Procurement Strategy in February 2019. The strategy prioritises the following social procurement objectives:

- opportunities for Victorian Aboriginal people
- opportunities for Victorians with disability
- women's equality and safety
- opportunities for disadvantaged Victorians
- supporting safe and fair workplaces
- environmentally sustainable outputs.

In 2019–20, the Department spent a total of \$10.5 million through direct engagement of 136 verified social benefit suppliers. This total spend includes a direct spend of \$404,300 with 34 verified Victorian Aboriginal businesses.

All procurement procedures for both goods and services and construction works are aligned with the Social Procurement Framework.

All suppliers to the Department must attest to their commitment to the Victorian Government's Supplier Code of Conduct when responding to the Department's approaches to market.

The Department established a Social Procurement Capability Development Plan in July 2019, which outlines a pathway to mature the Department's social procurement capability over the first three years of the Social Procurement Strategy's operation. The online training modules for goods and services procurement now include references to social procurement considerations at key stages of the procurement process. The plan will be reviewed in 2020–21 alongside a review of the strategy.

Social procurement in school construction

The Department requires all construction-related projects to incorporate Social Procurement Framework objectives and outcomes. Evaluations of tender submissions are conducted to identify and recognise businesses whose practices support social and sustainable procurement objectives.

Assessments are undertaken to review suppliers' tender responses with regard to the application of social and sustainable procurement objectives. Tender submissions are required to include responses on the following criteria:

- employment for Victorian Aboriginal people
- employment for Victorians with a disability
- opportunities for disadvantaged Victorians
- sustainable Victorian regions.

The Department's Capital Programs Assurance Service provides independent assurance on projects. It reviews the requirements in tender documentation packages issued to tenderers and subsequently, the tender submissions against social procurement objectives. Based on these reviews the VSBA projects have demonstrated a good level of compliance with social procurement requirements to date.

Local Jobs First

Introduced in August 2018, the *Local Jobs First Act 2003* brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy, which were previously administered separately.

Departments and public sector bodies are required to apply the Local Jobs First policy to all metropolitan Melbourne and statewide projects valued at \$3 million or more, or \$1 million or more in regional Victoria.

MPSG applies to all construction projects valued at \$20 million or more. The MPSG guidelines and VIPP guidelines continue to apply to MPSG applicable and VIPP applicable projects respectively, where contracts have been entered into prior to 15 August 2018.

During 2019–20, the Department of Education and Training commenced and/or completed a total of 167 Local Jobs First projects totalling \$1.509 billion. This includes 163 standard projects and four strategic projects.

Projects commenced – Local Jobs First Standard

During 2019–20, the Department commenced 102 Local Jobs First Standard projects valued at \$728 million. The projects based in metropolitan Victoria averaged 92 per cent local content. The projects based in regional Victoria averaged 88 per cent local content. The statewide projects averaged 100 per cent local content.

The expected outcomes based on the reported and extrapolated information are:

- an average of 92 per cent local content overall
- a total of 401 positions created and 2,451 positions retained
- an estimated 173 new apprenticeships and traineeships created
- an estimated 891 existing apprenticeships and traineeships retained.

MPSG projects provided an estimated 1,150,000 annual work hours to 632 apprentices, trainees, and cadets.

Projects completed – Local Jobs First Standard

During 2019–20, the Department completed 61 Local Jobs First Standard Projects, with a total value of \$370 million. The projects based in metropolitan Victoria averaged 87 per cent local content, those based in regional Victoria averaged 84 per cent local content. The statewide projects averaged 99 per cent local content.

The expected outcomes based on reported and extrapolated information are:

- an average of 86 per cent local content
- a total of 233 positions created and 1,533 positions retained
- an estimated 97 new apprenticeships and traineeships created
- an estimated 442 existing apprenticeships and traineeships retained.

MPSG projects provided an estimated total of 42,000 annual work hours to 23 apprentices, trainees, and cadets.

Projects commenced – Local Jobs First Strategic

During 2019–20, the Department commenced two Local Jobs First Strategic Projects, valued at \$170 million. The project based in metropolitan Victoria used 87 per cent local content. The project based in regional Victoria used 95 per cent local content.

The expected outcomes based on the reported and extrapolated information are:

- an average of 91 per cent local content
- a total of 70 positions created and 550 positions retained
- an estimated 24 new apprenticeships and traineeships created
- an estimated 154 existing apprenticeships and traineeships retained.

MPSG projects provided an estimated total of 322,000 annual hours to 177 apprentices, trainees, and cadets.

Projects completed – Local Jobs First Strategic

During 2019–20, the Department completed two Local Jobs First Strategic Projects, with a total value of \$241 million. The projects based in metropolitan Victoria averaged 87 per cent local content while the projects based in regional Victoria used 84 per cent local content.

The expected outcomes based on the reported and extrapolated information are:

- an average of 87 per cent local content
- a total of 155 positions created and 1,086 positions retained
- an estimated 73 new apprenticeships and traineeships created
- an estimated 414 existing apprenticeships and traineeships retained.

MPSG projects provided an estimated total of 777,000 annual work hours to 426 apprentices, trainees, and cadets.

Reporting requirements – all projects

During 2019–20, there were 8,243 small to medium sized businesses engaged throughout the supply chain in these projects.

Reporting requirements – grants

During 2019–20, one grant was provided that required a conversation with the Industry Capability Network Victoria and the registration and issue of an Interaction Reference Number.

Government advertising expenditure

Campaigns with a media spend of \$100,000 or greater during 2019–20 (excluding GST)

Campaign	Summary	Start/end	Advertising (media)	Creative and campaign development	Research and evaluation	Print and collateral	Other	Total
Three-Year-Old Kindergarten teacher recruitment campaign	<p>The rollout of Three-Year-Old Kindergarten is expected to create more than 6,000 new early childhood teacher and educator roles in Victoria by 2029.</p> <p>The campaign raised awareness and promoted kindergarten teaching as a career.</p>	<p>Wave one: 22 September 2019 to 21 December 2019</p> <p>Wave two: 5 January 2020 to 22 February 2020</p> <p>Wave three: 24 May 2020 to 30 June 2020</p>	\$1,480,186	\$373,655	\$37,800	-	\$1,222	\$1,892,863
Three-Year-Old Kindergarten parent enrolment campaign	<p>The campaign raised awareness and encouraged families to enrol their child in Three-Year-Old Kindergarten programs.</p> <p>The localised campaign was targeted to 15 local government areas.</p>	7 June 2020 to 30 June 2020	\$180,000	\$17,500	-	\$5,500	\$37,110	\$240,110
TAFE teacher recruitment	<p>The campaign was developed to increase the number of teachers following the introduction of Free TAFE. It focused on plumbing, nursing and cyber-security.</p> <p>The campaign increased awareness of job availability across Victoria's TAFE network and drove traffic to the Jobs website.</p>	25 August 2019 to 29 September 2019	\$200,000	\$13,350	-	-	-	\$213,350

Campaign	Summary	Start/end	Advertising (media)	Creative and campaign development	Research and evaluation	Print and collateral	Other	Total
Teacher recruitment	<p>The campaign aimed to increase enrolments in initial teacher education courses to address the anticipated shortfall in teacher numbers over the next three to five years.</p> <p>The campaign targeted Year 12 school leavers and their influencers, such as parents and carers.</p>	<p>Wave one: 1 December 2019 to 26 March 2020</p> <p>Wave two: 11 June 2020 to 30 June 2020</p>	\$2,680,687	\$1,523,305	\$207,020	-	\$50,000	\$4,461,012

Consultancy expenditure

Details of consultancies valued at \$10,000 or greater

In 2019–20, there were 32 consultancies whose total fees were \$10,000 or greater. These totalled \$4.84 million (excluding GST). Consultancies of \$10,000 or greater are listed in the *Department of Education and Training Annual Report 2019–20 Additional Information*, available at www.education.vic.gov.au.

Details of consultancies valued at less than \$10,000

In 2019–20, there were no consultancies whose total fees were less than \$10,000.

Information and communication technology expenditure

In accordance with the VPS's ICT reporting standard, the Department's ICT expenditure is reported below.

ICT expenditure

Measure	\$m
Business as Usual ICT expenditure	340.724
Non-Business as Usual ICT expenditure	
• Operating expenditure	5.789
• Capital expenditure	13.411
Total ICT non-business as usual expenditure	19.200
Total ICT expenditure	359.924

Disclosure of major contracts

The Department disclosed, in accordance with the requirements of government policy and accompanying guidelines, all contracts with a value greater than \$10 million entered into during the year ended 30 June 2020. Details of contracts disclosed in the Victorian government contracts' publishing system can be viewed on the internet at www.procurement.vic.gov.au.

Contractual details have not been disclosed for contracts that are exempted under the *Freedom of Information Act 1982* (the FOI Act), and/or government guidelines.

Procurement complaints

Under the Governance Policy of the Victorian Government Purchasing Board, the Department must disclose any formal complaints received through its procurement complaints management system.

The Department received no formal complaints through its procurement complaints management system in 2019–20.

Procurement critical incidents

Under the Market Approach Policy of the Victorian Government Purchasing Board, the Department is required to disclose summary information regarding procurement activity during a critical incident.

Critical incident procurement protocols were implemented by the Department in response to the declaration of a State of Emergency made by the Victorian Government on 16 March 2020 in relation to the COVID-19 pandemic.

That declaration and the critical incident protocols remained in effect as at 30 June 2020.

Total value of procurements made under critical incident protocols

Goods and services purchased under critical incident protocols	\$m (ex GST)
Goods purchased under protocols in 2019–20	23.844
Services purchased under protocols in 2019–20	3.540
Total	27.384

Freedom of information

The FOI Act allows the public a right to access documents held by the Department. The purpose of the FOI Act is to extend as far as possible the community's right to access information held by government departments, local councils, ministers and other bodies.

People can apply to access documents created by, or supplied to, the Department. They may also obtain access to maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by the Department is available at www.education.vic.gov.au/about/working/Pages/foi.aspx.

Under the FOI Act a department can refuse public access to certain documents or information, either fully or partially. Examples of documents that the department may refuse access to include:

- cabinet documents
- some internal working documents
- law enforcement documents
- documents covered by legal professional privilege, such as legal advice; personal information about other people
- information provided to the Department in confidence.

Under section 49A of the FOI Act, applicants not satisfied by a decision made by the Department can seek a review by the Office of the Victorian Information Commissioner within 28 days of receiving a decision letter.

FOI Statistics

During 2019–20, the Department received 512 FOI applications. Of these:

- 414 were from individuals seeking access to their own records
- 40 were requests from members of parliament
- 23 from media organisations

- 35 from members of the public seeking policy-related and other miscellaneous documents.

Mostly, the Department provided full or partial access to the requested documents. The Office of the Victorian Information Commissioner was asked to review 27 applications, and five went on appeal to the Victorian Civil and Administrative Tribunal.

This annual report contains the information required to be published pursuant to section 7 of the FOI Act. Further information is available at: www.education.vic.gov.au/about/working/Pages/foi.aspx.

Making a request

A request for access to documents can be made by writing to the Department's FOI unit. A request must:

- be in writing
- identify as clearly as possible the document(s) being requested
- be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Freedom of information contacts

Agency	Postal address	Email	Telephone
Department of Education and Training	Manager, Freedom of Information Department of Education and Training GPO Box 4367 Melbourne 3001	foi@education.vic.gov.au	(03) 7022 0856
Victorian Curriculum and Assessment Authority	Level 7 2 Lonsdale Street Melbourne 3000	vcaa.foi@edumail.vic.gov.au	(03) 9032 1700
Victorian Registration and Qualifications Authority	Level 4 2 Lonsdale Street Melbourne 3000	vrqa@edumail.vic.gov.au	(03) 9032 1554
Merit Protection Boards	Level 4 2 Lonsdale Street Melbourne 3000	meritboards@edumail.vic.gov.au	(03) 9032 1701
Victorian Institute of Teaching	PO Box 531 Collins Street West Victoria 8007	vit@vit.vic.edu.au	(03) 8601 6100
Disciplinary Appeals Boards	Level 4 2 Lonsdale Street Melbourne 3000	dab@edumail.vic.gov.au	(03) 9032 1701
Office of the Victorian Skills Commissioner	PO Box 354 Flinders Lane 8009	enquiries@vsc.vic.gov.au	(03) 8892 1602

Further information regarding FOI can be found at www.foi.vic.gov.au.

Access charges may apply once documents have been processed and a decision about access. Examples of access charges include charges for photocopying, and search and retrieval.

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the Department made 18 data sets available on the DataVic website in 2019–20. The information listed below and in this annual report, will be available at www.data.vic.gov.au in electronic readable format:

- progress towards achieving departmental objectives
- performance against output performance measures
- five-year financial summary
- performance management of OHS and workers compensation management measures
- comparative workforce data
- executive officer data
- government advertising expenditure
- financial statements (key financial information)
- Appendix 2 budget portfolio outcomes.

Compliance with the Building Act 1993

Mechanisms to ensure buildings conform to the building standards

The Department complies with the *Building Act 1993*, the National Construction Code and other statutory obligations related to constructing and modernising educational facilities. The school modernisation and building compliance programs progressively ensure that existing buildings comply with relevant legislative requirements.

Major works projects (with a value greater than \$50,000)

For details of all such projects, see the 2018–19 Budget Paper No. 4: State Capital Program.

A list of all sites that had capital works projects in a construction status during 2019–20 is provided below.

Major works sites

School ⁶⁷	School	School	School
Abbotsford PS	Albert Park PS	Albion PS	Aldercourt PS
Ardmona PS	Ashby PS	Avoca PS	Ballam Park PS
Ballarat HS	Ballarat SC (Mount Rowan)	Ballarat SC (Woodmans Hill)	Banyule PS
Barwon Valley School	Bayside Special Developmental School	Beechworth SC	Bell PS
Bellbrae PS	Belvedere Park PS	Bentleigh SC	Bentleigh West PS

⁶⁷ PS: Primary School, HS: High School, SC: Secondary College, CS: Consolidated School, SS: Specialist School

School ⁶⁷	School	School	School
Berwick SC	Beveridge PS	Big Hill PS	Bimbadeen Heights PS
Boisdale CS	Bonbeach PS	Botanic Ridge PS	Bourchier Street PS
Box Hill HS	Brauer SC	Brunswick South West PS	Bundoora PS
Camberwell HS	Cardross PS	Carlton PS	Carrum Downs SC
Carrum PS	Casey Fields PS	Casterton PS	Castlemaine SC
Centre for Higher Education Studies	Ceres PS	Charles La Trobe P-12 College	Chelsea Heights PS
Chilwell PS	Coburg North PS	Collingwood College	Copperfield College
Corryong College	Cranbourne SC	Cranbourne West PS	Cranbourne West Secondary School
Dandenong West PS	Davis Creek PS	Derrinallum P-12 College	Diamond Valley College
Dimboola Memorial SC	Dinjerra PS	Docklands PS	Don Valley PS
Donald HS	Dunolly PS	East Bentleigh PS	Echuca Twin Rivers PS
Edgars Creek PS	Edithvale PS	Elevation SC	Eltham HS
Elwood College	Epping SC	Epsom PS	Eynesbury Station PS
Fairfield PS	Fishermans Bend SC	Fitzroy Gasworks Senior Campus	Footscray HS (Barkly Campus)
Footscray City PS	Footscray Learning Precinct (Seddon Campus)	Frankston HS	Frankston Special Developmental School
Geelong East PS	Geelong HS	George Street PS	Gisborne PS
Gladstone Park PS	Glenallen School	Grayling PS	Greater Shepparton SC
Greenhills PS	Greenvale North West PS	Hamlyn Banks PS	Hawkesdale P12 College
Heathmont College	Heywood & District SC	Highton PS	Hoddles Creek PS
Homestead Senior SC	Huntingdale PS	Irymple SC	Ivanhoe PS
Kalianna SS	Kaniva College	Karingal PS	Kensington PS
Kerang PS	Keysborough Gardens PS	Kialla West PS	Kingsley Park PS
Koo Wee Rup SC	Kurnai College	Lalor Gardens PS	Launching Place PS

School ⁶⁷	School	School	School
Leopold PS	Lilydale Heights College	Lilydale HS	Lismore PS
Lucas PS	Lyndale SC	Mahogany Rise PS	Manor Lakes P-12 College
Mansfield PS	Mansfield SC	Matthew Flinders Girls SC	McKinnon SC East Bentleigh
Melba College	Melton West PS	Merino Consolidated School	Merri Creek PS
Merrifield West PS	Mildura West PS	Mirriposa PS	Monash Special Developmental School
Monbulk College	Monterey SC	Montmorency South PS	Montrose PS
Moolap PS	Mooroolbark College	Moreland PS	Moriac PS
Mortlake P-12 College	Mount Clear College	Mount Duneed Regional PS	Mount Erin SC
Mount Rowan SC	Mulgrave PS	Narre Warren South P-12 College	Nepean SS
Newtown PS	Northcote PS	Northern Bay P-12 College	Northern College of the Arts and Technology
Northern School for Autism	Oakleigh PS	Oberon HS (Armstrong Creek SC)	Oberon PS
Orbost SC	Ormond PS	Orrvale PS	Pakenham Henry Road SS
Pascoe Vale Girls SC	Pascoe Vale PS	Patterson Lakes PS	Preston HS
Preston PS	Research PS	Reservoir East PS	Riddells Creek PS
Ringwood SC	Riverwalk PS	Rockbank North PS	Rowellyn Park PS
Roxburgh College	Sandringham East PS	Seaford PS	Seymour College
Spensley Street PS	Spotswood PS	Spring Gully PS	Springvale Rise PS
St Helena SC	Stawell SC	Strathmore PS	Strathmore SC
Sunbury and Macedon Ranges SS	Sunbury College	Sunbury Downs SC	Sunbury Heights PS
Sunshine College	Sunshine North PS	Sunshine Special Development School	Surfside PS
Tarwin Valley PS	Teesdale PS	The Alpine School	Thornbury HS
Thoroughbred PS	Timbertop PS	Torquay P-6 College	Truganina South East PS

School ⁶⁷	School	School	School
Upper Yarra SC	Upwey HS	Wallington PS	Wandong PS
Warringa Park School	Warrnambool College	Warrnambool East PS	Warrnambool Special Developmental School
Warrnambool West PS	Waverley Meadows PS	Westall PS	Western Autistic School - Niddrie Campus
White Hills PS	Winton PS	Wollahra PS	Wonthaggi SC
Yarra Ranges Special Developmental School			

Number of building permits, occupancy permits, or certificates of final inspection issued in relation to buildings owned by the Department

During 2019–20 the Department had 210 building permits, 74 occupancy permits, and 94 certificates of final inspection issued.

Mechanisms for inspection, reporting, scheduling and carrying out of maintenance works on existing buildings

The Department engages compliance program managers to carry out inspections, reporting, scheduling, and rectification works to ensure existing buildings comply with current building regulations. Compliance programs cover areas such as asbestos removal, fire service upgrades, integration (disability access), environmental works (such as the removal of underground petroleum storage systems) and works aimed at preventing falls.

The Department also operates the Emergency Maintenance and Make Safe programs. The Make Safe program involves works to eliminate the risk of immediate hazards resulting from an incident (fire) or event (storm). The Emergency Maintenance program addresses unforeseen, urgent infrastructure maintenance issues that pose a risk to safety, where schools do not have the financial capacity to rectify the issue.

Number of emergency orders and building orders issued in relation to buildings

No emergency orders or building orders were issued in 2019–20.

Number of buildings that have been brought into conformity with building standards during the reporting period

During 2019–20, no buildings were required to be brought into conformity with building standards.

Competitive Neutrality Policy

Competitive neutrality requires government businesses to ensure, where services compete or potentially compete with the private sector, that any advantage arising solely from being government owned is removed if that advantage is not in the public interest. Government businesses must cost and price these services

as if they were privately owned. Competitive Neutrality Policy supports fair competition between public and private businesses and helps government businesses make better resource allocation decisions. This policy is focused on efficient service provision and does not override other government policy objectives.

The Department continues to comply with the National Competition Policy. All new legislation and regulations enacted within the portfolio during 2019–20 was subject to a regulatory burden assessment, which included consideration of the National Competition Policy principles as well as competitive neutrality.

Compliance with the Public Interest Disclosures Act 2012

On 1 January 2020, the *Protected Disclosure Act 2012* was renamed the *Public Interest Disclosures Act 2012* (PID Act).

The PID Act encourages and assists people to make disclosures of improper conduct by public officers and public bodies. It protects people who make disclosures and establishes a system for investigation and rectification.

Improper employee conduct is not tolerated, nor are reprisals against those who disclose such conduct. The Department ensures transparency and accountability in administrative and management practices and supports disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to the health and safety of individuals or the environment.

The Department takes all reasonable steps to protect people who make disclosures from reprisals. It also affords natural justice to the person who is the subject of the disclosure to the extent that is legally possible.

Reporting procedures

Disclosures of improper conduct or detrimental action by the Department or any of its employees, may be made to the Department's:

- Secretary
- Public Interest Disclosure Coordinator or public interest disclosure officers
- manager or supervisor of the discloser
- manager or supervisor of the person who is the subject of the disclosure.

Alternatively, disclosures can also be made directly to the Independent Broad-based Anti-Corruption Commission:

Level 1, North Tower, 459 Collins Street
Melbourne Vic 3000

Phone: 1300 735 135

Internet: www.ibac.vic.gov.au

Email: (See the website above for the secure email disclosure process, which also provides for anonymous disclosures).

Further information

The Department has published guidelines regarding the procedures it has instituted to comply with the PID Act at

www.education.vic.gov.au/about/contact/Pages/reportingfraud.aspx

Disclosures under the PID Act 2012

Disclosures under the Protected Disclosure Act 2012	2019–20	2018–19	2017–18	2016–17
The number of disclosures made by an individual to the Department and notified to the Independent Broad-based Anti-Corruption Commission: assessable disclosures.	8	18	9	6

Compliance with the Disability Act 2006

The *Disability Act 2006* reaffirms and strengthens the rights of people with disability and recognises this requires support across government and community.

The Disability Act requires that public sector bodies (including all government departments) prepare a disability action plan and report on its implementation in their annual report.

A disability action plan is a strategy to remove barriers that prevent people with a disability from using the Department's goods, services and facilities, and from gaining and keeping employment. Disability action planning also strives to promote the inclusion and participation of people with disability in the community and achieve changes in attitudes and practices to eliminate discrimination.

The Department's Disability Action Plan 2018–2021 highlights how the Department supports the Victorian Government's vision of an inclusive Victoria. It outlines the actions taken by the Department to support people with a disability to use departmental services and to engage with, or work for the Department. It is aligned to the State Disability Plan: Absolutely Everyone.

Reducing barriers to accessing goods, services and facilities

Every year the Department delivers and regulates statewide learning and development services for at least one-third of all Victorians. The Department is building an inclusive education system that allows all students to learn and thrive on the same basis as their peers. In 2019–20 the Department continued to develop resources and deliver professional training across a range of areas including inclusive education practices, learning difficulties, and disability awareness. This work included the Department's partnership with Deakin University to develop AllPlay Learn—an evidence-based online suite of inclusive education resources for students, families and schools. The accessible buildings program improved access to school buildings for students, staff and community members with disabilities. The Department's revised *Building Quality Standard Handbook* (2020) ensures that all school facilities are built to include students with disabilities.

Reducing barriers to persons with a disability obtaining and maintaining employment

The Department, in conjunction with staff, developed a Disability Employment Plan 2019–2022. This plan describes the Department's commitment to boosting employment opportunities and career experiences for people with disability. The

plan continues to improve employment opportunities and outcomes for people with disability in the Department.

Promoting inclusion and participation in the community

The Department's Disability Action Plan 2018–21 identifies priorities and actions to build inclusive education for people with disability across Victoria—in early childhood centres, schools and higher education settings. The Department also manages a suite of policies and programs to strengthen inclusive education in Victorian government schools, including the Program for Students with Disabilities, the Inclusive Schools Fund, the Inclusive Kindergarten Facilities Program and additional transport, welfare and support services for students and children with disability.

Achieving tangible changes in attitudes and practices that discriminate against people with a disability

The Department's disability champion, the Deputy Secretary, PES continues to champion disability inclusion across the Department. A key focus of the role is to raise awareness across the Department to ensure accessibility and inclusion. In addition, the Deputy Secretary, FPIS is the executive sponsor for the Department's Enablers Network. The network is a conduit for staff with lived experience of disability policy and program development.

Compliance with Carers Recognition Act 2012

The Department ensures that the rights and interests articulated in the *Carers Recognition Act 2012* are considered when delivering its services to clients in a care relationship. The Department has taken all practical measures to comply with its obligations under this Act.

Office-based environmental impacts

The Department's environmental management system provides a structured approach to planning and implementing environment protection measures across the Department's offices. In line with government directives, the Department reports on:

- energy and water consumption
- transportation
- waste generation
- paper purchasing
- green procurement
- greenhouse gas emissions for non-school office sites with at least 10 FTE.

The environmental management system objectives include:

- reducing greenhouse gas emissions
- reducing the amount of waste and maximising the amount of reused and recycled resources
- ensuring new capital works incorporate environmentally sustainable principles
- making environmentally sound purchasing decisions for capital items and consumables
- encouraging staff to reduce environmental impacts
- regularly reporting on environmental performance
- adopting an environmental management system based on ISO14001 to drive continual environmental improvement across the Department.

Unless otherwise stated, all consumption data is for 1 April 2019–31 March 2020 to allow for a full reporting year and to improve accuracy for annual reporting. Total FTE for corporate workplaces this year is 4500.8 and total net lettable area for all corporate offices occupied during the year is about 74,775 m².

Energy

The data below was collected through energy retailer billing information and represents 95 per cent of FTE, 95 per cent of office accommodation for electricity, 46 per cent of office accommodation area for gas, and 57 per cent FTE for gas.

Energy consumption

Indicator	2019–20	2018–19	2017–18
Total energy usage segmented by primary source (MJ)	33,277,172	31,530,055	34,468,860
Electricity (MJ) – excluding Green Power ⁶⁸	26,434,947	25,006,672	22,059,165
Natural gas (MJ)	6,842,225	6,523,383	12,409,695
Green Power (MJ)	0	0	0
LPG (MJ)	0	0	0
Total greenhouse gas emissions from energy consumption (tonnes CO₂-e)	8,601	8,453	7,918
Electricity (tonnes CO ₂ -e) – excluding green power	8,221	8,091	7,231
Natural gas (tonnes CO ₂ -e)	379	362	688
LPG (tonnes CO ₂ -e)	0	0	0
Percentage of electricity purchased as green power	0	0	0
Units of office energy used per FTE (MJ/FTE)	7,394	7,121	8,848
Units of office energy used per office area (MJ/m²)	473	444	704

Actions undertaken

New office fitouts have incorporated energy-efficient lighting and appliances. The Department continues to explore energy efficiency opportunities at its sites.

⁶⁸ The DTF shared services contractor manages government owned and leased properties. The shared services provider has established an online energy and sustainability platform for monitoring and reporting on energy consumption and emissions. This has resulted in more accurate data. Based on this more accurate data, 2017–18 natural gas consumption should have been 5,944,655 MJ.

Target

Reduce energy consumption per square metre by 15 per cent of 2013–14 levels by 31 March 2024, averaging an incremental reduction of 1.5 per cent each year over 10 years.

Explanatory notes

Total energy use has increased by 5.5 per cent compared to last year. Data has been gathered from one additional site and this has been added to the reporting database. This large, older site has increased total consumption and may have also led to an increase in energy intensity indicators (energy used per FTE and m²). The Department is currently looking at opportunities to reduce energy consumption at this additional site. For existing sites, energy efficiency upgrades planned for the coming year, such as heating/cooling upgrades, are expected to reduce energy consumption. The Department's FTE has also increased by about 4 per cent, which may have led to a slight increase in energy use.

Waste and recycling

The Department continues to address waste generation through a variety of re-use and recycling methods. The data below represents 26 per cent of its sites and about 52 per cent of FTE. The data is based on waste and recycling information provided by waste contractors and reported to the Department via the Victorian Government's Shared Service Provider.

This information would normally have been supplemented with the results of a waste audit at Treasury Precinct sites occupied by the Department, which would represent about 30 per cent of FTE. The waste audit could not be completed in March 2020 due to Public Health Directions issued in response to the COVID-19 pandemic. During this time the majority of office-based staff were working from home and any waste audit completed would not have been representative of the normal operating conditions of corporate workplaces. Given this, it is difficult to compare last year and this year's data.

Waste and recycling

Indicator	2019–20	2018–19	2017–18
Total units of waste disposed of by destination (kg/yr)	107,531	88,343	151,531
Landfill (kg)	41,161	38,752	62,908
Comingled recycling (kg)	12,685	16,552	10,945
Paper and card (kg)	15,486	19,666	42,833
Secure documents (kg)	31,987	-	-
Organics (kg)	6,212	13,373	34,846
Total units of waste disposed of per FTE (kg/FTE)	46	51	117
Landfill (kg/FTE)	18	22	48
Comingled recycling (kg/FTE)	5	9	8

Indicator	2019–20	2018–19	2017–18
Paper and card (kg/FTE)	7	11	33
Secure documents (kg/FTE)	14	-	-
Organics (kg/FTE)	3	8	27
Recycling rate (%)	62	56	59

Actions undertaken

The Department continues to establish three-stream (landfill, recycling and organic) waste management practices in all new office accommodation. It has completed an audit of all signage throughout its CBD sites and renewed the signage (ready to be installed upon return to the office) along with a program to encourage staff to avoid waste, reduce contamination and improve recycling.

The Department continues to divert disused recycled office supplies from landfill via office recycling services, and its 'Swap shop'. It has also diverted 50 m² of used office furniture from landfill by redirecting it to repair, recycling or reuse.

Target

Increase recycling rate to a minimum of 75 per cent by 31 March 2024.

Explanatory notes

The Department shares its waste collection points at the Treasury Precinct with other tenants. Each bin collection point services a number of organisations and therefore it is difficult to identify the exact waste amounts contributed by the Department. An assumption has been made about waste disposed at 2 Treasury Place, as data at this collection point includes two non-Department buildings.

Paper

The data below was collected through the current Victorian Government mandated State Purchase Contract stationery supplier and represents 100 per cent of the Department's (non-school) office sites and 100 per cent of FTE staff. This data is for the period 1 July 2019–30 June 2020.

Paper purchasing and usage

Indicator	2019–20	2018–19	2017–18
Total units of A4 equivalent copy paper used (reams)	27,543	42,025	42,722
Units of A4 equivalent copy paper used per FTE (reams/FTE)	7	11	10.7
Percentage of 75–100% recycled content copy paper purchased (%)	59	61	98
Percentage of 50–74% recycled content copy paper purchased (%)	0	0	2
Percentage of 0–49% recycled content copy paper purchased (%)	41	39	0

Actions undertaken

As part of a revision to the State Purchase Contract arrangement during 2019–20, the default product selection for white A4 copy paper purchases is now a 100 per cent recycled product.

Target

Increase the amount of copy paper purchased with 75–100 per cent recycled content to a minimum of 75 per cent by 30 June 2021.

Reduce copy paper usage to 10 A4 reams per FTE by 31 March 2020.

Explanatory notes

Total copy paper usage in 2019–20 saw a significant reduction due to the number of staff working from home. The target of 10 reams per FTE has been met, with seven reams of paper being used per FTE.

The proportion of copy paper purchased with the highest recycled content decreased slightly to 59 per cent in 2019–20, compared to 61 per cent in 2018–19.

The Department will drive higher levels of recycled content purchases in 2020–21 through internal promotion of the revised product selection available under the State Purchase Contract.

Water

The data below is based on water meter readings at 55 per cent of the Department's office sites covering about 73 per cent of FTEs.

Water consumption

Indicator	2019–20	2018–19	2017–18
Total water consumption (kL)	18,723	18,420	19,706
Units of office water used per FTE (kL/FTE)	5.7	5.7	5.18
Units of office water used per office area (kL/m ²)	0.42	0.42	0.43

Actions undertaken

New office fit outs and upgrades include water saving systems. Progressive replacement of toilet cisterns in the Treasury Precinct continues to improve water efficiency.

Target

Reduce water consumed per FTE by 15 per cent of 2013–14 levels by 31 March 2024, averaging an incremental 1.5 per cent reduction each year over 10 years.

Explanatory notes

Total water consumption has increased slightly, by about 2 per cent. With more floorspace added to the inventory this year, and more FTE, the units of water per FTE and per m² has remained stable. Because many sites share a water meter with other non-Department buildings, the data is based on the percentage of the net lettable area held by the Department's buildings. In addition, it is not possible to obtain water data for all sites because the offices are part of shared facilities.

Transport

Of the Department-owned operational fleet of 432 vehicles:

- 41.2 per cent are hybrid electric vehicles
- 58.6 per cent are petrol-fuelled
- 0.2 per cent are diesel-fuelled.

The data below measures the kilometres, energy consumption and associated emissions for work-related travel by corporate employees, segmented by transport type, excluding public transport. This data includes Department-owned fleet and hired vehicles but excludes executive vehicles, and applies for the period 1 July 2019–30 June 2020.

Energy consumption of operational vehicles

Indicator	2019–20	2018–19	2017–18
Total energy usage consumption by fleet vehicles (MJ)	10,706,341	14,185,486	14,320,217
Diesel	308,542	187,516	352,974
LPG	0	14,641	10,427
Unleaded	7,718,546	10,804,335	9,780,106
Hybrid	2,679,253	3,178,994	4,176,710
Total distance travelled by fleet vehicles (km)	5,887,186	6,661,279	6,018,632
Diesel	99,970	57,257	102,737
LPG	0	5,148	4,503
Unleaded	3,890,864	4,832,091	3,870,641
Hybrid	1,896,352	1,766,783	2,040,751
Total greenhouse gas emissions from fleet vehicles (tonnes CO₂-e)	763	1,011	1,022
Diesel	23	14	27
LPG	0	1	1
Unleaded	550	769	696
Hybrid	191	226	298
Greenhouse gas emissions from fleet vehicles per 1,000km (tonnes CO₂-e)			
Diesel	0.23	0.50	0.52
LPG	0	0.18	0.35
Unleaded	0.14	0.34	0.37
Hybrid	0.10	0.24	0.27
Total distance travelled by air (km)	2,395,060	2,627,309	2,820,429
Percentage of staff using sustainable transport to get to and from work by locality			
CBD	n.a. ⁶⁹	92	96
Regional	n.a.	26	30

⁶⁹ Information on staff travel is not available this year as the Department's travel survey was not completed in March due to Public Health Directions issued in response to the COVID-19 pandemic. As the majority of staff were working from home at this time the data collected would not be representative of normal travel activities of staff.

Indicator	2019–20	2018–19	2017–18
Voluntary indicators			
Number of petrol hybrid, electric and plug-in hybrid electric vehicles	178	124	166

Actions undertaken

The Department leases environmentally friendly operational vehicles (e.g. four cylinder or hybrids) through the Approved Vehicle List from VicFleet, when they are available and suitable for use. In 2019–20 the Department replaced 41 petrol vehicles with hybrid vehicles.

The Department also uses externally managed pool vehicles where suitable to minimise fleet expansion.

Target

Meet the cost reduction and environmental sustainability targets set by the Victorian Government (as per the whole-of-government Standard Motor Vehicle Policy).

Explanatory notes

Total kilometres travelled by the operational vehicle fleet and vehicles hired decreased 10 per cent from 2018–19. The increased proportion of hybrid vehicles within the fleet and reduced travel related to the COVID-19 led to a reduction in energy consumed and a net emissions decrease of 25.3 per cent from 2018–19 levels.

Greenhouse gas emissions

The emissions disclosed below are taken from the previous sections and combined to show the Department's greenhouse footprint.

Department emissions

Indicator	2019–20	2018–19	2017–18
Total greenhouse gas emissions from energy use (tonnes CO ₂ -e)	8,601	8,453	8,908
Total greenhouse gas emissions from vehicle fleet (tonnes CO ₂ -e)	618	837	840
Total greenhouse gas emissions from air travel (tonnes CO ₂ -e)	577	538	645
Total greenhouse gas emissions from waste disposal (tonnes CO ₂ -e) ⁷⁰	58	47	76
Greenhouse gas emissions offset purchased (tonnes CO ₂ -e)	(577)	(538)	-
Voluntary indicators			
Total greenhouse gas emissions from water consumption (tonnes CO ₂ -e) ⁷¹	23	25	27
Grand total greenhouse gas emissions created by the Department	9,300	9,362⁷²	10,496

Actions undertaken

In 2019–20, the Department had a net zero carbon footprint for its air travel by purchasing 577 tonnes of greenhouse gas emissions offset.

Target

Reduce by 15 per cent of 2013–14 levels (which was 9,464 tCO₂-e) the Department's office-based greenhouse gas emissions by 31 March 2024, averaging an incremental reduction of 1.5 per cent each year over 10 years.

The Department is a part of the whole-of-government pledge to reduce emissions from its operations to 30 per cent below 2015 levels by 2020. It will revise this greenhouse gas emissions target in line with the whole-of-government emissions pledge for 2021–25.

Explanatory notes

The Department's total greenhouse gas emissions decreased slightly compared to the previous two years. This decrease is mainly due to emissions from fleet vehicles. The fleet is more fuel-efficient, and there were less kilometres travelled,

⁷⁰ Emissions for 2018–19 are based on waste from the five-day audit of the Treasury Precinct. This data is not comparable to that of previous years.

⁷¹ Water supply is calculated using the Environmental Protection Authority Victoria's methodology, and emissions factor for water consumption as derived from data available from water authorities.

⁷² Calculated total emissions for 2018–19 have been corrected to remove the offset of 538 tCO₂-e emissions that was incorrectly added rather than subtracted.

particularly during March–June 2020 due to COVID-19. Emissions from office energy consumption increased slightly due to the addition of floorspace to the inventory, the impact of which is also evident in the increase in energy intensity indicators.

Greener procurement

The Department continues to promote the purchase of environmentally friendly products, specifically stationery and office products. Business units are encouraged to re-use stationery.

The Department continues to work with print management provider Finsbury Green to ensure sustainability is a consideration in all externally printed publications; for example, by using vegetable dyes and minimal packaging.

The Department has declared the procurement of environmentally sustainable outputs to be a priority objective under its Social Procurement Strategy. As part of the strategy, the Department may include sustainability requirements and evaluation criteria in its approaches to market.

Infrastructure project tenders are also evaluated against the criteria of their 'ability to satisfy environmental sustainability requirements'.

Details of changes in prices, fees, charges, rates and levies

Details of current prices, fees, charges, rates and levies charged by the Department are outlined at

www.education.vic.gov.au/about/working/Pages/fees.aspx. In compliance with the requirements of the Standing Directions of the Minister for Finance, changes in these details are available on request, subject to the provisions of the FOI Act.

Additional information available on request

Financial Reporting Direction (FRD) 22H requires the Accountable Officer to retain and make available specified information. This information may be made available to ministers, members of parliament and the public on request, subject to the provisions of the FOI Act.

The Department has made this information available (or provided details of how the material may be sourced) in the *Department's Annual Report 2019–20* or the *Department's Annual Report 2019–20 Additional Information*.

Requirements covered in this annual report include:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by the Department about itself and how these can be obtained
- details of assessments and measures undertaken to improve the OHS of employees
- a statement on industrial relations within the Department and details of time lost through industrial accidents and disputes
- details of changes in prices, fees, charges, rates and levies charged by the Department.

The requirements listed below are included in the *Department's Annual Report 2019–20 Additional Information* available from www.education.vic.gov.au and include:

- details of any major external reviews carried out on the Department
- details of major research and development activities undertaken by the Department
- details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by the Department to develop community awareness of the Department and its services
- a list of major committees sponsored by the Department, the purposes of each committee and the extent to which the purposes have been achieved
- details of all consultancies and contractors including:
 - consultants/contractors engaged
 - services provided
 - expenditure committed to for each engagement.

Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

I, Jenny Atta, certify that the Department of Education and Training has the following Material Compliance Deficiencies with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions:

Direction 4.2.3 Asset management accountability

The Department has established solid foundations for its framework to manage the school asset portfolio, including policies, and corporate systems and processes. However, the material compliance deficiency primarily relates to the deployment of the framework for individual schools.

A comprehensive program of activity continues to be progressively rolled out to 300 schools per year, over five years. On this basis, the deficiency will be addressed in full in early 2023, when the Department's asset management framework has been deployed to all Victorian government schools.

Direction 4.2.4 Public construction accountability

The Department has in place a range of contracts, programs and policies that have significantly improved compliance with the Ministerial Directions for Public Construction Procurement in Victoria. However, a deficiency remains in relation to the lack of a mature regime for the assessment of, and reporting on, supplier performance.

The Department is establishing appropriate processes to monitor supplier performance and to receive supplier feedback on its own performance, with these expected to be implemented by June 2021.



Jenny Atta

Secretary

Department of Education and Training

Melbourne
14 September 2020

Details of publications about the Department

Publications published by the Department about itself during 2019–20

Publication	Date produced	How to obtain a copy
The Department's 2019–2023 Strategic Plan	October 2019	www.education.vic.gov.au/about/department/Pages/stratplan.aspx
The Department's Annual Report 2018–19	October 2019	www.education.vic.gov.au/about/department/Pages/annualreports.aspx

About this report

In accordance with Ministerial Reporting Direction FRD10A, the Department is required to include a disclosure index in its annual report that:

- lists relevant clauses of Victorian legislation with statutory disclosure requirements the Department must comply with
- provides a short description of the relevant requirements
- provides a page reference for the annual report where the disclosure for each requirement is made.

Material not required under relevant legislation and pronouncements is not included in this report. A disclosure index that identifies the Department's compliance with statutory requirements is provided in Appendix 1.

Financial statements

These financial statements cover the Department as an individual entity. The Department is a government department of the State of Victoria.

A description of the nature of the Department's operations and its principal activities is included at the start of this report.

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Accountable Officer's and Chief Finance and Accounting Officer's declaration

The financial statements for the Department have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable FRDs, Australian accounting standards (AAS) including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and financial position of the Department as at 30 June 2020.


At the time of signing, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the financial statements for issue on 14 September 2020.



Jenny Atta
Secretary
Department

Melbourne
14 September 2020



Cynthia Lahiff
Chief Finance Officer
Department

Melbourne
14 September 2020

Victorian Auditor-General's Report



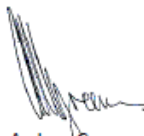
Independent Auditor's Report

To the Secretary of the Department of Education and Training

Opinion	<p>I have audited the financial report of the Department of Education and Training (the department) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2020• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• Accountable Officer's and Chief Finance and Accounting Officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the department as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Secretary's responsibilities for the financial report	<p>The Secretary of the department is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Secretary is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary • conclude on the appropriateness of the Secretary's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. <p>I communicate with the Secretary regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p>
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MELBOURNE
22 September 2020


 Andrew Greaves
 Auditor-General

Comprehensive operating statement for the financial year ended 30 June 2020

	Notes	2020 (\$m)	2019 (\$m)
Continuing operations			
Income from transactions			
Output appropriations	2.3.1	14,887.5	13,815.7
Special appropriations	2.3.2	8.0	0.5
Grants	2.4.1	136.5	185.3
Sale of goods and services	2.4.2	280.1	377.4
Other Income	2.4.3	405.8	364.4
Total income from transactions		15,717.9	14,743.3
Expenses from transactions			
Employee expenses	3.1.1	(7,501.9)	(6,972.4)
Interest expenses	7.1.1	(30.3)	(29.5)
Depreciation and amortisation	5.1.1	(444.2)	(405.0)
Grant and other payments	3.1.2	(2,212.9)	(2,010.4)
Capital asset charge	3.1.3	(1,963.8)	(1,598.6)
Other operating expenses	3.1.4 / 9.7	(2,965.0)	(3,057.6)
Total expenses from transactions		(15,118.1)	(14,073.5)
Net result from transactions (net operating balance)		599.8	669.8
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	9.2	(3.5)	(2.0)
Net gain/(loss) on financial instruments	9.2	-	(7.6)
Other gains/(losses) from other economic flows	9.2	(35.7)	(88.5)
Total other economic flows included in net result		(39.2)	(98.1)
Net result		560.6	571.7
Other economic flows – other comprehensive income: Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	9.6	(7.9)	(1,369.7)
Total other economic flows – other comprehensive income		(7.9)	(1,369.7)
Comprehensive result		552.7	(798.0)

The above comprehensive operating statement should be read in conjunction with the accompanying notes.

Balance sheet as at 30 June 2020

	Notes	2020 (\$m)	2019 (\$m)
Assets			
Financial assets			
Cash and deposits	7.3	1,557.2	1,234.5
Receivables	6.1	2,339.4	2,343.4
Other financial assets	5.3	2.8	16.0
Total financial assets		3,899.4	3,593.9
Non-financial assets			
Intangible assets	5.2	38.9	39.5
Property, plant and equipment	5.1	25,254.0	24,150.7
Other non-financial assets	6.2	36.6	62.7
Total non-financial assets		25,329.5	24,252.9
Total assets		29,228.9	27,846.8
Liabilities			
Payables	6.3	864.1	737.2
Other liabilities	6.3.3	79.3	84.8
Borrowings	7.1	608.8	558.6
Provisions	3.1.1	1,803.3	1,641.4
Total liabilities		3,355.5	3,022.0
Net assets		25,873.4	24,824.8
Equity			
Accumulated surplus		3,563.2	3,002.6
Physical asset revaluations surplus	9.6	12,211.5	12,219.5
Contributed capital		10,098.7	9,602.7
Net worth		25,873.4	24,824.8
Contingent assets and contingent liabilities	8.3.1 / 8.3.2	(70.0)	(34.4)
Commitments for expenditure	7.5.3	2,769.2	1,956.3

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity for the financial year ended 30 June 2020

	Physical asset revaluation surplus (Note 9.6) (\$m)	Accumulated surplus/ (deficit) (\$m)	Contributed capital (\$m)	Total Equity (\$m)
Balance at 1 July 2018	13,589.1	2,430.9	8,942.4	24,962.4
Net results for the year	-	571.7	-	571.7
Other comprehensive income for the year	(1,369.7)	-	-	(1,369.7)
Capital appropriations	-	-	697.7	697.7
Contributed capital transfers in	-	-	23.9	23.9
Administrative restructure – net assets transferred	-	-	(0.9)	(0.9)
Contributed capital transfers (out)	-	-	(60.3)	(60.3)
Balance at 30 June 2019 (Before new accounting standards)	12,219.4	3,002.6	9,602.8	24,824.8
Change in accounting policy (due to AASB 1059)	-	-	-	-
Restated Balance at 30 June 2019 (After new accounting standards)	12,219.4	3,002.6	9,602.8	24,824.8
Balance at 1 July 2019	12,219.4	3,002.6	9,602.8	24,824.8
Change in accounting policy (due to AASB 15)	-	-	-	-
Restated balance 30 June 2019	12,219.4	3,002.6	9,602.8	24,824.8
Net results for the year	-	560.6	-	560.6
Other comprehensive income for the year	(7.9)	-	-	(7.9)
Capital appropriations	-	-	503.0	503.0
Contributed capital transfers in	-	-	52.7	52.7
Administrative restructure – net assets transferred	-	-	-	-
Contributed capital transfers (out)	-	-	(59.8)	(59.8)
Balance at 30 June 2020	12,211.5	3,563.2	10,098.7	25,873.4

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement for the financial year ended 30 June 2020

	Notes	2020 (\$m)	2019 (\$m)
Cash flows from operating activities			
Receipts			
Receipts from government		14,843.2	13,688.4
Receipts from other entities		874.4	868.5
Goods and services tax (GST) recovered from the Australian Tax Office (ATO)		438.8	449.3
Interest received		12.5	20.0
Total receipts		16,168.9	15,026.2
Payments			
Payments of grants and other transfers		(2,224.1)	(1,959.5)
Payments to suppliers and employees		(10,672.3)	(10,374.8)
GST paid to the ATO		(12.1)	(13.1)
Capital asset charge payments		(1,963.8)	(1,598.6)
Short term, low value and variable lease payments		(46.3)	-
Interest and other costs of finance paid		(30.0)	(33.1)
Total payments		(14,948.6)	(13,979.1)
Net cash flows from / (used in) operating activities	7.3.1	1,220.3	1,047.1
Cash flows from investing activities			
Purchases of non-financial assets		(1,410.8)	(1,526.8)
Proceeds from investments		13.5	432.0
Payments for investments		(0.3)	(138.0)
Sale of plant and equipment		4.9	4.4
Proceeds from loan and advances		9.3	26.5
Payment of loan and advances		(1.3)	-
Net Cash flows from/ (used in) investing activities		(1,384.7)	(1,201.9)
Cash flows from financing activities			
Owner contributions received from State Government	2.3.1	503.0	697.7
Cash transferred on activities transferred out – machinery of government changes		-	(0.9)
Proceeds from borrowings		58.8	35.1
Repayment of borrowings and principal portion of lease liabilities (2019: finance leases)		(74.7)	(59.6)
Net cash flows from/ (used in) financing activities		487.1	672.3
Net increase/(decrease) in cash and deposits		322.7	517.5
Cash and deposits at the beginning of the financial year		1,234.5	717.0
Cash and deposits at the end of the financial year	7.3	1,557.2	1,234.5

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

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Note 1 About this Report

1.1 Basis of preparation

These annual financial statements represent the audited general-purpose financial statements for the Department for the year ended 30 June 2020. The purpose of the report is to provide users with information about the Department's stewardship of resources entrusted to it.

Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, plant and equipment, (Note 8.2.2)
- impairment of buildings, plant and equipment, and intangibles (Note 5.1.1)
- depreciation and amortisation expense (Note 5.1 and Note 5.2)
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (Note 3.1.1).

In March 2020, the Victorian government announced a mandate and imposed Stage 3 restrictions on the community in response to the coronavirus (COVID-19) pandemic. This has had a significant impact on the operating and economic environment for the department such as a transition to remote learning from school-based settings.

Management have considered the impacts of COVID-19 on the judgements and assumptions applied to accounting policies, estimates that may result in a decline of the carrying amounts for assets and liabilities. The impacts and assessments have been considered on assets and liabilities which are detailed in:

- Note 5.1.1 Impairment of non-financial asset
- Note 5.2 Impairment of intangible assets
- Note 6.1.1 Movement in the allowance for impairment losses of contractual receivables

- Note 7.2 Leases

Additional financial impacts have been considered on revenue and expense items in line with the government's announcements and department policies.

Reporting entity

The Department is a government department of the State of Victoria, established pursuant to an order made by the Premier under the *Public Administration Act 2004*.

Its principal address is:
Department of Education and Training
2 Treasury Place
Melbourne VIC 3002

The Department is an administrative agency acting on behalf of the Crown.

These financial statements cover the Department as an individual reporting entity and include all its controlled activities.

A description of the nature of the Department's operations and its principal activities is included in the Report of Operations which does not form part of these financial statements.

The financial statements exclude bodies in the Department's portfolio that are not controlled by the Department, and therefore are not consolidated. Bodies and activities that are administered are also not controlled and not consolidated. In preparing consolidated financial statements for the Department, all material transactions and balances between consolidated entities are eliminated.

The financial statements include all transactions of the Department and the Victorian Government's primary and secondary schools. All transactions between the Department and these schools have been eliminated as required by AAS. Transactions with non-government schools are not eliminated.

Compliance information

These general-purpose financial statements have been prepared in accordance with the Financial Management Act (FM Act) and applicable AASs which include interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

In 2019-20, a number of accounting standards were assessed and adopted by the department for the first time and these include AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 1059 *Service Concession Arrangements: Grantors*. Further details and impacts are disclosed in:

- Note 2.4.1 Grants
- Note 2.4.2 Sales of goods and services
- Note 6.3.2 Deferred capital grant revenue
- Note 6.3.3 Other liabilities

- Note 7.5.2 Public Private Partnership commitments
- Note 9.8.2 Service concession arrangements: grantors
- Note 9.8.5 Transition impact on financial statements

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

These annual financial statements were authorised for issue by the Secretary of the Department on 14 September 2020.

Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises:

- net result from transactions (also termed net operating balance)
- other economic flows included in net result
- other economic flows—other comprehensive income.

The sum of the former two represents the net result, which is equivalent to profit or loss derived in accordance with AAS.

Other economic flows are changes arising from market re-measurements. They include:

- gains and losses from disposals of non-financial assets
- revaluations and impairments of non-financial physical and intangible assets
- fair value changes of financial instruments
- gains and losses from revaluation of long service leave liability.

This classification is consistent with the whole-of-government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if the Department does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts related to 'Transactions with owner in its capacity as owner'.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

Proceeds from/payments for investments represent flows of schools' term deposits with a maturity of three months or more.

Rounding of amounts

Amounts in the financial statements have been rounded to the nearest million, unless otherwise stated. Figures in the financial statements may not equate due to rounding (Note 9.10—style conventions).

Accounting for Goods and Services Tax

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

Note 2 Funding delivery of our services

Objectives and funding

The Department leads the delivery of education and development services to children, young people and adults both directly through government schools and indirectly through the regulation and funding of early childhood services, non-government schools and training programs.

The Department implements Victorian Government policy on early childhood services, school education and training and higher education services. The Department manages Victorian government schools and drives improvement in primary and secondary government education.

The Department provides support and advisory services to the Minister for Education, the Minister for Training and Skills and the Minister for Higher Education, as well as a number of statutory bodies.

The Department is predominantly funded by accrual-based parliamentary appropriations for the provision of outputs that are further described in Note 4.

Structure

2.1 Summary of revenue and income that funds the delivery of our services

2.2 Appropriations

2.3 Summary of compliance with annual Parliamentary and special appropriations

2.3.1 (a) Summary of compliance with annual parliamentary appropriations

(b) Annotated income agreements appropriations

2.3.2 Summary of compliance with special appropriations

2.4 Income from transactions

2.4.1 Grants

2.4.2 Sales of goods and services

2.4.3 Other income

2.1 Summary of revenue and income that funds the delivery of our services

	Notes	2020 (\$m)	2019 (\$m)
Income from transactions			
Output appropriations	2.3.1	14,887.5	13,815.7
Special appropriations	2.3.2	8.0	0.5
Grants	2.4.1	136.5	185.3
Sale of goods and services	2.4.2	280.1	377.4
Other income	2.4.3	405.8	364.4
Total income from transactions		15,717.9	14,743.3

Revenue and income that fund delivery of the Department's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

2.2 Appropriations

Once annual parliamentary appropriations are applied by the Treasurer, they become controlled by the Department and recognised as income when applied to the purposes defined under the Appropriations Act. All amounts of income over which the Department does not have control are disclosed as administered income (see Note 4.2).

Output appropriations

Income from the outputs the Department provides to the Government is recognised when those outputs have been delivered and the relevant minister has certified delivery of those outputs in accordance with specified performance criteria.

Special appropriations

Under section 5.6.8 of the *Education and Training Reform Act 2006*, income related to volunteer workers' compensation is recognised when the amount appropriated for that purpose is due and payable by the Department.

Under Section 10 of the FM Act, Commonwealth national partnerships funding are recognised as income when the amount appropriated for that purpose has been incurred by the Department.

Under Section 33 of the FM Act, funds sourced from prior year output or depreciation equivalent surpluses are recognised when the amount appropriated for that purpose has been incurred by the Department.

2.3 Summary of compliance with annual parliamentary and special appropriations

2.3.1. (a) Summary of compliance with annual parliamentary appropriations

The following table discloses the details of the various parliamentary appropriations received by the Department for the year. In accordance with accrual output-based management procedures, 'provision for outputs' and 'additions to net assets' are disclosed as 'controlled activities' of the Department.

	Appropriations Act (\$m)			FM Act (\$m)				(\$m)		
	Annual appropriation	Advance from Treasurer	Section 3(2)	Section 29	Section 30 ⁷³	Section 32	Section 35 advances	Total parliamentary authority	Appropriations applied	Variance ⁷⁴
2020 Controlled										
Provisions for outputs	13,968.3	342.6	-	634.8	(21.5)	37.5	-	14,961.7	14,887.5	74.2
Additions to net assets	902.9	-	-	6.8	21.5	64.3	-	995.5	503.0	492.5
Total	14,871.2	342.6	-	641.6	-	101.8	-	15,957.2	15,390.5	566.7

⁷³ The \$21.5 million appropriation transfer from provision for outputs to additions to net assets primarily comprises of \$20.3 million for an underspend in depreciation leading to less depreciation equivalent funding available to fund the Department's capital program which must be replaced by additional additions to net assets funding.

⁷⁴ The provision for outputs variance of \$74.2 million is largely driven by carryover requested into 2020-21 across State (\$61.3 million) initiatives and Commonwealth (\$0.4 million) initiatives. These include State initiatives such as \$10.0 million for *Modernising TAFE Facilities*, \$8.6 million for *Planned Maintenance Program*, \$4.6 million for *Quality Apprenticeships* and \$3.7 million for *Digital Education - Critical IT Supporting Every Student*.

The additions to net assets variance of \$492.5 million includes: a funding swap of \$211.0 million from additions to net assets and section 33 special appropriation to access prior years depreciation equivalent balance held in the State Administration Unit to fund the department's capital program to comply with section 3.5.2 of the *Resource Management Framework* 'Order of funding for approved asset investments', \$157.5 million of carryover requested into 2020-21, including the 2019-20 (\$58.0 million) and prior year (\$99.5 million) School Capital Programs. In addition, \$193.2 million was re-phased into future years to reflect revised implementation timelines. Programs re-phased to future years (\$193.2 million) include *New Schools Construction* (\$71.0 million), *Land Acquisition* (\$49.2 million) and *Ready for School - Kinder for Every Three-year Old* (\$39.4 million). These underspends are offset by additional funding including 2018-19 State Capital Program Realignment (\$42.7 million), *Essential Maintenance and Compliance* (\$18.2 million) and *Fitzroy Gasworks* (\$13.1 million).

	Annual appropriation	Advance from Treasurer	Section 3(2)	Section 29	Section 30 ⁷⁵	Section 32	Section 35 advances	Total parliamentary authority	Appropriations applied	Variance ⁷⁶
2019 Controlled										
Provisions for outputs	13,249.9	37.8	-	610.5	(25.6)	63.4	-	13,936.0	13,815.7	120.3
Additions to net assets	723.9	-	-	14.4	25.6	89.2	-	853.1	697.7	155.4
Total	13,973.8	37.8	-	624.9	-	152.6	-	14,789.1	14,513.4	275.7

⁷⁵ The \$25.6 million appropriation transfer from provision for outputs to additions to net assets primarily comprises of \$18.7 million for planned maintenance works and \$10.5 million for *Digital Education* to match revised implementation from operating to capital delivery, \$10.4 million for essential maintenance for works resulting in upgrade to existing assets, \$7.5 million for asbestos works that have been identified as capital and \$6.9 million for *Ready for School: Kinder for Every Three-Year Old* for relocatable building contributions spent on behalf of local councils and private operators. This is mainly offset by a \$26.9 million appropriation transfer from additions to net assets to provision for outputs for schools infrastructure programs, including maintenance and reform activities.

⁷⁶ The provision for outputs variance of \$120.3 million is largely driven by the impact of machinery of government transfer of \$59.3 million to the Department of Health and Human Services for maternal child health and parenting services effective from 1 January 2019 and \$37.5 million of approved carry over into 2019–20 across State initiatives (\$36.9 million) and Commonwealth initiatives (\$0.6 million), including \$25.5 million for the *Children Facilities Capital Program* and \$10.9 million for non-government schools, with \$20.2 million of requested carryover remaining unapproved. \$7.4 million of unapproved carryover was approved to be rephased to future years to achieve a more appropriate spending profile.

The additions to net assets variance of \$155.4 million includes \$64.3 million of approved carryover into 2019–20, including the 2018–19 (\$15.9 million) and prior year (\$42.3 million) School Capital Programs. In addition, \$98.7 million was re-phased into future years to reflect revised implementation timelines. Programs re-phased to future years include Land Acquisition (\$55.0 million), 2018–19 State Budget capital program (\$16.0 million), Child Link (\$9.3 million) and Inclusive Schools Fund (\$7.6 million). These underspends are offset by \$9.5 million in additional funding: \$6.9 million to access non-government capital contributions for works at Beaumaris and Point Cook South Senior Secondary Colleges and \$2.7 million to support New Schools Construction and School Upgrades approved in the 2019–20 State Budget for 2018–19.

2.3.1 (b) Annotated income agreements appropriations

The Department is permitted under section 29 of the FM Act to have certain income annotated to the annual appropriation. The income which forms part of a section 29 agreement is recognised by the Department and the receipts paid into the consolidation fund as an administered item. At the point income is recognised, section 29 provides for an equivalent amount to be added to the annual appropriation.

The following is a listing of the FM Act section 29 annotated income agreements approved by the Treasurer:

	Notes	2020 (\$m)	2019 (\$m)
Sales of goods and services			
Alarms		0.1	0.1
Bastow Institute courses and events		1.2	
EduPay administration fees		2.6	
Overseas student program fees		82.8	81.4
Housing rent		1.0	1.0
National Disability Insurance Agency - Specialist Children Services		0.1	0.8
School bus fees		0.7	-
State School Spectacular ticket sales		0.1	-
Victorian Deaf Institute courses and events		0.0	-
VCE offshore		0.1	0.3
Total		88.7	83.6
Asset sales			
Sales of land		-	7.8
Receipts from Commonwealth			
Receipts from Commonwealth – School capital program		-	1.6
Revenue from municipal councils			
Receipts from municipal councils – School capital program		6.8	5.0
Total		6.8	14.4
Commonwealth specific purpose payments			
National skills and workforce development		401.4	393.2
Universal access to early education		126.0	120.9
National school chaplaincy program		13.1	12.8
Local schools community fund		5.5	
Total		546.0	526.9
Total annotated income agreements	2.3.1(a)	641.6	624.9

2.3.2 Summary of compliance with special appropriations

	Purpose	2020 (\$m)	2019 (\$m)
Section 5.6.8 of the Education and Training Reform Act	Volunteers workers' compensation	0.1	0.1
Section 10 of the FM Act	Support for students with a disability	3.6	0.4
Section 10 of the FM Act	Independent public schools	4.3	-
Operating special appropriation total		8.0	0.5
Section 33 of the FM Act	Funding the asset program	211.0	-
Section 33 of the FM Act	Docklands primary school	-	17.1
Section 33 of the FM Act	Relocatable buildings in 2019	-	13.8
Section 33 of the FM Act	Combustible cladding	6.5	3.6
Capital special appropriation total⁷⁷		217.5	34.5
Section 33 of the FM Act	Victorian training information system	-	9.9
Other total⁷⁸		-	9.9
Total special appropriation		225.5	44.9

2.4 Income from transactions

2.4.1 Grants

	2020 (\$m)	2019 (\$m)
Income recognised as income of not-for-profit entities		
Grants to acquire a recognisable non-financial asset	95.8	164.6
Specific purpose	40.7	20.7
Total grants	136.5	185.3

The Department has determined grant funding is recognised as income in accordance with AASB 1058.

The impact of initially applying AASB 1058 on the Department's grants are detailed in Note 9.8. The Department has elected the modified retrospective transition method of applying AASB 1058 and accordingly, comparative information has not been restated to reflect the new requirements.

⁷⁷ Funding from depreciation equivalent funding accumulated in prior years under Section 33 of the FM Act and Commonwealth funding under Section 10 of the FM Act. This subtotal reflects special appropriation for assets and therefore are excluded from the Comprehensive Operating Statement.

⁷⁸ Funding for the Victorian Training Information System (operating) from prior years' operating surplus. This subtotal reflects special appropriations funded from the balance sheet and therefore, is excluded from income.

Income from grants without sufficiently specific performance obligations, or that are not enforceable, is recognised when the department has an unconditional right to receive cash, which usually coincides with receipt of cash. On initial recognition of the asset, the department recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards.

Related amounts may take the form of:

- (a) contributions by owners, in accordance with AASB 1004;
- (b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- (c) a lease liability in accordance with AASB 16;
- (d) a financial instrument, in accordance with AASB 9; or
- (e) a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

As a result of adopting AASB 1058, a portion of the grant received has been deferred. Grant funding in relation to the construction of capital assets which the department controls has also been recognised as deferred grant income (Note 6.3.2). If the grant funding was accounted for under the previous accounting standard AASB 1004 in 2019–20, the total grant revenue received would have been recognised in full.

Previous accounting policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to the Department without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider).

The Department recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, the Department recognises revenue when the grant is received.

Grants can be received as general-purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

2.4.2 Sales of goods and services

	2020 (\$m)	2019 (\$m)
Sales of goods and services		
Schools revenue – including sales of classroom material, before and after school care, and other trading operations	278.5	371.3
Provision of services	1.6	6.1
Total sales of goods and services⁷⁹	280.1	377.4

The sale of goods and services included in the table above are transactions that the department has determined to be classified as revenue from contracts with customers in accordance with AASB 15. The impact of initially applying AASB 15 on the Department's revenue from contracts with customers is described in Note 9.8. There has been no change in the recognition of revenue from the sale of goods and services as a result of the adoption of AASB 15.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The Department recognises revenue when it transfers control of a good or service to the customer. For example, when, or as, the performance obligations for the sale of goods and services to the customer are satisfied. accordingly, revenue from:

- sale of goods are recognised at a point in time when customers obtain control of the supplies and consumables when the goods are delivered and have been accepted. For schools, these cover trading operations such as canteens, bookshops, stationery and uniform sales.
- rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided. For schools, these cover activities such as music lessons, camps, sports and excursions and out of school hours care.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (Note 6.3.3). Where the performance obligations is satisfied but not yet billed, a contract asset is recorded.

Previous accounting policy for 30 June 2019

Income from the supply of services and from the sale of goods is recognised when:

- the amount of the income can be reliably measured
- it is probable that the economic benefits associated with the transaction will flow to the Department
- the Department no longer had continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold

⁷⁹ Prior year comparatives for sale of goods and services increased from \$131.6m to \$377.4m due to the reclassification of some other income to sale of goods and services.

2.4.3 Other income

	2020 (\$m)	2019 (\$m)
Other income		
Schools revenue – including parents' voluntary contributions and other locally raised funds	372.4	340.2
Interest on bank deposits	12.5	20.0
Other revenue	5.9	4.2
Land received free of charge	15.0	-
Total other income⁸⁰	405.8	364.4

Other income is recognised upon the receipt of the asset by the Department and/or the school, and in the case of the school, this is processed in accordance with controls established by the school's council.

⁸⁰ Prior year comparatives for other income decreased from \$610.2m to \$364.4m due to the reclassification of other income to sales of goods and services.

Note 3 The cost of delivering services

Introduction	Structure
This section provides an account of the expenses incurred by the Department in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded. Note 4 discloses aggregated information in relation to the income and expenses by output.	3.1 Expenses incurred in delivery of services 3.1.1 Employee benefits in the comprehensive operating statement 3.1.2 Grants and other payments 3.1.3 Capital asset charge 3.1.4 Other operating expenses

3.1 Expenses incurred in delivery of services

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

	Notes	2020 (\$m)	2019 (\$m)
Expenses from transactions			
Employee expenses	3.1.1	7,501.9	6,972.4
Grant and other payments	3.1.2	2,212.9	2,010.4
Capital asset charge	3.1.3	1,963.8	1,598.6
Other operating expenses	3.1.4 / 9.7	2,965.0	3,057.6
Total expenses incurred in delivery of services		14,643.6	13,639.0

3.1.1 (a) Employee benefits in the comprehensive operating statement

	2020 (\$m)	2019 (\$m)
Employee expenses		
Salaries and wages	6,086.7	5,674.8
Superannuation	601.0	562.2
Annual leave and long service leave expense	412.5	364.6
Other on-costs (fringe benefits tax, payroll tax and WorkCover levy)	401.7	370.8
Total employee expenses	7,501.9	6,972.4

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

The amount recognised in the comprehensive operating statement in relation to superannuation is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The Department does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, DTF discloses in its annual financial

statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

3.1.1 (b) Employee benefits – in the balance sheet

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2020 (\$m)	2019 (\$m)
Current provisions		
Employee benefits⁸¹ —annual leave		
Unconditional and expected to be settled within 12 months	120.8	107.4
Unconditional and expected to be settled after 12 months	12.8	8.7
Employee benefits⁸¹ —long service leave		
Unconditional and expected to be settled within 12 months	159.2	151.8
Unconditional and expected to be settled after 12 months	993.5	916.0
Employee benefits⁸¹ —other		
Other provisions	1.2	1.2
Total	1,287.5	1,185.1
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months	41.9	39.0
Unconditional and expected to be settled after 12 months	165.0	151.7
Total	206.9	190.7
Other - make good ⁸²	1.9	0.1
Total current provisions	1,496.3	1,375.9
Non-current provisions		
Employee benefits ⁸¹	260.2	220.4
Other on-costs related to employee benefits	42.7	36.1
Total	302.9	256.5
Other - make good ⁸²	4.1	9.0
Total non-current provisions	307.0	265.5
Total provisions	1,803.3	1,641.4

⁸¹ Provisions for employee benefits consist of amounts for annual leave, long service leave and other employee benefits accrued by employees, not including on-costs.

⁸² Make good provisions do not form part of employee benefits, but do form part of total current provisions.

Reconciliation of movements in on-cost provisions

2020	Total (\$m)
Opening balance	226.8
Additional provisions recognised	61.1
Reductions arising from payments/other sacrifices of future economic benefits	(47.3)
Reductions resulting from re-measurement	-
Unwind of discount and effect of changes in the discount rate	9.1
Closing balance	249.6
Current	206.9
Non-current	42.7

Annual leave and sick leave

Liabilities including non-monetary benefits, annual leave and on-costs are recognised in the provision for employee benefits as 'current liabilities', because the Department does not have an unconditional right to defer settlement of these liabilities. Based upon the expectation of the timing of settlement, liabilities for annual leave are measured at present value, as the Department does not expect to wholly settle within 12 months.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the future benefits accrued. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

Long service leave

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

Unconditional long service leave is disclosed as a current liability; even where the Department does not expect to settle the liability within 12 months because it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. The components of this current long service leave liability are measured at present value.

Conditional long service leave is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current long service leave liability is measured at present value.

Any gain or loss following revaluation of the present value of long service leave liability measured at present value is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an "other economic flow" in the net result.

On-costs related to employee expenses

On-costs (such as payroll tax, workers' compensation and superannuation) are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

The measurement of employee benefits on-costs mirrors the employee benefit provisions to which they relate, and therefore they are measured at present value as the Department does not expect to wholly settle within 12 months.

3.1.1 (c) Superannuation contributions

Employees of the Department are entitled to receive superannuation benefits and the Department contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

As noted in Note 3.1.1 (a) the defined benefit liability is recognised in DTF as an administered liability.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Department.

The basis for contributions is determined by the various schemes. The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Department are as follows:

Funds	Paid contributions for the year 2020 (\$m)	Paid contributions for the year 2019 (\$m)
Defined benefit plans		
State superannuation schemes	72.7	78.4
Other—state employees retirement benefits scheme	1.7	1.8
Defined contribution plans		
Vic Super	396.2	369.1
Other	130.4	112.9
Total	601.0	562.2

There are no contributions outstanding as at June 2020 and June 2019.

3.1.2 Grants and other payments

	2020 (\$m)	2019 (\$m)
Grant and other payments		
Grants to VCAA	68.0	77.0
Grants to VRQA	15.6	11.8
Grants to TAFE	746.6	717.1
Grants to Adult, Community and Further Education Board	32.4	37.5
Grants to non-government schools	839.1	804.6
Grants to external organisations	480.9	332.6
Other payments	30.3	29.8
Total grants and other payments	2,212.9	2,010.4

Transactions in which the Department provides goods, services, assets (or extinguishes a liability) or labour to another party where there is no expectation that the amount will be repaid in equal value are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general-purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as grants and other transfer payments made to State-owned agencies, local government, non-government schools, and community groups. Grants can take the form of money, assets, goods, services or forgiveness of liabilities.

3.1.3 Capital asset charge

	2020 (\$m)	2019 (\$m)
Capital asset charge	1,963.8	1,598.6

The capital asset charge is a charge levied on the written down value of controlled non-current physical assets in the Department's balance sheet. It aims to attribute to the Department outputs, a cost of capital used in service delivery. Imposing this charge provides incentives for the Department to identify and dispose of underutilised or surplus non-current physical assets.

3.1.4 Other operating expenses

	2020 (\$m)	2019 (\$m)
Administration	426.9	448.2
Maintenance	301.5	249.9
School requisites	926.4	978.0
IT related costs	171.6	185.3
Service agreement payments	970.6	1,017.6
Short-term and low value leases	46.3	-
Remuneration of auditors	5.9	4.3
Settlement of litigation	0.6	1.3
Other expenses	111.9	168.7
Finance expenses and fees	3.2	3.8
Ex-gratia expenses ⁸³	0.1	0.4
Total other operating expenses	2,965.0	3,057.6

Other operating expenses include cost of goods sold and the day-to-day running costs, including school requisites and maintenance costs, incurred in the normal operations of the Department. These items are recognised as an expense in the reporting period in which they are incurred.

Operating lease payments up until 30 June 2019 (including contingent rentals) have been included in the 'other expenses' line. These are recognised on a straight-line basis over the lease term, except where another systematic basis is

⁸³ Relates to ex-gratia payment made following the termination of a cleaning contract as part of the school cleaning reform program.

more representative of the time pattern of the benefits derived from the use of the leased asset. [AASB 117.33]

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- short-term leases – leases with a term less than 12 months
- low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (for example, variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

Note 4 Disaggregated financial information by output

Introduction

The Department is predominantly funded by accrual based Parliamentary appropriations for the provision of outputs. This section provides a description of the departmental outputs performed during the year ended 30 June 2020 along with the objectives of those outputs.

This section disaggregates income that enables the delivery of services (described in Note 2) by the output and records the allocation of expenses incurred (described in Note 3) also by outputs.

It also provides information on items administered in connection with these outputs, which do not form part of the controlled balances of the Department.

Judgement is required in allocating income and expenditure to specific outputs. For the period under review there were no amounts unallocated.

The distinction between controlled and administered items is drawn based on whether the Department has the ability to deploy the resources in question for its own benefit (controlled items) or whether it does so on behalf of the State (administered).

The Department remains accountable for transactions involving administered items, but it does not recognise these items in its financial statements.

Structure

4.1 Department outputs

4.1.1 Descriptions and objectives

4.1.2 Controlled income and expenses

4.1.3 Controlled assets and liabilities

4.2 Administered items

4.3 Restructuring of administrative arrangements

4.1 Department output

4.1.1 Descriptions and objectives

A description of departmental outputs achieved during the year ended 30 June 2020, and the objectives of these outputs are summarised below.

Strategy, review and regulation

The strategy, review and regulation output contributes to the Department's objectives by developing, planning and monitoring strategic policy settings across all stages of learning. It also includes inter-governmental negotiations as well as research, data and performance evaluations. This output group also supports regulation that ensures quality education and training is delivered and contributes to all the Department's objectives.

Early childhood development

The early childhood development output involves the provision of kindergarten and children's services. Services include the monitoring of education and care services and specialist services to improve access to kindergartens and disadvantaged children. This output provides early intervention and parenting support. It also includes a range of services and support for children with a developmental delay or disability and their families. This output group contribute towards providing and improving services to support all the Department's objectives of achievement, engagement, wellbeing and productivity.

School education

The school education output group consists of two outputs:

- i. the school education—primary output provides services to develop essential skills and learning experiences to engage young minds in the primary sector.
- ii. the school education—secondary output consolidates literacy and numeracy competencies including creative and critical thinking, as well as physical, social, emotional and intellectual development in adolescence. It also provides education services as well as varied pathways to further study or employment.

This output group contributes towards providing and improving services to support all the Department's objectives of achievement, engagement, wellbeing and productivity.

School education—primary

The school education—primary output provides education and associated services designed to improve the quality of learning of students in Prep to Year 6 in government and non-government schools. This output group also supports regulation that ensures quality education is delivered and contributes to all the Department's objectives of achievement, engagement, wellbeing and productivity.

School education—secondary

The school education—secondary output involves provision of education and support services designed to improve student learning, development and wellbeing in Year 7 to 12 in government and non-government schools. It also covers the provision of cross-sectoral services to improve the pathways to further education, training and employment. This output group also supports regulation that ensures quality education is delivered and contributes to all the Department's objectives of achievement, engagement, wellbeing and productivity.

Training, higher education and workforce development

The training, higher education and workforce development output supports Victorians to acquire skills Victorian industries and businesses need to grow or adjust. This output includes the functions of training system design and training services. It involves the development and implementation of strategies for accredited and pre-accredited vocational education and training through to adult community education. This output group contributes towards providing and improving services to support all the Department's objectives of achievement, engagement, wellbeing and productivity.

Support services delivery

The support services delivery output group primarily covers the Department's Schools and Regional Services group. It provides student welfare and support, student transport (excluding transport for special needs students) and health services. This output group contributes to providing and improving services to support all the Department's objectives of achievement, engagement, wellbeing and productivity.

Support for students with disabilities

The support for students with disabilities output group covers the program for students with disabilities, transport, welfare and support services for students with special needs. This output group contributes towards providing and improving services to support all the Department's objectives of achievement, engagement, wellbeing and productivity.

4.1.2 (a) Departmental outputs: Controlled income and expenses for the year ended 30 June 2020

	Strategy, review and regulation (\$m)	Early childhood develop- ment (\$m)	School education (\$m)	Higher educated and skills (\$m)	Support services delivery (\$m)	Support for students with disabil- ities (\$m)	Depart- mental total (\$m)
Income from transactions							
Output appropriations	116.3	648.8	10,745.1	1,841.2	401.6	1,134.5	14,887.5
Special appropriations	-	-	4.4	-	-	3.6	8.0
Grants	-	1.1	118.0	17.4	-	-	136.5
Sales of goods and services	-	-	279.9	-	0.2	-	280.1
Other income	-	-	405.6	0.1	-	0.1	405.8
Total income from transactions	116.3	649.9	11,553.0	1,858.7	401.8	1,138.2	15,717.9
Expenses from transactions							
Employee expenses	(62.3)	(66.4)	(6,186.5)	(57.2)	(223.9)	(905.6)	(7,501.9)
Interest expense	-	-	(30.3)	-	-	-	(30.3)
Depreciation and amortisation	(7.3)	(9.4)	(401.2)	(4.4)	(3.0)	(18.9)	(444.2)
Grants and other payments	(26.2)	(4.5)	(1,011.8)	(1,051.8)	(112.9)	(5.7)	(2,212.9)
Capital asset charge	(0.7)	(14.5)	(1,662.3)	(216.7)	(0.3)	(69.3)	(1,963.8)
Other operating expenses	(19.8)	(555.1)	(1,686.4)	(503.3)	(61.7)	(138.7)	(2,965.0)
Total expenses from transactions	(116.3)	(649.9)	(10,978.5)	(1,833.4)	(401.8)	(1,138.2)	(15,118.1)
Net result from transactions (net operating balance)	-	-	574.5	25.3	-	-	599.8
Other economic flows included in net results							
Net gain/(loss) on non-financial assets	-	-	(3.2)	-	-	(0.3)	(3.5)
Net gain/(loss) on financial instruments	-	-	-	-	-	-	-
Other gains/(losses) from other economic flows	(0.3)	(0.3)	(29.4)	(0.3)	(1.1)	(4.3)	(35.7)
Total other economic flows included in net result	(0.3)	(0.3)	(32.6)	(0.3)	(1.1)	(4.6)	(39.2)
Net result	(0.3)	(0.3)	541.9	25.0	(1.1)	(4.6)	560.6
Other economic flows—other comprehensive income							
Changes in physical asset revaluation surplus	-	-	(7.2)	-	-	(0.7)	(7.9)
Total other economic flows—other comprehensive income	-	-	(7.2)	-	-	(0.7)	(7.9)
Comprehensive result	(0.3)	(0.3)	534.7	25.0	(1.1)	(5.3)	552.7

4.1.2 (b) Departmental outputs: Controlled income and expenses for the year ended 30 June 2019

	Strategy, review and regulation (\$m)	Early childhood development (\$m)	School education (\$m)	Higher educated and skills (\$m)	Support services delivery (\$m)	Support for students with disabilities (\$m)	Departmental total (\$m)
Income from transactions							
Output appropriations	118.6	648.6	9,743.8	1,829.9	383.5	1,091.3	13,815.7
Special appropriations	-	-	0.1	-	-	0.4	0.5
Grants	0.2	1.4	178.9	2.2	2.6	-	185.3
Sales of goods and services	-	0.1	375.0	0.3	1.1	0.9	377.4
Other income	-	-	363.7	0.1	0.5	0.1	364.4
Total income from transactions	118.8	650.1	10,661.5	1,832.5	387.7	1,092.7	14,743.3
Expenses from transactions							
Employee expenses	(68.6)	(43.0)	(5,701.2)	(61.0)	(243.5)	(855.1)	(6,972.4)
Depreciation and amortisation	(8.1)	(6.4)	(366.7)	(4.8)	(2.6)	(16.4)	(405.0)
Grants and other payments	(21.8)	(32.1)	(919.9)	(907.5)	(94.7)	(34.4)	(2,010.4)
Capital asset charge	(0.7)	(11.3)	(1,315.0)	(216.7)	(0.2)	(54.8)	(1,598.6)
Other operating expenses	(19.6)	(557.3)	(1,762.7)	(568.8)	(46.7)	(131.9)	(3,087.1)
Total expenses from transactions	(118.8)	(650.1)	(10,065.6)	(1,758.7)	(387.7)	(1,092.6)	(14,073.5)
Net result from transactions (net operating balance)	-	-	595.9	73.8	-	0.1	669.8
Other economic flows included in net results							
Net gain/(loss) on non-financial assets	-	-	(1.8)	-	-	(0.2)	(2.0)
Net gain/(loss) on financial instruments	-	-	(7.6)	-	-	-	(7.6)
Other gains/(losses) from other economic flows	(0.9)	(0.5)	(72.3)	(0.8)	(3.1)	(10.9)	(88.5)
Total other economic flows included in net result	(0.9)	(0.5)	(81.7)	(0.8)	(3.1)	(11.1)	(98.1)
Net result	(0.9)	(0.5)	514.2	73.0	(3.1)	(11.0)	571.7
Other economic flows—other comprehensive income							
Changes in physical asset revaluation surplus	-	-	(1,468.8)	-	17.6	81.5	(1,369.7)
Total other economic flows—other comprehensive income	-	-	(1,468.8)	-	17.6	81.5	(1,369.7)
Comprehensive result	(0.9)	(0.5)	(954.6)	73.0	14.5	70.5	(798.0)

4.1.3 (a) Departmental outputs: Controlled assets and liabilities as at 30 June 2020

	Strategy, review and regulation (\$m)	Early childhood development (\$m)	School education (\$m)	Higher educated and skills (\$m)	Support services delivery (\$m)	Support for students with disabilities (\$m)	Departmental total (\$m)
Assets							
Financial assets	23.4	89.7	3,081.3	260.0	117.5	327.5	3,899.4
Non-financial assets	12.6	188.0	22,799.4	7.2	142.2	2,180.1	25,329.5
Total assets	36.0	277.7	25,880.7	267.2	259.7	2,507.6	29,228.9
Liabilities							
Liabilities	26.0	36.5	2,711.0	123.2	101.9	356.9	3,355.5
Total Liabilities	26.0	36.5	2,711.0	123.2	101.9	356.9	3,355.5
Net assets (liabilities)	10.0	241.2	23,169.7	144.0	157.8	2,150.7	25,873.4

4.1.3 (b) Departmental outputs: Controlled assets and liabilities as at 30 June 2019

	Strategy, review and regulation (\$m)	Early childhood development (\$m)	School education (\$m)	Higher educated and skills (\$m)	Support services delivery (\$m)	Support for students with disabilities (\$m)	Departmental total (\$m)
Assets							
Financial assets	23.9	92.2	2,781.5	277.6	110.6	308.1	3,593.9
Non-financial assets	14.4	186.7	21,638.0	8.0	137.6	2,268.4	24,253.0
Total assets	38.3	278.9	24,419.5	285.6	248.2	2,576.5	27,846.8
Liabilities							
Liabilities	27.1	28.3	2,425.5	109.3	102.7	329.0	3,022.0
Total Liabilities	27.1	28.3	2,425.5	109.3	102.7	329.0	3,022.0
Net assets (liabilities)	11.2	250.6	21,994.0	176.3	145.5	2,247.5	24,824.8

4.2 Administered (non-controlled) items

All the Department's administered activities relate to school education output. The distinction between controlled and administered items is drawn based on whether the Department can deploy the resources in question for its own benefit (controlled items) or whether it does so on behalf of the State (administered). The Department remains accountable for transactions involving administered items, but it does not recognise these items in its financial statements.

	Departmental Total	
	2020 (\$m)	2019 (\$m)
Administered income from transactions		
Sales of goods and services	90.2	85.3
Commonwealth on-passing to non-government schools		
<i>General recurrent grants</i>	3,732.7	3,383.7
<i>Other</i>	65.8	55.2
Other income	11.5	13.2
Total administered income from transactions	3,900.2	3,537.4
Administered expenses from transactions		
Commonwealth on-passing to non-government schools		
<i>General recurrent grants</i>	(3,732.7)	(3,383.7)
<i>Other</i>	(64.2)	(55.1)
Other	(1.0)	(1.3)
Administered paid to consolidated fund	(34.2)	(67.7)
Total administered expenses from transactions	(3,832.1)	(3,507.8)
Total administered net result from transactions (net operating balance)	68.1	29.6
Administered other economic flows included in the administered net result		
Net gain/(loss) on non-financial assets	(48.8)	(38.7)
Total administered other economic flows	(48.8)	(38.7)
Administered net result	19.3	(9.1)
Total administered comprehensive result	19.3	(9.1)
Administered financial assets		
Cash and deposit	1.3	1.3
Receivables	36.0	16.8
Total administered assets	37.3	18.1

Administered income includes Commonwealth on-passing grants, fees and the proceeds from the sale of administered surplus land and buildings. Administered expenses includes payments made on behalf of the State and payments into the consolidated fund. Administered assets include government income earned but yet to be collected. Administered liabilities include government expenses incurred but yet to be paid.

The implementation of AASB 15 *Revenue* and AASB 1058 *Income of Not-for-Profit Entities* has resulted in the 'other income' category' being disaggregated and separately reported across two categories under 'sales of goods and services' and 'other income' to better meet definitional requirements.

Except as otherwise disclosed, administered resources are accounted for on an accrual basis using the same accounting policies adopted for recognition of the departmental items in the financial statements. Both controlled and administered items of the Department are consolidated into the financial statements of the State.

Commonwealth on-passing grants

The Department's administered grants mainly comprise of funds provided by the Commonwealth to assist the State Government in meeting general or specific service delivery obligations and mainly reflect payments to the non-government schools sector. These grants are distributed to the recipients for operational and capital purposes.

Note 5

Key assets available to support output delivery

<p>Introduction</p> <p>The Department controls infrastructure that is utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Department to be utilised for delivery of those outputs.</p> <p>Where the assets included in this section are carried at fair value, additional information is disclosed in Note 8.2 in connection with how those fair values were determined.</p>	<p>Structure</p> <p>5.1 Property, plant and equipment: carrying amount</p> <p>5.1(a) Total right-of-use assets: buildings, plant, equipment and vehicles.</p> <p>5.1.1 Depreciation and amortisation</p> <p>5.1.2 Reconciliation of movements in carrying value of property, plant and equipment</p> <p>5.2 Intangible assets</p> <p>5.3 Other financial assets</p> <p>5.3.1 Ageing analysis of other financial assets</p>
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5.1 Property, plant and equipment – education function

Property, plant and equipment are classified primarily by the purpose for which the assets are used according to one of ten 'functional groups' in the Classifications of the Functions of Government (COFOG). The Department's assets are reported under the 'Education' COFOG.

All assets within a purpose group are further sub-categorised according to the asset's 'nature'. For example, under the buildings or plant and equipment categories, with each sub-category being classified as a separate class of asset for financial reporting purposes.

	2020 (\$m)	2019 (\$m)
Land		
At fair value	10,869.9	10,718.0
Buildings		
At fair value	13,205.6	12,118.5
Less accumulated depreciation	(696.4)	(343.3)
Total buildings	12,509.2	11,775.2
Heritage buildings		
At fair value	104.5	104.5
Less accumulated depreciation	(8.0)	(4.0)
Total heritage buildings	96.5	100.6
Leasehold buildings		
At fair value	601.2	526.2
Less accumulated depreciation	(26.5)	(9.8)
Total leasehold buildings	574.7	516.4
Leasehold improvements		
At fair value	26.0	31.8
Less accumulated depreciation	(13.6)	(10.2)
Total leasehold improvements	12.4	21.6
Plant and equipment		
At fair value	596.5	651.7
Less accumulated depreciation	(488.6)	(547.0)
Total plant and equipment	107.9	104.7
Work in progress		
Buildings at cost	1,072.0	904.8
Plant and equipment at cost	11.4	9.4
Total work in progress	1,083.4	914.3
Total property, plant and equipment	25,254.0	24,150.7

The following tables are subsets of buildings, and, plant and equipment by right-of-use assets.

5.1 (a) Total right-of-use assets: buildings, plant, equipment and vehicles.

	Gross carrying amount 2020 (\$m)	Accumulated depreciation 2020 (\$m)	Net carrying amount 2020 (\$m)
Leasehold buildings at fair value	601.2	(26.5)	574.7
Plant and equipment at fair value	43.4	(13.8)	29.6
Net carrying amount	644.6	(40.3)	604.3

	Leasehold buildings 2020 (\$m)	Plant and equipment 2020 (\$m)	Total 2020 (\$m)
Opening balance	754.3	31.2	785.5
Additions	8.3	5.7	14.0
Lease modifications	-	-	-
Disposals ⁸⁴	(161.4)	(2.9)	(164.3)
Impairment	-	-	-
Depreciation	(26.5)	(4.4)	(30.9)
Closing balance	574.7	29.6	604.3
			-
Total as at 30 June represented by			-
Gross book value	601.2	43.4	644.6
Accumulated depreciation and impairment	(26.5)	(13.8)	(40.3)
Total as at 30 June	574.7	29.6	604.3

⁸⁴ Includes transfers. In October 2019, the Department transferred the right-of-use asset to the Department of Treasury and Finance Shared Service Provider. Details of the transfer are included in Note 7.2 Leases

Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement

The Department recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Right-of-use asset – Subsequent measurement

The Department depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation as required by FRD 103H however as at 30 June 2020 right-of-use assets have not been revalued. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability

Certain assets are acquired under leases which may form part of a service concession arrangement (i.e. Public Private Partnership (PPP)). Refer to Notes 7.2 Leases and 7.5 Commitments for expenditure for more information.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 8.2.

Property, plant and equipment – Subsequent measurement

Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised below by asset category.

Land and specialised buildings

Specialised land

Specialised land has no feasible alternative use because it is restricted to only provide education services to the community. There is no observable market value as a community service obligation (CSO) is applied.

Non-specialised land

Non-specialised land is valued using the market approach, whereby assets are compared to recent comparable assets or sales of comparable assets that are considered to have nominal value.

To the extent that non-specialised land does not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Specialised buildings

Specialised buildings are buildings designed for a specific limited purpose. These buildings include school sites and heritage/historic properties owned by the Department.

Plant and equipment

Plant and equipment is capitalised when the individual asset value is \$5,000 or greater.

The fair value of plant and equipment is normally determined by reference to the asset's current replacement cost.

Leasehold improvements

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

Heritage buildings and Crown land

During the reporting period, the Department also held heritage buildings and other non-financial physical assets (including Crown land and infrastructure assets) that the Department intends to preserve because of their unique historical, cultural or environmental attributes.

The fair value of some heritage assets may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials. In addition, as there are limitations and restrictions imposed on those assets use and/or disposal, they may impact the fair value of those assets, and are taken into account when the fair value is determined.

5.1.1 Depreciation and amortisation

	2020 (\$m)	2019 (\$m)
Depreciation and amortisation		
Property, plant and equipment		
Buildings	360.9	347.6
Leasehold buildings	26.6	9.8
Leasehold improvements	10.0	2.1
Plant and equipment	31.8	30.5
Software	14.9	15.0
Total depreciation and amortisation	444.2	405.0

Depreciation and amortisation

All buildings, heritage buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases and assets held-for-sale) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments are made where appropriate.

Right-of use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the Department obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

The following are estimated useful lives for the different asset classes for both current and prior years.

Asset class	Useful life years
Buildings	10–60
Heritage buildings	40–60
Leasehold buildings	60
Leasehold improvements	3–10
Plant and equipment (including vehicles leased assets)	3–10
Software	3–10

Depreciation is not recognised for land assets as their service potential has not, in any material sense, been consumed during the reporting period. Land is considered to have an indefinite life.

Where items of buildings have separately identifiable components that have materially different useful lives and subject to regular replacement, those components are assigned useful lives distinct from the item of buildings to which they relate. For the Department, identifiable components include different building materials and structures such as an annex or a wing and landscaping for each site. These components are then depreciated separately in accordance with useful life of assets. The useful lives for these items are between 10 and 60 years.

Intangible produced assets with finite useful lives, for example capitalised software development costs (software), are amortised as an expense from transactions on a systematic (straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Impairment of non-financial assets

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an "other economic flow", except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount is increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of current replacement cost and fair value less costs to sell.

During the reporting period, the Department assessed the impact of the COVID-19 pandemic to gauge whether there is an indication that its non-financial assets were impaired. The Department has determined there was no indication the COVID-19 pandemic has impaired its non-financial assets. This is primarily due to the carrying amount of the Department's non-financial assets, which are measured using the current replacement cost basis in the fair value measurement of its assets. This basis is not dependent on the assets' expected future cash flows. The annual fair value assessment for land includes the use of the land indices published by Valuer-General Victoria (VGV) as per the requirements of FRD 103H *Non-Financial Physical Assets*. As these indices reflect market conditions up to 31 March 2020, the full impact of COVID-19 across the reporting period could not be incorporated. Therefore, there is a degree of uncertainty around the reliance of these indices.

5.1.2 Reconciliation of movements in carrying amount of property, plant and equipment

2020	Land (\$m)	Buildings (\$m)	Heritage buildings (\$m)	Leasehold buildings (\$m)	Leasehold improvements (\$m)	Plant and equipment (\$m)	Work in progress (\$m)	Total (\$m)
Opening balance	10,718.0	11,775.2	100.6	516.4	21.6	104.8	914.3	24,150.7
Recognition of right-of-use assets on initial application of AASB 16	-	-	-	238.0	-	-	-	238.0
Prior year adjustments	-	-	-	-	-	-	-	-
Adjusted balance at 1 July 2019	10,718.0	11,775.2	100.6	754.4	21.6	104.8	914.3	24,388.9
Additions	139.1	17.0	-	8.3	-	37.4	1,311.1	1,512.9
Fair value of assets received free of charge or for nominal considerations	15.0	-	-	-	-	-	-	15.0
Transfers to completed assets	-	1,134.7	-	-	4.8	2.5	(1,142.0)	-
Disposals ⁸⁵	(2.0)	(51.1)	-	(161.4)	(5.9)	(5.2)	-	(225.6)
Revaluation increments/(decrements)	-	(8.2)	-	-	1.9	-	-	(6.3)
Impairment	-	(1.6)	-	-	-	-	-	(1.6)
Transfer (to)/from assets held for sale	(0.2)	-	-	-	-	0.2	-	-
Depreciation	-	(356.8)	(4.1)	(26.6)	(10.0)	(31.8)	-	(429.3)
Closing balance	10,869.9	12,509.2	96.5	574.7	12.4	107.9	1,083.4	25,254.0
2019	Land (\$m)	Buildings (\$m)	Heritage buildings (\$m)	Leasehold buildings (\$m)	Leasehold improvements (\$m)	Plant and equipment (\$m)	Work in progress (\$m)	Total (\$m)
Opening balance	11,895.4	11,033.0	104.5	526.2	6.4	96.0	808.0	24,469.5
Prior year adjustments	-	-	-	-	-	-	-	-
Additions	203.1	1.4	-	-	6.4	32.5	1,273.6	1,515.6
Fair value of assets received free of charge or for nominal considerations	-	-	-	-	-	-	-	-
Transfers to completed assets	-	1,144.5	-	-	11.6	11.1	(1,167.3)	-
Disposals	(0.5)	(57.4)	-	-	-	(4.4)	-	(62.3)
Revaluation increments/(decrements)	(1,366.4)	(2.5)	-	-	(0.8)	-	-	(1,369.7)
Impairment	-	-	-	-	-	-	-	-
Transfer (to)/from assets held for sale	(13.6)	(0.2)	-	-	-	0.1	-	(13.7)
Depreciation	-	(343.6)	(4.0)	(9.8)	(2.1)	(30.5)	-	(390.0)
Closing balance	10,718.0	11,775.2	100.6	516.4	21.6	104.8	914.3	24,150.7

⁸⁵ Includes transfers. In October 2019, the Department transferred the right-of-use asset to the Department of Treasury and Finance Shared Service Provider. Details of the transfer are included in Note 7.2 Leases

5.2 Intangible assets

2020	Software at cost (\$m)	Software work in progress (\$m)	Total (\$m)
Opening balance	171.1	14.4	185.5
Adjustment to opening balance	(0.1)	0.2	0.1
Additions	0.6	13.8	14.4
Disposals	(34.6)	-	(34.6)
Impairments	-	(0.2)	(0.2)
Transfers between classes	13.5	(13.5)	-
Closing balance	150.5	14.7	165.2
Accumulated amortisation			
Opening balance	(146.0)	-	(146.0)
Amortisation expense	(14.9)	-	(14.9)
Write back due to disposals	34.6	-	34.6
Closing balance	(126.3)	-	(126.3)
Net book value at end of financial year	24.2	14.7	38.9

2019	Software at cost (\$m)	Software work in progress (\$m)	Total (\$m)
Opening balance	165.9	15.8	181.7
Additions	0.8	7.5	8.3
Disposals	(0.8)	-	(0.8)
Impairments	(1.5)	(2.2)	(3.7)
Transfers between classes	6.7	(6.7)	-
Closing balance	171.1	14.4	185.5
Accumulated amortisation			
Opening balance	(132.2)	-	(132.2)
Amortisation expense	(15.0)	-	(15.0)
Write back due to disposals	1.2	-	1.2
Closing balance	(146.0)	-	(146.0)
Net book value at end of financial year	25.1	14.4	39.5

Intangible assets are initially recognised at cost. An intangible asset shall be recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised and measured at cost less accumulated amortisation and impairment. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Department.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- an intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

Intangible produced assets with finite useful lives are depreciated as an 'expense from transactions' on a straight-line basis over their useful lives. Intangible assets have useful lives of between 3 and 10 years.

Impairment of intangible assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 5.1.1. Consistent with Note 5.1.1, the Department determined there is no indication the COVID-19 pandemic has resulted in its intangible assets being impaired, as the assets are measured at cost subsequent to its initial recognition.

5.3 Other financial assets

	2020 (\$m)	2019 (\$m)
Term deposits held by schools	2.8	16.0

Amounts held by schools with a maturity of three months or more are disclosed as 'Other financial assets'.

5.3.1 Ageing analysis of other financial assets

			Past due but not impaired			
2020	Carrying amount (\$m)	Not past due and not impaired (\$m)	Less than 1 month (\$m)	1-3 months (\$m)	3 months - 1 year (\$m)	Over 1-year (\$m)
Term deposits	2.8	2.8	-	-	-	-
Total	2.8	2.8	-	-	-	-

			Past due but not impaired			
2019	Carrying amount (\$m)	Not past due and not impaired (\$m)	Less than 1 month (\$m)	1-3 months (\$m)	3 months - 1 year (\$m)	Over 1-year (\$m)
Term deposits	16.0	16.0	-	-	-	-
Total	16.0	16.0	-	-	-	-

Note 6 Other assets and liabilities

Introduction	Structure
This section sets out those assets and liabilities that arose from the Department's operations.	6.1 Receivables and contract assets 6.1.1 Movement in the allowance for impairment losses of contractual receivables 6.2 Other non-financial assets 6.3 Payables and other liabilities 6.3.1 Ageing analysis of contractual payables 6.3.2 Deferred capital grant revenue 6.3.3 Other liabilities

6.1 Receivables

	2020 (\$m)	2019 (\$m)
Current receivables		
Statutory		
Amounts owing from Victorian Government	1,865.4	1,859.4
GST receivables	89.5	77.0
Total	1,954.9	1,936.4
Contractual		
Other debtors ^{86,87}	68.2	129.3
Loan receivables	1.0	22.1
Total	69.2	151.3
Allowance for impairment of losses of contractual receivables	(43.0)	(43.2)
Total current receivables	1,981.1	2,044.5
Non-current receivables		
Statutory		
Amounts owing from Victorian Government	302.9	256.6
Contractual		
Loan receivables	55.4	42.3
Total non-current receivables	358.3	298.9

⁸⁶ The average credit period on sales of goods and services is 30 days. No interest is charged on other receivables for the first 30 days from the date of the invoice. An allowance has been made for estimated irrecoverable amounts from the sale of goods debtors when there is objective evidence that an individual receivable is impaired. The increase/decrease was recognised in the operating result for the current financial year.

⁸⁷ The balance disclosed represents debtors for the Department only and excludes schools. The Department cannot confirm the existence and collectability of school debtors and unearned income as there is inadequate supporting documentation. The Department has not recognised on the balance sheet any amounts that may be collectable, or services that the Department is obliged to provide.

Receivables consist of:

- statutory receivables, which include amounts owing from the Victorian Government and GST input tax credits recoverable
- contractual receivables, which include mainly debtors in relation to goods and services and loans to third parties.

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method less any impairment.

Statutory receivables are recognised and measured similarly to contractual receivables. The Department applies AASB 9 for initial measurement of the statutory receivables and as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the consolidated fund as the commitments fall due.

Details about the Department's impairment policies and the calculation of the loss allowance are set out in note 8.1.1.

6.1.1 Movement in the allowance for impairment losses of contractual receivables

	2020 (\$m)	2019 (\$m)
Balance at the beginning of the year	(43.2)	(42.7)
Reversal of unused provision recognised in the net result	2.9	2.1
Increase in provision recognised in the net result	(2.7)	(9.8)
Reversal of provision of receivables written off during the year as uncollectable	-	7.2
Balance at end of the year	(43.0)	(43.2)

AASB 9 requires that receivables are assessed for expected credit losses on a regular basis. Provision for impairment is recognised when there is objective evidence that the Department will not be able to collect a receivable. Receivables are written off against the carrying amount when there is no reasonable expectation of recovery.

There is no evidence the COVID-19 pandemic had an impact on the Department's ability to collect its receivables.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as an 'allowance for impairment loss'.

6.2 Other non-financial assets

	2020 (\$m)	2019 (\$m)
Prepayments	26.9	26.8
Non-financial assets held for sale	5.9	14.2
Other	3.8	21.7
Total other non-financial assets	36.6	62.7

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period, and land pending settlement.

Non-financial assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when the:

- asset is available for immediate sale in the current condition
- sale is highly probable; the asset is actively marketed, and the asset's sale is expected to be completed within 12 months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs to sell and are not subject to depreciation or amortisation.

6.3 Payables and other liabilities

	2020 (\$m)	2019 (\$m)
Current payables		
Contractual		
Salaries, wages and on-costs	201.5	133.1
Accrued grants and transfer payments	113.6	124.1
Deferred capital grant revenue	12.0	-
Other accruals	10.2	9.2
Schools creditors	11.1	16.2
Capital expenditure	217.2	171.1
Operating expenditure	219.8	217.6
Total	785.4	671.3
Statutory		
Taxes payable	28.6	24.8
Advance from Public Account	50.1	41.1
Total	78.7	65.9
Total current payables	864.1	737.2
Total payables	864.1	737.2

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services

provided to the Department prior to the end of the financial year that are unpaid

- statutory payables, such as GST and fringe benefits tax, are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

6.3.1 Ageing analysis of contractual payables

2020			Maturity Dates				
	Carrying amount (\$m)	Nominal amount (\$m)	Less than 1 month (\$m)	1-3 months (\$m)	3 months-1 year (\$m)	1-5 years (\$m)	>5 years (\$m)
Payables	785.4	785.4	768.7	2.2	12.4	0.9	1.2
Total	785.4	785.4	768.7	2.2	12.4	0.9	1.2

2019			Maturity Dates				
	Carrying amount (\$m)	Nominal amount (\$m)	Less than 1 month (\$m)	1-3 months (\$m)	3 months-1 year (\$m)	1-5 years (\$m)	>5 years (\$m)
Payables	671.3	671.3	635.6	4.9	0.3	29.5	1.0
Total	671.3	671.3	635.6	4.9	0.3	29.5	1.0

6.3.2 Deferred capital grant revenue

	2020 (\$m)
Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year	-
Grant consideration for capital works received during the year	107.8
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	(95.8)
Closing balance of deferred grant consideration received for capital works	12.0

Grant consideration from the Growth Areas Infrastructure Contribution (GAIC) Fund, Major Transport Infrastructure Authority, and Department of Jobs Precincts and Regions received during the year was utilised for land acquisition, construction of new schools and school upgrades.

Due to the first-time adoption of AASB 1058 *Income of Not-for-Profit Entities* in 2019–20, the department has deferred recognition of a portion of the grant consideration as a liability for outstanding works. The deferred amounts relate mainly to grants received in June 2020 from Major Transport Infrastructure Authority for construction of Greensborough Secondary College outdoor sporting facility. The construction of the sporting facility commenced in June 2020 and the department expects to recognise all of the remaining grant revenue for capital works in the following year. Grant revenue is recognised when the Department reaches settlement on land sites or is progressively recognised as the new school or upgrade is constructed, as this is the time when the Department satisfies its obligations under the grant transfer (see note 2.4.1).

6.3.3 Other Liabilities

	2020 (\$m)	2019 (\$m)
Contract liabilities	76.0	83.7
Other liabilities	3.3	1.1
Total other liabilities	79.3	84.8

Contract liabilities relate to consideration received in advance from International students. This mainly reflects a timing difference as annual school fees are generally collected upfront at the beginning of the school year. The balance at 30 June mainly reflects education services expected to be delivered in the second half of the school calendar year. The implementation of AASB 15 has resulted in the reclassification of 'unearned income' to 'contract liabilities'.

The transaction price allocated to the remaining performance obligations relates to fees paid for future periods.

Note 7 Financing our operations

Introduction	Structure
<p>This section provides information on the sources of finance utilised by the Department during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Department.</p> <p>This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 8.1 provides additional, specific financial instrument disclosures.</p>	<p>7.1 Borrowings</p> <p>7.1.1 (a) Maturity analysis of borrowings</p> <p>7.1.1 (b) Interest expense</p> <p>7.2 Leases</p> <p>7.2.1 (a) Right-of-use assets</p> <p>7.2.1 (b) Amounts recognised in the Comprehensive Operating Statement</p> <p>7.2.1 (c) Amounts recognised in the Cash Flow Statement</p> <p>7.2.1 (d) Lease liabilities – Department as lessee</p> <p>7.3 Cash flow information and balances</p> <p>7.3.1 Reconciliation of net results for the period to cash flow from operating activities</p> <p>7.4 Trust account balances</p> <p>7.5 Commitments for expenditure</p> <p>7.5.1 Total commitments payable</p> <p>7.5.2 Public Private Partnership commitments</p> <p>7.5.3 Commitments other than Public Private Partnerships</p>

7.1 Borrowings

	2020 (\$m)	2019 (\$m)
Current borrowings		
Lease liabilities ⁸⁸		
PPP related lease liabilities	43.9	40.1
Non-PPP related lease liabilities (2019: Finance Lease)	8.7	5.8
Advance from public account ⁸⁹	13.2	17.6
Other current borrowings ⁹⁰	0.9	1.2
Total current borrowings	66.7	64.7
Non-current borrowings		
Lease liabilities ⁸⁸		
PPP related lease liabilities	508.1	462.7
Non-PPP related lease liabilities (2019: Finance Lease)	9.3	6.5
Advance from public account ⁸⁹	21.7	20.6
Other non-current borrowings ⁹⁰	3.0	4.1
Total non-current borrowings	542.1	493.9
Total borrowings	608.8	558.6

⁸⁸ Secured by the assets leased. Leases liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

⁸⁹ These are unsecured loans which bear no interest. The terms of the loans are generally agreed by the Treasurer at the time the advance was provided.

⁹⁰ Other borrowings are made up of co-operative loans in schools.

'Borrowings' refer to interest bearing liabilities mainly raised from leases and other interest-bearing arrangements.

Borrowings are classified as financial instruments. All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Department has categorised its interest-bearing liabilities as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest-bearing liabilities. The Department determines the classification of its interest-bearing liabilities at initial recognition.

7.1.1(a) Maturity analysis of borrowings

			Maturity Dates				
2020	Carrying amount (\$m)	Nominal amount (\$m)	Less than 1 month (\$m)	1-3 months (\$m)	3 months-1 year (\$m)	1-5 years (\$m)	>5 years (\$m)
Borrowings	608.8	1,014.5	1.3	13.3	54.6	220.4	724.9
Total	608.8	1,014.5	1.3	13.3	54.6	220.4	724.9

			Maturity Dates				
2019	Carrying amount (\$m)	Nominal amount (\$m)	Less than 1 month (\$m)	1-3 months (\$m)	3 months-1 year (\$m)	1-5 years (\$m)	>5 years (\$m)
Borrowings	558.6	916.7	1.1	7.1	53.9	194.6	660.0
Total	558.6	916.7	1.1	7.1	53.9	194.6	660.0

7.1.1(b) Interest expense

	2020 (\$m)	2019 (\$m)
Interest on leases liabilities	30.3	29.5
Total interest expense	30.3	29.5

7.2 Leases

Information about leases for which the Department is a lessee is presented below.

The Department's leasing activities

The Department leases various properties, office and IT equipment, and motor vehicles. The lease contracts are typically for fixed periods of 1-10 years. The Department does not have a contractual option to purchase the leased assets at the end of the lease term. Lease payments are renegotiated every three years to reflect market rentals.

The Department leases office and IT equipment with contract terms of 1–3 years. These leases are short-term and/or leases of low value items. The Department has elected not to recognise right-of-use assets and lease liabilities for these leases.

At 30 June 2020, the Department was committed to short term and low value leases and the total commitment at that date was \$46m.

Leases at significantly below-market terms and conditions

The Department entered into numerous leases for the use of facilities to provide a wide range of educational and community services. These leases are typically long-term arrangements for up to 35 years with lease payments of \$1 per annum if demanded. The leased premises are used by the Department to primarily provide teaching of specialist programs, community use such as church grounds, childcare and early learning centres, and playground for out of school hours. These leases are a small portion of similar assets the Department uses for the purpose of providing educational and community services and therefore does not have a significant impact on the Department's operation. Right-of-use assets associated with this arrangement are measured at cost, consistent with temporary relief for non-for-profit entities from 1 July 2019 under amendments to AASB 16 and FRD 123.

7.2.1 (a) Right-of-use Assets

Right-of-use assets are presented in note 5.1(a).

7.2.1 (b) Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2020 (\$m)
Interest expense on lease liabilities	30.3
Expenses relating to short term and low value leases	46.3
Total amount recognised in the statement of comprehensive statement	76.6

7.2.1 (c) Amounts recognised in the Cash Flow Statement

The following amounts are recognised in the of Cash Flow Statement for the year ending 30 June 2020 relating to leases.

	2020 (\$m)
Total cash outflow for leases	(104.2)

For new contracts entered into on or changed, on or after 1 July 2019, the Department considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. The Department applies the leases definition by assessing whether the contract meets the following three key factors of whether:

- the contract contains an identified asset either explicitly identified in the contract or implicitly specified at the time the asset is made available to the Department, and for which the supplier does not have substantive substitution rights
- the Department has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, taking into consideration the department's rights within the defined scope of the contract and the whether the Department has the right to direct the use of the identified asset throughout the period of use
- the Department has the right to make decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

In October 2019, the Department agreed to centralised accommodation management services with the Department of Treasury and Finance Shared Service Provider (SSP). Following this agreement, the right-of-use asset and lease liability recognised for the accommodation leases at that date were de-recognised and transferred to SSP as a transfer through equity, in accordance with the requirements of FRD 119A *Transfers through contributed capital*. From November 2019, accommodation has been recognised as an expense (Note 3.4 Other operating expenses) and the commitment for the service payments recognised in Note 7.5.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the department as a lessee identifies lease and non-lease components in the lease contract. Non-lease components are separately accounted for and the amounts are excluded from determining the lease liability and right-of-use asset amounts.

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Departments incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments)
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- payments arising from purchase and termination options reasonably certain to be exercised.

Short-term leases and leases of low value assets

The Department has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Below market/Peppercorn lease

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the Department to further its objectives, are initially and subsequently measured at cost.

These right-of-use assets are depreciated on a straight -line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability is reduced by payments made and increased by interest incurred. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is reduced to zero.

The Department, as a lessee, did not receive rent concessions for its leases during the COVID-19 pandemic, nor did the pandemic result in other factors that required the Department to remeasure its lease liabilities. Accordingly, the Department did not apply the practical expedient available under AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions*, which permit a lessee not to assess whether a rent concession meets the conditions of a lease modification that requires the remeasurement of the lease liability.

Presentation of right-of-use assets and lease liabilities

The Department presents right-of-use assets as 'property plant equipment' unless they meet the definition of an 'investment property', in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

Recognition and measurement of leases (under AASB 117 until 30 June 2019)

In the comparative period, leases of property, plant and equipment were classified as either finance leases or operating leases.

Leases of property, plant and equipment where the Department as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense,

which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Contingent rentals associated with finance leases are recognised as right of use asset from 1 July 2019 and depreciate over the remaining life of the finance lease terms.

7.2.1 (d) Lease liabilities – Department as lessee

	Minimum future lease payments		Present value of minimum future lease payments	
	2020 (\$m)	2019 (\$m)	2020 (\$m)	2019 (\$m)
PPP related lease liabilities				
Not longer than one year	46.0	41.5	43.9	40.1
Longer than one year but not longer than five years	189.1	166.1	155.6	139.1
Longer than five years	721.0	657.1	352.6	323.6
Non-PPP lease liabilities				
Not longer than one year	9.1	5.3	8.7	5.8
Longer than one year but not longer than five years	9.2	8.1	8.8	6.5
Longer than five years	1.4	-	0.4	-
Minimum future lease payments	975.8	878.1	570.0	515.1
Less future finance charges	(405.8)	(363.0)		
Present value of minimum lease payments	570.0	515.1	570.0	515.1
Included in the financial statements as:				
Current borrowings lease liabilities (Note 7.1)			52.6	45.9
Non-current borrowings lease liabilities (Note 7.1)			517.4	469.3
Total aggregate carrying amount of borrowings⁹¹			570.0	515.1

	2020 (\$m)	2019 (\$m)
Assets pledged as security		
Non-PPP leases (VicFleet and RoU leases)	12.5	12.7
Partnership Victoria in schools assets	528.1	548.0
Total assets pledged as security	540.6	560.7

The Department's leases comprise of PPP arrangements and motor vehicles.

The Department, as a lessee, did not receive rent concessions for its leases during the COVID-19 pandemic, nor was there evidence of other factors that required the Department to remeasure its lease liabilities.

⁹¹ Secured by the assets leased. Leases liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

PPP—Partnerships Victoria in schools

In December 2008, the State of Victoria entered into a 25-year agreement with Axiom Education Victoria Pty Ltd, under the Partnerships Victoria policy, for the financing, design, construction, and maintenance of 11 schools. The schools were constructed on sites that were purchased by the Department. At the end of the lease period, the Department will continue to own all the assets.

All 11 schools have been open since 2011 and the Department has assumed responsibility for education provision, staffing, curriculum and teacher practice, and a commitment in regard to these assets is recognised as a lease with related right-of-use assets.

In October 2015, the State of Victoria entered into a 25-year agreement with Learning Communities Victoria under the new schools PPP project. All 15 schools were delivered and opened over the 2017 and 2018 school years. Under the PPP model Learning Communities Victoria is responsible for the finance, design, construction and maintenance of the new schools over the 25-year contract period. The Department retains school ownership and responsibility for delivering educational services.

7.3 Cash flow information and balances

Cash and deposits comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

	2020 (\$m)	2019 (\$m)
Amounts held by schools	1,121.1	956.1
Bank accounts held in trust	423.1	269.5
Other bank accounts	13.0	8.9
Total cash and deposits	1,557.2	1,234.5

Amounts held by schools at the end of the financial year disclosed as 'Cash and deposits' include bank accounts and short-term deposits with a maturity of less than three months.

Due to the State of Victoria's investment policy and government funding arrangements, the Department generally does not hold a large cash reserve in its bank accounts. The Departmental operating bank accounts hold funds on behalf of trusts and for working accounts (Note 7.4).

Cash received by the Department from the generation of income is generally paid into the State's bank account, known as the public account. Similarly, any departmental expenditure, including those payments for goods and services to its suppliers and creditors, are made via the public account. The process is such that, the public account remits to the Department the cash required to cover its transactions. This remittance by the public account occurs upon the electronic transfer of funds and the presentation of the cheques by the Department's suppliers or creditors.

7.3.1 Reconciliation of net result for the period to cash flow from operating activities

	2020 (\$m)	2019 (\$m)
Net results for the reporting period	560.6	571.7
Non-cash movements		
Net (gain)/loss on sale of non-financial assets	3.5	2.0
Depreciation and amortisation	444.2	405.0
Assets received free of charge	(15.0)	-
Non-cash movements in assets liabilities		
Decrease/(increase) in current receivables	42.3	(150.6)
Decrease/(increase) in non-current receivables	(46.3)	(45.0)
Decrease/(increase) in other non-financial assets	(0.1)	1.8
Increase/(decrease) in current payables	71.6	75.9
Increase/(decrease) in other liabilities	(5.5)	17.6
Increase/(decrease) in current employee entitlements	123.5	117.1
Increase/(decrease) in non-current employee entitlements	41.5	51.6
Net cash inflow from/ (used in) operating activities	1,220.3	1,047.1

7.4 Trust account balances

The following is a listing of trust account balances relating to trust accounts controlled and/or administered by the Department.

2020	Opening balance as at 1 July 2019 (\$m)	Total receipts (\$m)	Total payments (\$m)	Closing balance as at 30 June 2020 (\$m)
Controlled trusts				
State treasury trust	57.3	67.7	(57.1)	67.9
Inter-departmental trust	202.9	139.5	(5.9)	336.5
Commonwealth treasury trust	9.2	36.5	(27.0)	18.7
Total controlled trusts	269.5	243.7	(90.0)	423.1
Administered trusts				
Prizes and scholarships	1.3	0.2	-	1.5
Commuter club	(0.2)	1.1	(1.0)	(0.1)
On-passing from the Commonwealth	0.6	3,798.4	(3,797.2)	1.8
Total administered trusts	1.7	3,799.7	(3,798.2)	3.2

2019	Opening balance as at 1 July 2018 (\$m)	Total receipts (\$m)	Total payments (\$m)	Closing balance as at 30 June 2019 (\$m)
Controlled trusts				
State treasury trust	58.7	92.0	(93.5)	57.3
Inter-departmental trust	43.1	163.9	(4.0)	202.9
Commonwealth treasury trust	29.1	35.4	(55.2)	9.2
Total controlled trusts	130.9	291.2	(152.7)	269.5
Administered trusts				
Prizes and scholarships	1.4	-	(0.1)	1.3
Commuter club	(0.2)	1.1	(1.1)	(0.2)
On-passing from the Commonwealth	0.6	3,438.9	(3,438.9)	0.6
Total administered trusts	1.8	3,440.0	(3,440.1)	1.7

There were no trust accounts opened or closed by the Department during 2020. The State treasury trust fund operates by virtue of Section 19 of the FM Act.

Trust accounts are used as the legal mechanism to record and access monies for specific, clearly identified purposes and are not funded by state appropriation unless approved by DTF or provided by specific alignment.

The Department has no new controlled trusts.

The Department has responsibility for transactions and balances relating to trust funds on behalf of third parties external to the Victorian Government. Funds managed on behalf of third parties are not recognised in these financial statements as they are managed on a fiduciary and custodial basis, and therefore not controlled by the Department.

7.5 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

7.5.1 Total commitments payable

2020	Less than 1 year (\$m)	Between 1-5 years (\$m)	Over 5 years (\$m)	Total (\$m)
PPP commitments	18.2	73.5	397.5	489.2
Capital expenditure commitments payable	622.1	66.3	-	688.4
Other commitments payable	1,105.8	454.5	149.5	1,709.8
Total commitments (inclusive of GST)	1,746.1	594.3	547.0	2,887.4
Less GST recoverable	152.3	49.3	38.9	240.5
Total commitments (exclusive of GST)	1,593.8	545.0	508.1	2,646.9

2019	Less than 1 year (\$m)	Between 1- 5 years (\$m)	Over 5 years (\$m)	Total (\$m)
PPP commitments	22.3	79.9	585.7	687.9
Capital expenditure commitments payable	465.7	18.4	-	484.1
Operating and lease commitments payable	31.8	60.3	31.9	124.0
Other commitments payable ⁹²	944.9	254.0	149.3	1,348.2
Total commitments (inclusive of GST)	1,464.7	412.5	766.9	2,644.2
Less GST recoverable	132.2	33.6	56.2	222.0
Total commitments (exclusive of GST)	1,332.5	378.9	710.7	2,422.2

7.5.2 Public Private Partnership commitments

The Department sometimes enters into arrangements with private sector participants, to design and construct or upgrade an asset used to provide public services. These arrangements are typically complex and usually include the provision of operational and maintenance services for a specified period of time. These arrangements are often referred to as either PPPs or service concession arrangements, where the PPPs meet the definition of a service concession asset under AASB 1059.

The Department's PPPs are not a service concession arrangement as defined in AASB 1059. The Department's PPPs involves paying the operator over the period of the arrangement, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset and components related to the ongoing operation and maintenance of the asset. The former component is accounted for as a lease payment. The remaining components are accounted for as commitments for operating costs, which are expensed in the comprehensive operating statement as they are incurred.

Commissioned public private partnership

Partnership Victoria in schools

The Department entered into a 25-year PPP arrangement through the Partnerships Victoria Project (PViS). The portions of the payments that relate to the right to use the assets are accounted for as finance leases and are disclosed in Note 7.2.1.

⁹² This includes the Department's occupancy agreement, with the Department of Treasury and Finance Shared Service Provider for office accommodation at enter accommodation details and other related services, including management fee, maintenance, electricity, etc. (add details specific to services being received by the Department.

The Department pays a base charge for delivery of contracted services (subject to the performance criteria set out in the agreement). The contract is amended to provide for additional services, such as an extension to the facilities, which are at the Department's discretion. The nominal amounts for the operating and maintenance commitment below represents the charges payable under the agreement at the end of the reporting period.

New Schools PPP

In October 2015, the State of Victoria entered into a 25-year agreement with Learning Communities Victoria under the new schools PPP project. The Department delivered and opened 15 schools over the 2017 and 2018 school years. Under the PPP model Learning Communities Victoria is responsible for the finance, design, construction and maintenance of the new schools over a 25-year period. The Department retains school ownership and responsibility for delivering educational services.

The total commitments for PPPs are as follows.

	Other commitments		Other commitments	
	Present value 2020 (\$m)	Nominal value 2020 (\$m)	Present value 2019 (\$m)	Nominal value 2019 (\$m)
Commissioned PPPs				
Partnerships Victoria in schools — Operations, maintenance and contingent rental commitments	97.9	231.8	163.0	375.3
New schools PPP	134.4	257.4	161.5	312.7
Total commitments for PPPs	232.3	489.2	324.5	688.0

7.5.3 Commitments other than Public Private Partnerships

	2020 nominal value (incl. GST) (\$m)	2019 nominal value (incl. GST) (\$m)
Capital expenditure commitments: Plant, buildings and equipment	688.4	484.1
Operating lease commitments	-	124.0
Other expenditure commitments	1,709.8	1,348.2
Total commitments other than PPPs	2,398.2	1,956.3

Capital commitments

Commitments for the acquisition of buildings, plant and equipment contracted for at the reporting date but not recognised as liabilities.

Other expenditure commitments

Other commitments include agreements entered into for provision of financial information technology and human resource services to the Department and grants to non-government schools.

Note 8 Risk, contingencies and valuation judgements

Introduction	Structure
The Department is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied.	<ul style="list-style-type: none">8.1 Financial instrument specific disclosures8.2 Fair value determination8.3 Contingent assets and liabilities<ul style="list-style-type: none">8.3.1 Contingent assets8.3.2 Contingent liabilities

8.1 Financial instrument specific disclosures

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Department's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Guarantees issued by the Treasurer on behalf of the Department are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Categories of financial instruments under AASB 9

Financial assets at amortised cost

Financial assets are measured at amortised cost if both the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Department to collect contractual cash flows
- the assets' contractual terms give rise to cash flows that are solely payments of principals and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest method, less any impairment.

This category includes cash and deposits, term deposits with maturity greater than three months and contractual receivables.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments

are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of the Department's payables and borrowings.

Impairment of financial assets under AASB 9

Subject to AASB 9 impairment assessment include the Department's contractual receivables.

Although not a financial asset, contract assets recognised applying AASB 15 are also subject to impairment however it is immaterial.

Contractual receivables at amortised cost

The Department applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Department has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected loss rate based on the Department's past history as well as forward looking estimates at the end of the financial year.

On this basis, the Department determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at the end of the financial year as follows:

30 June 2020			Past due but not impaired			
	Carrying amount (\$m)	Not past due and not impaired (\$m)	Less than 1 month (\$m)	1-3 months (\$m)	3 months -1 year (\$m)	Over 1 year (\$m)
Expected loss rate		31%	0%	0%	16%	39%
Receivables	124.6	7.5	5.7	2.3	9.0	100.1
Loss allowance	43.0	2.3	-	-	1.4	39.3

1 July 2019			Past due but not impaired			
	Carrying amount (\$m)	Not past due and not impaired (\$m)	Less than 1 month (\$m)	1-3 months (\$m)	3 months -1 year (\$m)	Over 1 year (\$m)
Expected loss rate	.	13%	0%	47%	11%	41%
Receivables	193.6	17.1	53.6	6.6	32.6	83.7
Loss allowance	43.2	2.1	0.1	3.1	3.7	34.2

The following table represent classifications of financial assets and liabilities under AASB 9.

2020	Cash and deposits (\$m)	Financial assets/liabilities designated at fair value through profit/ loss (FVTPL) (\$m)	Financial assets/liabilities mandatorily measured at fair value through profit/ loss (FVTPL) (\$m)	Financial assets/liabilities measured at fair value through other comprehensive income (FVOCI) (\$m)	Financial assets at amortised cost (AC) (\$m)	Financial liabilities at amortised cost (AC) (\$m)	Total (\$m)
Contractual financial assets:							
Cash and deposits - Department	436.1	-	-	-	-	-	436.1
Cash and deposits - Schools	1,121.1	-	-	-	-	-	1,121.1
Receivables	-	-	-	-	81.6	-	81.6
Term deposits	2.8	-	-	-	-	-	2.8
Total contractual financial assets	1,560.0	-	-	-	81.6	-	1,641.6
Contractual financial liabilities							
Payables	-	-	-	-	-	785.4	785.4
Borrowings	-	-	-	-	-	608.8	608.8
Total contractual financial liabilities	-	-	-	-	-	1,394.2	1,394.2
2019	Cash and deposits (\$m)	Financial assets/liabilities designated at fair value through profit/ loss (FVTPL) (\$m)	Financial assets/liabilities mandatorily measured at fair value through profit/ loss (FVTPL) (\$m)	Financial assets/liabilities measured at fair value through other comprehensive income (FVOCI) (\$m)	Financial assets at amortised cost (AC) (\$m)	Financial liabilities at amortised cost (AC) (\$m)	Total (\$m)
Contractual financial assets:							
Cash and deposits - Department	278.4	-	-	-	-	-	278.4
Cash and deposits - Schools	956.1	-	-	-	-	-	956.1
Receivables	-	-	-	-	150.4	-	150.4
Term deposits	16.0	-	-	-	-	-	16.0
Total contractual financial liabilities	1,250.5	-	-	-	150.4	-	1,400.9
Contractual financial liabilities							
Payables	-	-	-	-	-	671.3	671.3
Borrowings	-	-	-	-	-	558.6	558.6
Total contractual financial liabilities	-	-	-	-	-	1,229.9	1,229.9

8.2 Fair value determination

This section sets out information on how the Department determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- land, buildings, infrastructure, plant and equipment.

In addition, the fair value of other assets and liabilities which are carried at amortised cost, also need to be determined for disclosure purposes.

The Department determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Department determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value)
- which level of the fair value hierarchy was used to determine the fair value
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end, and
 - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (Note 8.2.1) and non-financial physical assets (Note 8.2.2).

8.2.1 Fair value determination of financial assets and liabilities

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- Level 1 – the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.
- Level 2 – the fair value is determined using inputs other than the quoted price that are observable for the financial asset or liability, either directly or indirectly.
- Level 3 the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Department considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The Department's contractual financial assets and liabilities are measured at amortised cost; none of the classes of financial assets and liabilities are readily traded on organised markets in standardised form; hence the fair value disclosures are not required.

8.2.2 Fair value determination: Non-financial physical assets

The Valuer-General Victoria is the Department's independent valuation agency.

The Department, in conjunction with the Valuer-General Victoria, monitors changes in the fair value of each asset through relevant data sources to determine whether revaluations are required. The recurring fair value measurements of non-financial physical assets, such as land and school buildings, are based on level 3 unobservable inputs due to the nature and characteristics of the school assets. School land assets are specialised assets where there is little or no observable market evidence of the market-selling price as a CSO is applied to such assets.

Fair value measurement hierarchy for assets as at 30 June 2020

2020	Fair value measurement at end of reporting period using:			
	Carrying amount as at 30 June 2020 (\$m)	Level 1 (\$m)	Level 2 (\$m)	Level 3 (\$m)
Land at fair value				
Land	10,869.9	-	928.1	9,941.8
Total land at fair value	10,869.9	-	928.1	9,941.8
Buildings at fair value				
Buildings	12,509.2	-	-	12,509.2
Total buildings at fair value	12,509.2	-	-	12,509.2
Heritage buildings at fair value				
Heritage buildings	96.5	-	-	96.5
Total heritage buildings at fair value	96.5	-	-	96.5
Leasehold improvements at cost				
Leasehold improvements	12.4	-	-	12.4
Total leasehold improvements at cost	12.4	-	-	12.4
Plant and equipment at fair value				
Plant and equipment	78.3	-	-	78.3
Total plant and equipment at fair value	78.3	-	-	78.3

Revaluations of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with FRD 103H non-financial physical assets, issued by the Assistant Treasurer. A full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Any interim revaluations are determined in accordance with the requirements of the FRD. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

In a non-revaluation year, land and buildings are measured at each reporting date by applying industry indices to the values to ensure there has been no material movement. Where there has been a material movement (more than 10 per cent), the fair value is adjusted accordingly. As these indices reflect market conditions up to 31 March 2020, the full impact of COVID-19 across the reporting period could not be incorporated. Therefore, there is a degree of uncertainty around the reliance of these indices.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'other economic flows—other comprehensive income' and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the

net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decrease is recognised in 'other economic flows—other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'other economic flows—other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. The asset revaluation surplus is not transferred to accumulated funds on de-recognition of the relevant asset.

Land

The market approach is used for specialised land, although is adjusted for the CSO to reflect the specialised nature of the land being valued.

The CSO is an adjustment for the difference in value between unrestricted assets (e.g. freehold land) and assets held by the public sector, taking into account any legal, financial or physical restrictions imposed on the use or sale of the assets. As adjustments of CSO are considered as significant unobservable inputs, specialised land is classified as Level 3 assets.

An independent valuation of the Department's specialised land was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2018.

Non-specialised land is valued using the market approach, whereby assets are compared to recent comparable assets or sales of comparable assets that are considered to have nominal value. To the extent that non-specialised land does not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Buildings

The valuations are undertaken by the Valuer-General Victoria in accordance with the Department's policies. School buildings are specialised assets that are restricted to primarily providing education services, with some ancillary community services also provided. As such, there is generally little or no observable market-based evidence for determining the fair value of such assets. Accordingly, school buildings and other improvements are valued under the Current Replacement Cost (CRC) method which represents the highest and best use under AASB 13 *Fair Value Measurement*.

CRC is the current replacement cost of an asset less where applicable, accumulated depreciation calculated on the basis of such cost to reflect age and the already consumed or expired future economic benefits of the asset. For the majority of the Department's specialised buildings, the CRC method is used, adjusting associated depreciation. Depreciation adjustments are considered as

significant and unobservable inputs in nature; therefore these specialised buildings are classified as level 3 fair value measurements.

Where assets acquired within 12 months of the relevant scheduled revaluation have not been revalued, the acquisition cost is deemed to be fair value.

An independent valuation of the Department's specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the CRC approach. The effective date of the valuation was 30 June 2018.

Plant and equipment

Plant and equipment assets are measured at fair value (equating to cost) less accumulated depreciation and impairment.

The fair value of plant and equipment is normally determined by reference to the asset's current replacement cost. Existing depreciated historical cost is generally a reasonable approximation for current replacement cost because of the short lives of the assets concerned.

Right-of-use – initial recognition

The initial cost for non-financial physical assets under a lease (Note 7.2.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Certain assets are acquired under leases, which may form part of a service concession arrangement. See Note 7.5 in relation to such assets and arrangements.

An independent valuation of land and building

An assessment of land and building was conducted utilising indices by the Valuer-General for 2019, which resulted in a revaluation decrement for land. Refer to Note 9.6 for the quantum of the revaluation decrement.

Fair value measurement hierarchy for assets as at 30 June 2019

	Fair value measurement at end of reporting period using:			
2019	Carrying amount as at 30 June 2019 (\$m)	Level 1 (\$m)	Level 2 (\$m)	Level 3 (\$m)
Land at fair value				
Land	10,718.0	-	788.8	9,929.2
Total land at fair value	10,718.0	-	788.8	9,929.2
Buildings at fair value				
Buildings	11,775.2	-	-	11,775.2
Total buildings at fair value	11,775.2	-	-	11,775.2
Heritage buildings at fair value				
Heritage buildings	100.6	-	-	100.6
Total heritage buildings at fair value	100.6	-	-	100.6
Leasehold buildings at fair value				
Leasehold buildings	516.4	-	-	516.4
Total leasehold buildings at fair value	516.4	-	-	516.4
Leasehold improvements at cost				
Leasehold improvements	21.6	-	-	21.6
Total leasehold improvements at cost	21.6	-	-	21.6
Plant and equipment at fair value				
Plant and equipment	104.7	-	31.2	73.6
Total plant and equipment at fair value	104.7	-	31.2	73.6

Reconciliation of Level 3 fair value 30 June 2020

2020	Land (\$m)	Buildings (\$m)	Heritage buildings (\$m)	Leasehold buildings (\$m)	Leasehold improvements (\$m)	Plant and equipment (\$m)
Opening balance	9,929.2	11,775.2	100.6	516.4	21.6	73.6
Prior year adjustments	(0.5)	-	-	-	-	-
Recognition of right-of-use assets on initial application of AASB 16				(516.4)		
Adjusted balance as at 1 July 2019	9,928.7	11,775.2	100.6	-	21.6	73.6
Fair value of assets received free of charge or for nominal considerations	15.0	-	-	-	-	-
Purchases (sales)	(1.7)	17.0	-	-	-	31.8
Transfers to completed assets	-	1,134.7	-	-	4.8	2.5
Disposal	-	(51.1)	-	-	(5.9)	(2.0)
Asset revaluation movement	-	(8.2)	-	-	1.9	-
Transfer (to)/from assets held for sale	(0.2)	-	-	-	-	-
Impairment	-	(1.6)	-	-	-	-
Depreciation	-	(356.8)	(4.1)	-	(10.0)	(27.5)
Change in land use restriction	-	-	-	-	-	-
Closing balance	9,941.8	12,509.2	96.5	-	12.4	78.3

Reconciliation of Level 3 fair value 30 June 2019

2019	Land (\$m)	Buildings (\$m)	Heritage buildings (\$m)	Leasehold buildings (\$m)	Leasehold improvements (\$m)	Plant and equipment (\$m)
Opening balance	11,260.1	11,033.0	104.5	526.2	6.4	63.1
Prior year adjustments	-	-	-	-	-	-
Purchases (sales)	0.2	1.4	-	-	6.4	27.1
Transfers to completed assets	-	1,144.5	-	-	11.6	11.0
Disposal	(0.3)	(57.4)	-	-	-	(1.8)
Asset revaluation movement	(1,325.0)	(2.5)	-	-	(0.8)	-
Transfer (to)/from assets held for sale	(5.7)	(0.2)	-	-	-	-
Depreciation	-	(343.6)	(4.0)	(9.8)	(2.1)	(25.9)
Change in land use restriction	-	-	-	-	-	-
Closing balance	9,929.2	11,775.2	100.6	516.4	21.6	73.6

Description of significant unobservable inputs to Level 3 valuations

2020 and 2019	Valuation technique	Significant unobservable inputs
Land	Market approach	CSO
Buildings	Current replacement cost	Direct cost per square metre Useful life of specialised buildings
Heritage buildings	Reproduction cost	Direct cost per square metre Useful life of heritage buildings
Leasehold buildings	Depreciation replacement cost	Direct cost per square metre Useful life of leasehold buildings
Leasehold improvements	Depreciation replacement cost	Direct cost per square metre Useful life of leasehold buildings
Plant and equipment	Depreciation replacement cost	Direct cost per square metre Useful life of plant and equipment

8.3 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

8.3.1 Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Quantifiable contingent assets (arising from outside of government)

	2020 (\$m)	2019 (\$m)
Commercial litigations	9.0	19.2
Total quantifiable contingent assets	9.0	19.2

8.3.2 Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Quantifiable contingent liabilities

	2020 (\$m)	2019 (\$m)
Claims for damages	79.0	53.6
Total quantifiable contingent liabilities	79.0	53.6

Non-quantifiable contingent liabilities

The Department has several non-quantifiable contingent liabilities arising from indemnities provided by it, as follows.

- Volunteer school workers and volunteer student workers: The *Education and Training Reform Act 2006* provides a specific indemnity for personal injuries or death (at the discretion of the Minister, for property damage) suffered by volunteer school workers and volunteer student workers arising out of, or in the course of, engaging in school work or community work respectively.
- Teaching service and public service employees: If a Departmental employee is named as a defendant in a civil proceeding (for example; personal injury, discrimination or employment claim) any costs and damages will generally be paid by the Department provided the employee was not under the influence of illicit drugs or alcohol or engaging in a criminal offence and the behaviour was not outrageous and was related to their employment.
- Board members: The *Education and Training Reform Act* requires the State to indemnify a member of a Merit Protection Board or a Disciplinary Appeals Board for anything done or omitted to be done in good faith in the exercise of a power or the discharge of their statutory duties;
- School councils: The *Education and Training Reform Act* requires the Department to indemnify individual members of school councils for any legal liability, whether in contract, negligence or defamation, if they acted in good faith and in the exercise of their powers or functions. The Department may decide to indemnify school councils (which are separate entities to the Department), in claims of common law negligence, employment disputes and other civil claims, for the cost of settlement and/or legal representation. The Department will take into account the impact of payment upon the school's educational program and any insurance cover for the school council, and will likely indemnify if the Department is satisfied that:
 - the school council acted in good faith and according to issued guidelines and directions
 - the school council has insufficient funds to pay the claim.

Note 9 Other disclosures

Introduction This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.	9.4 Responsible persons 9.5 Related parties 9.6 Reserves 9.7 Remuneration of auditors 9.8 Change in accounting policies and disclosures 9.9 Australian accounting standards and interpretation issues that are not yet effective 9.10 Glossary of technical terms
Structure 9.1 Subsequent events 9.2 Other economic flows included in net results 9.3 Remuneration of executives and other personnel	

9.1 Subsequent events

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities, various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which entities operate, including the department.

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Department at the reporting date. As responses by government continue to evolve, management recognises it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Department, its operations, its future results and financial position. The state of emergency in Victoria was extended on 16 August 2020 until 13 September 2020 and was then further extended for six months on 2 September 2020. The state of disaster is still in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Department, the results of the operations or the state of affairs of the Department in the future financial years.

9.2 Other economic flows included in net results

	2020 (\$m)	2019 (\$m)
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposals of non-financial assets	(0.4)	(0.3)
Asset previously not recognised	-	1.4
Impairment of non-current assets	(3.1)	(3.1)
Total net gain/(loss) on non-financial assets	(3.5)	(2.0)
(b) Net gain/(loss) on financial instruments		
Impairment of loans and receivables	-	(7.6)
Total net gain/(loss) on financial instruments	-	(7.6)
(c) Net gain/(loss) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	(35.7)	(88.5)
Total other gains/(losses) from other economic flows	(35.7)	(88.5)

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions. It includes:

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and includes realised and unrealised gains and losses as follows:

Net gain/(loss) on disposal of non-financial assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting the proceeds from the carrying value of the asset at the time.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes impairment and reversal of impairment for financial instruments at amortised cost.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rate.

9.3 Remuneration of executives and other personnel

9.3.1 Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated.

	Total Remuneration	
	2020 (\$m)	2019 (\$m)
Short-term employee benefits	18.6	18.7
Post-employee benefits	1.5	1.6
Other long-term benefits	0.5	0.5
Termination benefits	0.6	0.4
Total remuneration	21.2	21.2
Total number of executives	95	99
Total annualised employee equivalents	83.2	88.9

9.4 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the FM Act, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of ministers and accountable officers in the Department are as follows:

Position	Name	Dates they were Minister/Secretary
Minister for Education	The Hon. James Merlino MP	1 July 2019 to 30 June 2020
Minister for Training and Skills	The Hon. Gayle Tierney MP	1 July 2019 to 30 June 2020
Minister for Higher Education		
Secretary	Jenny Atta	1 July 2019 to 30 June 2020

The Hon. Gayle Tierney MP acted in the office of the Minister for Education from 1 to 14 July 2019, 14 to 22 September 2019 and 27 December 2019 to 10 January 2020.

The Hon. James Merlino MP acted in the office of the Minister for Training and Skills and Minister for Higher Education from 15 to 23 July 2019, 16 to 20 November 2019, 23 to 24 November 2019, 30 November to 15 December 2019, 19 to 26 December 2019, and 13 January to 2 February 2020.

Kate Rattigan, Deputy Secretary, People and Executive Services Group acted as Secretary from 14 to 21 September 2019.

Katy Haire, Deputy Secretary, Early Childhood Education Group acted as Secretary from 28 October to 10 November 2019.

Katherine Whetton, Deputy Secretary, Policy, Strategy and Performance Group acted as Secretary from 1 to 15 December 2019.

Tony Bates, Deputy Secretary, Financial Policy and Information Services Group acted as Secretary from 20 to 27 March 2020.

Remuneration

Remuneration received or receivable by the accountable officer in connection with the management of the Department during the reporting period was in the range:

	2020 Number	2019 Number
\$220,000 - \$229,999	-	1
\$310,000 - \$319,999	-	1
\$540,000 - \$549,999	1	-
Total	1	2
Total remuneration	\$545,000	\$542,000

9.5 Related parties

The Department is a wholly owned and controlled entity of the State of Victoria. Related parties of the Department include:

- all key management personnel and their close family members
- all Cabinet ministers and their close family members
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel of the Department include the Portfolio Ministers, the Secretary, Deputy Secretaries and members of the Executive Board. The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Ministers' remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report

Compensation	2020 (\$m)	2019 (\$m)
Short-term employee benefits	3.6	4.3
Post-employee benefits	0.3	0.3
Other long-term benefits	0.1	0.1
Termination benefits	-	0.3
Total	4.0	5.0

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public, for example, stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the Department, with the exception of the items noted under 'Related party transactions' below, there were no other related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Related party transactions

The Secretary is an ex-officio member of the boards of the VRQA and the VCAA, to which the Department paid grants on normal commercial terms during the financial year. As these roles are ex-officio the Secretary receives no remuneration to perform these roles.

The Secretary is on the Advisory Board for the Melbourne Institute of Applied Economic and Social Research. The Secretary receives no remuneration for her role on this advisory board.

	2020 (\$m)	2019 (\$m)
Grants paid during the year		
VRQA	15.6	11.8
VCAA	67.5	77.0
Rent provided free of charge during the year		
VRQA	0.5	0.5
VCAA	2.6	2.5
Payments made during the year		
The Institute of Public Administration Australia – Victoria⁹³	-	0.1

⁹³ The former Secretary was the president of the Institute of Public Administration Australia's Victorian Branch. The Institute of Public Administration Australia provided services to the Department on normal commercial terms.

9.6 Reserves

	2020 (\$m)	2019 (\$m)
Physical asset revaluation surplus		
Balance at beginning of financial year	12,219.5	13,589.2
Revaluation increment/(decrement) of land during the year	-	(1,366.4)
Revaluation increment/(decrement) of buildings during the year	(8.2)	(2.5)
Revaluation increment/(decrement) of leasehold buildings during the year ²⁶	1.9	(0.8)
Revaluation increment/(decrement) of intangible assets during the year ²⁶	-	-
Prior year adjustments	(0.1)	-
Impairment losses	(1.6)	-
Amount transferred to accumulated surplus	-	-
Balance at the end of the financial year	12,211.5	12,219.5

The physical asset revaluation surplus is used to record increments and decrements on the revaluation of non-financial physical assets.

9.7 Remuneration of auditors

	2020 (\$m)	2019 (\$m)
Audit fees – Victorian Auditor-General's Office	0.6	0.7
Total remuneration of auditors	0.6	0.7

9.8 Change in accounting policies and disclosures

9.8.1 Leases

This note explains the impact of the adoption of AASB 16 *Leases* on the Department's financial statements.

The Department has applied AASB 16 with a date of initial application of 1 July 2019.

The Department has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Prior to the initial application of AASB 16, the Department determined at contract inception if an arrangement is or contains a lease under AASB 117 *Leases* and Interpretation 4 *Determining whether an arrangement contains a Lease*. Under AASB 16, the Department assesses whether a contract is or contains a lease based on the definition of a lease as detailed in note 7.2.

On transition to AASB 16, the Department elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 to contracts that were previously identified as leases. Contracts not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

Leases classified as operating leases under AASB 117

As a lessee, the Department previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Department. Under AASB 16, the Department recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, the Department recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the Department's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The Department has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term and leases for which the

underlying asset is of low value (i.e. where the lease value is less than \$10,000)

- excluded initial direct costs from measuring the right-of-use asset at the date of initial application
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Leases as a Lessor

The Department is not required to make any adjustments on transition to AASB 16 for leases in which it is a lessor. The Department accounted for its leases in accordance with AASB 16 from the date of initial application.

Impacts on financial statements

On transition to AASB 16, the Department recognised \$237.9 million of right-of-use assets and lease liabilities.

When measuring lease liabilities, the Department discounted lease payments using its incremental borrowing rate at 1 July 2019. The rate applied is between 2-3 per cent with the average rate of 2.21 per cent.

	1 July 2019 (\$m)
Operating lease commitments disclosed as at 30 June 2019	260.9
Discounted using the incremental borrowing rate at 1 July 2019	284.2
Finance lease liabilities as at 30 June 2019	515.1
Recognition exemption for:	
Short-term and low value leases	(46.3)
Lease liabilities recognised at 1 July 2019	753.0

9.8.2 Service Concession Arrangements: Grantors

AASB 1059 *Service Concession Arrangements: Grantors* applies to annual reporting periods beginning on or after 1 January 2020 with earlier application permitted. Consistent with FRD 124 *Transitional requirements on the application of AASB 1059 Service Concession Arrangements: Grantors*, the Department has considered its reporting obligations from AASB 1059 from 1 July 2019.

The Department has reviewed its public-private partnership (PPP) arrangements to assess whether AASB 1059 applies. The Department's PPP arrangements are such that the private sector entity finances, designs, constructs, and maintains the schools, whilst the Department retains the responsibilities for the provision of education, staffing, school curriculum and teacher practice. The private sector entity, therefore, does not access the schools to provide public services. Consequently, the PPP arrangements are outside the scope of AASB 1059 for recognition as a service concession arrangement. The PPP arrangements instead are recognised as leases (Note 7.2), with the right-of-use asset and lease liability disclosed in Notes 5.1 and 7.1 respectively.

9.8.3 Revenue from Contracts with Customers

Consistent with the requirements of FRD 121 *Transitional requirements on the application of AASB 15 Revenue from Contracts with Customers*, the Department applied the transitional provisions of AASB 15 which had no net impact within the Financial Statements (Note 9.8.5).

Comparative information has been restated as a result of certain other income being reclassified to sales of goods and services following the adoption of AASB 15. Note 2.4.2 Sales of goods and services includes details on the transitional application of AASB 15 and how the standard was applied to the Department's revenue transactions.

9.8.4 Income of Not-for-Profit Entities

Consistent with the requirements of FRD 122 *Transitional requirements on the application of AASB 1058 Income of Not-for-Profit Entities* requirements, the Department has applied the transitional provision of AASB 1058 which had no net impact within the Financial Statements (Note 9.8.5).

Note 2.4.1 Grants includes details on the transitional application of AASB 1058 and how the standard was applied to the Department's revenue transactions.

The adoption of AASB 1058 have resulted in the recognition of deferred capital grant income (Note 6.3.2)

9.8.5 Transition impact on financial statements

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 Revenue from Contracts with Customers;
- AASB 1058 Income of Not-for-Profit Entities;
- AASB 16 Leases; and
- AASB 1059 Service Concession Arrangements: Grantors;

There is no transitional impact on the Comprehensive Operating Statement or Balance Sheet.

AASB 1059 does not have an impact on the Comprehensive Operating Statement or Balance Sheet as at 30 June 2019, as the Department does not have any service concession arrangements.

Impact on Balance Sheet from the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated in the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards at 1 July 2019:

Balance Sheet	Notes	Before new accounting standards - 30 June 2019 (\$m)	Impact of Standards AASB 15,16 & 1058 (\$m)	After new accounting standards - 30 June 2019 (\$m)
Total financial assets		3,593.9	-	3,593.9
Total non-financial assets	5.1	24,252.9	238.0	24,490.9
Total Assets		27,846.8	238.0	28,084.8
Payables and Contract Liabilities	6.3 / 6.3.3	820.9	-	820.9
Borrowings	7.1	558.6	238.0	796.6
Other liabilities	3.1.1 / 6.3.3	1,642.5		1642.5
Total Liabilities		3,022.0	238.0	3,260.0
Accumulated surplus/(deficit)		3,002.6	-	3,002.6
Physical asset revaluation surplus		12,219.5	-	12,219.5
Other items in equity		9,602.7	-	9,602.7
Total Equity		24,824.8	-	24,824.8

9.8.6 Other accounting policies

Contributions by owners

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its distribution) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Department.

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

9.9 Australian Accounting Standards and interpretation issues that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2019-20 reporting period. These accounting standards have not been applied to the Department's financial statements. The State is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*

This Standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. It applies to reporting periods beginning on or after 1 January 2020 with earlier application permitted. The Department has not earlier adopted the Standard.

The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.

The Department is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. However, the AASB has recently issued ED 301 *Classification of Liabilities as Current or Non-Current – Deferral of Effective Date* with the intention to defer the application by one year to periods beginning on or after 1 January 2023. The Department will not early adopt the Standard.

The Department is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the Department's reporting.

- AASB 17 *Insurance Contracts*.
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)*.
- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*.
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*.
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*.
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*.
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.

9.10 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

Active liquid market

Active liquid market refers to any market in which there are many buyers and sellers present and in which transactions can take place with relative ease and low costs.

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred)
- the effects of changes in actuarial assumptions.

Administered item

Administered item generally refers to a department lacking the capacity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an "other economic flow".

Borrowings

Borrowings refers to interest-bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, leases and other interest-bearing arrangements. Borrowings also include non-interest-bearing advances from government that are acquired for policy purposes.

Capital asset charge

A charge levied on the written down value of controlled non-current physical assets in a department's balance sheet which aims to: attribute to agency outputs the opportunity cost of capital used in service delivery; and provide incentives to departments to identify and dispose of underutilised or surplus assets in a timely manner.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Community service obligation

A CSO is an ongoing legislative requirement placed on an organisation by government to provide a benefit to an identified group, that would not otherwise be provided by that organisation, in the pursuit of its other objectives.

Comprehensive result

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

Controlled item

Controlled item generally refers to the capacity of a department to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

Current replacement cost

Current replacement cost is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect age and the already consumed or expired future economic benefits of the asset.

Economic obsolescence

Economic obsolescence is defined as a loss in value or reduction in the desirability or economic life of an asset caused by external factors. These external factors may be changes in optimum use, regulatory changes and technological changes.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex-gratia expenses

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (for example, a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

Financial asset

A financial asset is any asset that is:

- cash
- an equity instrument of another entity
- a contractual right:
 - to receive cash or another financial asset from another entity, or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity
- a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments, or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability

A financial liability is any liability that is:

- a contractual obligation:
 - to deliver cash or another financial asset to another entity, or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity
- a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments, or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial Reporting Directions

The FRDs are applicable to all entities defined as either a public body or a department under section 3 of the FM Act, unless otherwise stated. The aims of FRDs are to ensure consistent application of accounting treatment across the Victorian public sector in compliance with that particular standard and also to impose other government non-financial policy and disclosure requirements.

Financial statements

A complete set of financial statements comprises:

- a balance sheet as at the end of the period
- a comprehensive operating statement for the period
- a statement of changes in equity for the period
- a statement of cash flows for the period
- notes, comprising a summary of significant accounting policies and other explanatory information
- comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of Financial Statements*
- a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Functional obsolescence

Functional obsolescence is defined as a reduction or loss of an asset value due to a reduction in the usefulness or desirability of an asset because of its inability either to be upgraded or modified to serve the user's current needs or out-dated functional capabilities.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general-purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Grants for on-passing

All grants paid to one institutional sector (for example, a State general government entity) to be passed on to another institutional sector (for example, local government or a private non-profit institution).

Intangible produced assets

See produced assets in this glossary.

Intangible non-produced assets

See non-produced assets in this glossary.

Interest expense

Interest expense represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease repayments, and amortisation of discounts or premiums in relation to borrowings.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Lease

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses)

recognised for the period, excluding those that are classified as other economic flows—other comprehensive income.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. These include land, buildings, plant and equipment, heritage buildings, and intangible assets.

Non-produced assets

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Operating result

Operating result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also 'net result'.

Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions.

In simple terms, other economic flows are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments.

Other economic flows—other comprehensive income

Other economic flows—other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other ASS. They include:

- changes in physical asset revaluation surplus
- gains and losses on re-measuring available-for-sale financial assets.

Payables

Includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

Physical obsolescence

Physical obsolescence is defined as a reduction or loss of an asset value as a result of its physical deterioration caused by wear and tear, or increasing age or time. It eventually becomes obsolete.

Produced assets

Produced assets include buildings, plant and equipment and certain intangible assets. Intangible produced assets may include computer software, and research and development costs (which does not include the start-up costs associated with capital projects).

Receivables

Includes amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services; and fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Service concession arrangement is a contract effective during the reporting period between a grantor and an operator in which:

- (a) the operator has the right of access to the service concession asset (or assets) to provide public services on behalf of the grantor for a specified period of time;
- (b) the operator is responsible for at least some of the management of the public services provided through the asset and does not act merely as an agent on behalf of the grantor; and
- (c) the operator is compensated for its services over the period of the service concession arrangement.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Department.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (for example, assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

–	Zero, or rounded to zero
(xxx.x)	Negative numbers
201x	Year
201x–1x	Year period

The financial statements and notes are presented based on the illustration for a government department in the 2019–20 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Department's annual report.

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Appendix 1 Disclosure index

The annual report of the Department is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

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Appendix 2 Budget portfolio outcomes

The budget portfolio outcomes provide a comparison between the actual financial statements of all general government sector entities within the portfolio and the forecast financial information published in the 2019–20 Budget Paper No. 5 Statement of Finances (BP5). The budget portfolio outcomes comprise the operating statements, balance sheets, cash flow statements, statements of equity and administered item statements.

The budget portfolio outcomes have been prepared on a consolidated basis and include all general government sector entities within the portfolio. Financial transactions and balances are classified into either controlled or administered categories as agreed with the Treasurer in the context of the published statements in BP5.

The following budget portfolio outcomes statements are not subject to audit by the Victorian Auditor-General's Office and are not prepared on the same basis as the Department's financial statements, as they include the consolidated financial information of the following entities:

- the Department (including government schools)
- Adult, Community and Further Education Board
- VCAA
- VRQA
- 12 TAFE institutes.

The totals in the following tables may not add due to rounding.

Comprehensive operating statement for the year ended 30 June 2020

	Notes	2020 actual (\$m)	Published budget (\$m)	Variation (%)	Variation (\$m)
Net results from continuing operations					
Income from transactions					
Output appropriations	a	14,887.5	14,578.8	2	308.7
Special appropriations	b	8.0	0.3	2,731	7.7
Interest	c	19.7	27.8	(29)	(8.1)
Sale of goods and services	d	761.5	678.4	12	83.2
Grants	e	139.8	81.8	71	58.0
Fair value of assets and services received free of charge or for nominal consideration	f	15.0	–	n.a	15.0
Other income	g	418.8	669.8	(37)	(251.0)
Total income from transactions		16,250.3	16,036.9	1	213.4
Expenses from transactions					
Employee benefits	h	(8,335.8)	(8,219.8)	1	(116.0)
Depreciation and amortisation	i	(539.0)	(583.4)	(8)	44.4
Interest expense	j	(33.7)	(38.2)	(12)	4.5
Grant and other transfers	k	(1,378.9)	(1,469.2)	(6)	90.3
Capital asset charge		(1,963.8)	(1,963.8)	(0)	0.0
Other operating expenses	l	(3,441.7)	(3,354.7)	3	(87.0)
Total expenses from transactions		(15,692.8)	(15,629.0)	0	(63.8)
Net result from transactions (net operating balance)		557.5	407.9	37	149.6
Net gain/(loss) on non-financial assets	m	4.1	1.6	151	2.5

	Notes	2020 actual (\$m)	Published budget (\$m)	Variation (%)	Variation (\$m)
Share of net profits/(losses) of associates and joint venture entities, excluding dividends	n	2.8	–	n/a	2.8
Net gain/(loss) on financial instruments and statutory receivables/payables	o	(1.6)	(0.3)	494	(1.4)
Other gains/(losses) from other economic flows	p	(38.5)	(0.7)	5,087	(37.7)
Total other economic flows included in net result		(33.2)	0.6	(5,351)	(33.8)
Net result		524.4	408.6	28	115.8
Changes in non-financial assets revaluation surplus	q	(0.5)	(9.9)	(95)	9.4
Other	r	(7.6)	0.0	(378,647)	(7.6)
Total other economic flows – other comprehensive income		(8.0)	(9.9)	(19)	1.9
Comprehensive result		516.3	398.7	30	117.7

Notes:

- a. The variance above the published budget mainly relates to Advance from the Treasurer funding for programs such as *Essential Maintenance and Compliance* and *Camps, Sports and Excursions Fund*.
- b. The variance above the published budget mainly relates to funding for the *Commonwealth's Support for Students with a Disability* and *Independent Public Schools National Partnerships* which was not spent in prior year.
- c. The variance below the published budget is mainly due to schools earning lower interest revenue than anticipated.
- d. The variance above the published budget primarily relates to the reclassification of schools' own revenue between the sales of goods and services and other income categories.
- e. The variance above the published budget is primarily driven by higher than anticipated grants received from other Victorian government departments. This includes grants from the *Working for Victoria Fund* to support access to training for people who have lost their jobs due to COVID-19 and capital contributions collected from the Department of Environment, Land, Water and Planning's *Building New Communities Fund* to purchase land for new school sites in growth areas.
- f. The variance above the published budget is primarily driven by unanticipated land received free of charge from the Department of Environment, Land, Water and Planning for Fisherman Bend Secondary College.
- g. The variance below the published budget is primarily due to the reclassification of schools' own revenue between the sales of good and services and other income categories. Schools' third-party other revenue (e.g. locally raised funds from school fetes, fundraising events and voluntary contributions made by parents) was also lower than expected due to the COVID-19 pandemic.
- h. The variance above the published budget primarily reflects salary expenditure relating to funding decisions for school education programs approved after the State Budget.
- i. The variance below the published budget is mainly driven by a reassessment of the building depreciation forecast.
- j. The variance below the published budget is mainly driven by lower than budgeted interest lease expense on right of use assets.
- k. The variance below the published budget is primarily due to the timing of capital grant payments for non-government schools which have been deferred into future years.
- l. The variance above the published budget is primarily due to the reclassification of budget to other expenditure categories.
- m. The variance above the published budget is primarily due to a higher than budgeted net gain from the sale of TAFE assets, offset by a net loss on school and corporate asset sales.
- n. The variance above the published budget primarily relates to a TAFE recognising a share of profits from joint ventures, which was not reflected in the budget.
- o. The variance below the published budget is mainly due to the review and write-off of bad and doubtful debts in TAFEs.
- p. The variance below the published budget mainly reflects revisions in annual and long service leave provisions due to changes in the present value discount rate issued by the Department of Treasury and Finance.
- q. The variance above the published budget primarily relates land revaluation movements in TAFEs, which were not budgeted.
- r. The variance above the published budget is primarily due to accumulated funds transfers from reserves in TAFEs being higher than anticipated.

Balance sheet as at 30 June 2020

	Notes	2020 actual (\$m)	Published budget (\$m)	Variation (%)	Variation (\$m)
Assets					
Financial assets					
Cash and deposits	a	2,044.9	1,113.3	84	931.6
Receivables from government		2,167.7	2,172.0	(0)	(4.4)
Other receivables	b	189.5	108.5	75	81.0
Other financial assets	c	39.4	660.4	(94)	(621.0)
Total financial assets		4,441.4	4,054.2	10	387.2
Non-financial assets					
Inventories	d	1.0	1.6	(38)	(0.6)
Non-financial assets classified as held for sale, including disposal group assets	e	5.9	42.0	(86.1)	(36.2)
Property, plant and equipment	f	27,901.3	29,595.5	(6)	(1,694.2)
Investment properties	g	117.1	107.0	10	10.2
Intangible assets	h	64.4	54.8	18	9.6
Other	i	58.1	45.7	27	12.4
Total non-financial assets		28,147.8	29,846.6	(6)	(1,698.8)
Total assets		32,589.2	33,900.8	(4)	(1,311.6)
Liabilities					
Payables	j	1,054.2	796.3	32	257.9
Borrowings	k	665.5	711.9	(7)	(46.4)
Provisions	l	1,989.3	1,832.2	9	157.1
Total liabilities		3,709.0	3,340.5	11	368.6
Net assets		28,880.2	30,560.3	(5)	(1,680.2)
Equity					
Accumulated surplus/(deficit)	m	4,397.5	4,121.9	7	275.6
Reserves	n	13,660.6	15,068.4	(9)	(1,407.8)
Contributed capital	o	10,822.1	11,370.1	(5)	(548.0)
Total equity		28,880.2	30,560.3	(5)	(1,680.2)

Notes:

- a. The variance above the published budget mainly reflects TAFE and school transfers to cash and deposits from other financial assets due to the implementation of the whole-of-government Central Banking System as well as higher balances held to meet short-term commitments.
- b. The variance above the published budget mainly reflects the timing of receipts from corporate debtors of overseas students, TAFE debtors for student fees and services provided to third party organisations.
- c. The variance below the published budget mainly reflects transfer of 'other financial assets' to 'cash and deposits' as part of the whole-of-government implementation of the Central Banking System.
- d. The variance below the published budget mainly reflects lower levels of inventory held for distribution in the ordinary course of TAFE's business operations.
- e. The variance below the published budget mainly reflects lower than anticipated TAFE assets and departmental land held for sale.
- f. The variance below the published budget mainly reflects the impact of asset revaluations and revised implementation timelines. The published budget is higher as it does not incorporate both the downward revaluation of land as part of the 2018–19 managerial revaluation of land assets under FRD 103H *Non-Financial Physical Assets* as well as the re-phase of the capital program into future years to reflect revised implementation timelines. These impacts are partially offset by an increase in right-of-use assets due to implementation of new accounting standard AASB16 leases.
- g. The variance above the published budget mainly reflects the fluctuations of market prices in TAFE investment properties.
- h. The variance above the published budget mainly reflects the completion of software transferred from work-in-process additional software purchases by the Department and TAFE.
- i. The variance above the published budget mainly reflects higher than anticipated levels of biological assets held by TAFE.
- j. The variance above the published budget is mainly due to higher accruals/payables for various programs including corporate capital works, facilities construction, prepaid international tuition fees and accrued grant payables.
- k. The variance below the published budget is mainly due to shared services provider's lease agreements being treated as service arrangement rather than AASB 16 right to use lease liabilities (borrowings).
- l. The variance above the published budget is mainly due to staff growth and decreased discount rates issued by the Department of Treasury and Finance resulting in higher provision of employee entitlements.
- m. The variance above the published budget reflects the accumulated net results of operating balances and other economic flows.
- n. The variance below the published budget mainly reflects downward revaluation of land as part of the 2018–19 managerial revaluation on land assets under *Financial Reporting Direction 103H*.
- o. The variance below the published budget mainly reflects lower than anticipated levels of capital appropriation and contributed capital transfers.

Statement of cash flows for the year ended 30 June 2020

	Notes	2020 actual (\$m)	Published budget (\$m)	Variation (%)	Variation (\$m)
Cash flows from operating activities					
Receipts					
Receipts from government	a	14,860.7	14,504.7	2	355.9
Receipts from other entities	b	862.2	654.0	32	208.2
Interest received	c	19.9	27.8	(28)	(7.9)
Other receipts	d	533.5	766.6	(30)	(233.1)
Total receipts		16,276.3	15,953.2	2	323.1
Payments					
Payments of grants and other transfers	e	(1,386.2)	(1,467.4)	(6)	81.1
Payments to suppliers and employees	f	(11,581.7)	(11,453.4)	1	(128.3)
Capital asset charge		(1,963.8)	(1,963.8)	(0)	0.0
Interest and other costs of finance paid	g	(32.6)	(38.1)	(14)	5.4
Total payments		(14,964.3)	(14,922.6)	0	(41.7)
Net cash flows from/(used in) operating activities		1,311.9	1,030.5	27	281.4

	Notes	2020 actual (\$m)	Published budget (\$m)	Variation (%)	Variation (\$m)
Cash flows from investing activities					
Net investments	h	8.8	(65.2)	(113)	74.0
Payments for non-financial assets	i	(1,402.2)	(1,757.9)	(20)	355.7
Proceeds from sale of non-financial assets	j	7.5	1.6	368	5.9
Net loans to other parties		3.4	3.4	2	0.1
Net (purchase)/disposal of investments – policy purposes	k	(1.6)	–	n/a	(1.6)
Net cash flow from/(used in) investing activities		(1,384.0)	(1,818.1)	(24)	434.1
Cash flows from financing activities					
Owner contributions by State Government	l	501.6	911.0	(45)	(409.5)
Repayment of finance leases	m	0.0	(504.2)	(100)	504.2
Repayment of right of use leases	n	(144.8)	461.5	(131)	(606.2)
Net borrowings	o	5.5	(19.6)	(128)	25.1
Net cash flows from/(used in) financing activities		362.3	848.8	(57)	(486.4)
Net increase/(decrease) in cash and cash equivalents		290.2	61.2	374	229.0
Cash and cash equivalents at the beginning of the financial year	p	1,754.6	1,052.0	67	702.6
Cash and cash equivalents at the end of the financial year		2,044.9	1,113.3	84	931.6

Notes:

- a. The variance above the published budget mainly relates to the Advance from the Treasurer funding for programs such as *Essential Maintenance and Compliance* and *Camps, Sports and Excursions Fund*.
- b. The variance above the published budget primarily relates to the corresponding impact of the reclassification of schools' own revenue between the sales of good and services and other income categories.
- c. The variance below the published budget is mainly due to schools earning lower interest revenue than anticipated.
- d. The variance below the published budget is primarily due to the reclassification of schools' own revenue between the sales of goods and services and other income categories. Schools' third-party other revenue (e.g. locally raised funds from school fetes, fundraising events and voluntary contributions made by parents) was also lower than expected.
- e. The variance below the published budget is primarily due to the timing of capital grant payments for non-government schools which have been deferred into future years.
- f. The variance above the published budget primarily reflects salary expenditure relating to funding decisions for school education programs approved after the State Budget and the reclassification of budget to other expenditure categories.
- g. The variance below the published budget is mainly driven by lower than budgeted interest lease expense on right of use assets.
- h. The variance above the published budget is primarily driven by the transfer of school term deposits to the Central Banking System.
- i. The variance below the published budget is primarily due to the revised delivery of the capital program into future years and revisions to lease arrangements.
- j. The variance above the published budget is primarily due to higher than anticipated proceeds from the sale of vehicles and equipment.
- k. The variance below the published budget relates to unbudgeted transfers of assets between entities within the portfolio.
- l. The variance below the published budget mainly reflects lower than budgeted capital appropriation claimed primarily due to a funding swap from Additions to the Net Assets Base to Section 33 special appropriation and revised implementation of the capital program into future years.
- m. The variance compared to the published budget primarily relates to the reclassification of lease liabilities from finance leases to right of use leases.
- n. The variance compared to the published budget primarily relates to the reclassification of lease liabilities from finance leases to right of use leases and higher than budgeted right of use lease repayments.
- o. The variance above the published budget primarily relates to the net movement in public account advances with the Department of Treasury and Finance and the reclassification of lease liabilities from finance leases to right-of-use leases.
- p. The variance above the published budget relates to revisions in opening balances from May 2019 estimates to actual closing balances on 30 June 2020. This mainly reflects TAFE and school transfers to cash and deposits from other financial assets due to the implementation of the whole-of-government Central Banking System.

Statement of changes in equity for the year ending 30 June 2020

	Notes	Accumulated surplus/ (deficit) \$m	Contributions by owner \$m	Revaluation surplus \$m	Other reserves \$m	Total equity \$m
Actual						
Opening balance at 1 July 2019		3,877.9	10,326.2	13,692.0	2.6	27,898.7
Comprehensive result		519.6	–	(32.5)	(1.5)	485.6
Transactions with owners in their capacity as owners		–	495.9	–	–	495.9
Closing balance 30 June 2020		4,397.5	10,822.1	13,659.5	1.1	28,880.2
Budget						
Opening balance 1 July 2019		3,713.3	10,458.9	15,073.5	4.8	29,250.5
Comprehensive result		408.6	–	(9.9)	–	398.7
Transactions with owners in their capacity as owners		–	911.2	–	–	911.2
Closing balance 30 June 2020 (Published budget)		4,121.9	11,370.1	15,063.6	4.8	30,560.3
Variance to budget						
Opening balance 1 July 2019	a	164.6	(132.6)	(1,381.6)	(2.2)	(1,351.8)
Comprehensive result	b	111.0	–	(22.6)	(1.5)	87.0
Transactions with owners in their capacity as owners	c	–	(415.3)	–	–	(415.3)
Closing balance 30 June 2020		275.6	(548.0)	(1,404.2)	(3.7)	(1,680.2)
Variance (%)		7	(5)	(9)	(76)	(5)

Notes:

- a. The variances in the 1 July 2019 opening balance to the published budget relates to revisions in the opening balance from May 2019 estimates to the actual closing balance on 30 June 2020.
- b. The variance in accumulated surplus below the published budgets reflects the accumulated net results of operating balances and other economic flows.
- c. The variance below the published budget mainly reflects lower than budgeted capital appropriation claimed primarily due to a funding swap from Additions to the Net Assets Base to Section 33 special appropriation and revised implementation of the capital program into future years.

Administered items statement for the year ending 30 June 2020

	Notes	2020 actual (\$m)	Published budget (\$m)	Variation (%)	Variation (\$m)
Administered income					
Sale of goods and services	a	91.5	73.1	25	18.4
Grants	b	3,805.2	3,634.3	5	170.9
Other income	c	3.5	1.9	85	1.6
Total administered income		3,900.1	3,709.3	5	190.9
Administered expenses					
Expenses on behalf of the state		(0.9)	–	n.a.	(0.9)
Grants and other transfers	d	(3,797.3)	(3,626.2)	5	(171.0)
Payments into the Consolidated fund	e	(34.2)	(83.0)	(59)	48.8
Total administered expenses		(3,832.4)	(3,709.2)	3	(123.1)
Income less expenses		67.7	0.1	135,314	67.7
Net gain/(loss) on non-financial assets	f	(48.8)	–	n.a.	(48.8)
Total other economic flows included in net result		(48.8)	–	n.a.	(48.8)
Net result		18.9	0.1	37,627	18.8
Comprehensive result		18.9	0.1	37,627	18.8
Administered assets					
Cash and deposits				n.a.	–
Receivables	g	37.0	26.0	42	11.0
Other financial assets	h	–	1.3	(100)	(1.3)
Other non-financial assets		–	–	n.a.	–
Total administered assets		37.0	27.3	36	9.7
Administered liabilities					
Payables		–	–	n.a.	–
Total administered liabilities		–	–	n.a.	–

	Notes	2020 actual (\$m)	Published budget (\$m)	Variation (%)	Variation (\$m)
Net assets		37.0	27.3	36	9.7

Notes:

- a. The variance above the published budget primarily relates to higher than budgeted collection of overseas student program fees.
- b. The variance above the published budget primarily relates to higher than budgeted Commonwealth *Quality Schools* funding for non-government schools, which includes funding brought forward from July 2020 for schools that re-opened by 1 June 2020 during the COVID-19 pandemic.
- c. The variance above the published budget is mainly driven by donation revenue which was not budgeted.
- d. The variance above the published budget primarily relates to the on-passing of the Commonwealth funding explained in Note b.
- e. The variance below the published budget is driven primarily by the factors explained in Note a and Note f.
- f. The variance below the published budget is due to unbudgeted land and building disposals which cannot be reliably forecasted. This is partially offset by higher than budgeted land sales.
- g. The variance above the published budget is due to higher than expected receivables for legal workplace, discrimination and disputes from the Department of Justice and Community Safety for settlement payments or court-ordered payments pursuant to section 26 of the *Crown Proceedings Act 1958*.
- h. The variance below the published budget is due to lower than anticipated current term deposits.

Appendix 3 Statutory bodies' reports

Children's Services Coordination Board

The Children's Services Coordination Board was established in 2005 under the *Child Wellbeing and Safety Act 2005*. It brings together key decision-makers across the Victorian Government to ensure the coordination of activities affecting children. The role of the Board is to sponsor and oversee coordination across different Victorian government services and policies, when necessary, to improve outcomes for children and young people, particularly those vulnerable to harm, disadvantage or social exclusion.

The Board reports annually to the Minister for Education and other ministers on how Victoria's children and young people are faring through the State of Victoria's Children reports. These reports draw on data from the Victorian child and adolescent monitoring system. The Department provides secretariat support to the Board.

The Children's Services Coordination Board met four times in 2019–20. Members are shown below.

Children's Services Coordination Board members as at 30 June 2020

Member	Position
Ms Jenny Atta (Chair)	Secretary, Department of Education and Training
Mr Shane Patton	Chief Commissioner, Victoria Police
Mr Chris Eccles	Secretary, Department of Premier and Cabinet
Mr David Martine	Secretary, Department of Treasury and Finance
Ms Kym Peake	Secretary, Department of Health and Human Services
Ms Rebecca Falkingham	Secretary, Department of Justice and Community Safety

Victorian Children's Council

The Victorian Children's Council was established under the Child Wellbeing and Safety Act. The Council supports the Premier and ministers for Education, Health and Child Protection with expert independent advice relating to policies and services that enhance the health, wellbeing, development and safety of children.

Council members are recognised experts in children's policies and services and are selected as individuals, not as representatives of their organisations or sectors. The Council's mandate is to be forward-looking, acting as an adviser to the Victorian Government on how to meet key challenges facing Victorian families and improve outcomes for children. The Council is particularly concerned with the problems faced by children who are vulnerable and at risk of poor developmental, learning or longer-term life outcomes.

The Council actively engages with the Victorian Government in planning to help families give children the best start in life, and to support young people in the transition to adulthood. It is involved in helping Victorian government departments build a stronger evidence base and understanding of how to improve child outcomes and opportunities.

The Council met six times in 2019–20, with additional working groups meetings as needed. The Department provides secretariat support to the Victorian Children's Council.

Victorian Children's Council members as at 30 June 2020

Member	Primary area of expertise
Professor Frank Oberklaid, AM (Chair)	Child health and paediatric medicine Former Director, Centre for Community Child Health
Ms Sandie de Wolf, AM (Deputy Chair)	Family services, child protection Formerly CEO, Berry Street
Ms Muriel Bamblett, AO	Child protection, out-of-home care, family services CEO, Victorian Aboriginal Child Care Agency and Adjunct Professor, La Trobe University
Ms Heather Barnes, OAM	Early childhood education and care Consultant
Mr Robert Boucher	Education Principal, Swifts Creek School
Mr Warren Cann	Parenting, family support CEO, Parenting Research Centre and Founding Director, Raising Children Network

Member	Primary area of expertise
Dr Susana Gavidia-Payne	Child development and early intervention Adjunct Professor, RMIT University and former President, Victorian chapter of Early Childhood Intervention Australia
Ms Carmel Guerra OAM	Youth affairs and multicultural communities CEO, Centre for Multicultural Youth
Mr David Huggins	Child development, social work and education Consultant and former Assistant Director, Student Services, Catholic Education Office
Ms Kerry Stubbings	Local government and planning Former Director, Community Services, City of Knox
Ms Deb Tsorbaris	Child protection, family services CEO, Centre for Excellence in Child and Family Welfare
Professor Jim Watterston	Education Dean, Melbourne Graduate School of Education, University of Melbourne

Disciplinary Appeals Boards

The Disciplinary Appeals Boards were established in 2005 following an amendment to the *Teaching Service Act 1981*. They hear and determine appeals in relation to decisions of the Secretary of the Department of Education and Training made under sections 2.4.59F, 2.4.61 and 2.4.61A of the Education and Training Reform Act 2006. Each Disciplinary Appeals Board comprises a chairperson, a secretary's nominee and a minister's nominee.

The Disciplinary Appeals Boards had two appeals pending as at 1 July 2019 and received a further four appeals by 30 June 2020.

The Senior Chairperson of the Merit Protection Boards administers the Disciplinary Appeals Boards and selects members to the boards as required. The Merit Protection Boards' staff provide administrative support to the Disciplinary Appeals Boards.

Chairpersons, nominated by the Secretary, were appointed under sections 2.4.73(2)(a) and 2.4.74 of the Education and Training Reform Act 2006. Chairpersons must have been admitted to legal practice in Victoria for a minimum of five years. Chairpersons of the Disciplinary Appeals Boards are shown in the table below.

Secretary's nominees, who have knowledge and experience in education, education administration or public sector administration, were appointed under sections 2.4.73(2)(c) and 2.4.74 of the Education and Training Reform Act 2006. Secretary's nominees are shown below.

Minister's nominees, who are officers in the teaching service, were appointed under sections 2.4.73(2)(b) and 2.4.74 of the Education and Training Reform Act. Minister's nominees are shown below.

Appointments are for five years. The next appointments are scheduled for August 2020.

Chairpersons of the Disciplinary Appeals Boards from 1 August 2015		
Dr Peter Condliffe	Mr Peter Harris	Mr William O'Shea
Mr Russell Daily	Ms Catherine Healy	Ms Paula Robinson
Mr Phillip Davies	Mr Robert Howard	Mr Ian Scott
Ms Annette Eastman	Mr Peter Kempson	

Secretary's nominees to the Disciplinary Appeals Boards from 1 August 2015		
Mr David Alsop	Dr Richard Gould	Mr Peter Norden
Mr Ian Bentley	Mr Russell Isaac	Mr Brian O'Dea
Mr Ross Bevege	Mr Robert Loader	Ms Karen O'Dowd
Ms Claire Bolster	Ms Marilyn McMahon	

Minister's nominees to the Disciplinary Appeals Boards from 1 August 2015		
Mr Christopher Chant	Ms Sandra Greenhill	Mr Wayne Smith
Ms Janet Evison	Mr Stephen McGarrigle	Ms Karen Terry
Dr David Finnerty	Ms Maureen O'Flaherty	Ms Rhonda Warburton
Ms Leonie Fitzgerald	Mr Dennis Pratt	

Chairpersons of the Disciplinary Appeals Boards from 23 August 2016		
Ms Jordana Millman		

Secretary's nominees to the Disciplinary Appeals Boards from 23 August 2016		
Ms Vicki Augustinus	Ms Michonne Van Rees	Ms Lola Wenn

Merit Protection Boards

The Merit Protection Boards and Review of Action Boards provide an independent mechanism to hear appeals and grievances of employees of the Department and associated education and training statutory authorities.

The Merit Protection Boards were established in 1993 under the Teaching Service Act and are currently empowered by the Education and Training Reform Act to:

- advise the Minister for Education about principles of merit and equity to be applied in the teaching service
- hear reviews and appeals in relation to decisions made under the Education and Training Reform Act (except proceedings under Divisions 9A or 10 of Part 2.4) or any other Act
- advise the Minister or the Secretary about any matter referred to them by the Minister or the Secretary relating to merit and equity in the teaching service
- hear reviews and appeals in relation to any decision prescribed by the regulations or Ministerial Order, as appropriate
- hear reviews and appeals in relation to any decision of the Secretary, if the Secretary has delegated his or her function or power to hear reviews and appeals to a Merit Protection Board.

The Senior Chairperson, Ms Alison Murphy, is a full-time member of the Merit Protection Boards. Ms June Weir is the Registrar for the Boards and there are three administrative officers who support their work.

Access to the Merit Protection Boards is available to employees of the Department and members of the teaching service, including principals, teachers and school-based non-teaching staff. Appeals and grievances may relate to transfer and promotion, leave, change of time fraction of working hours, outcomes of performance reviews, outcomes of local complaints, translation from fixed term to ongoing employment and other personnel management decisions. Appeals and grievances may be heard in the metropolitan area or regional centres.

Grievances of the Department lodged by VPS staff are heard by a Review of Action Board. The Senior Chairperson establishes the Review of Action Boards, which make recommendations to the Secretary of the Department. In the event that the Senior Chairperson does not sit on the Review of Action Board, the board will make a recommendation to the Senior Chairperson, who in turn will make the recommendation to the Secretary.

Members of the Merit Protection and Review of Action boards have a duty to act as individuals in an independent and objective manner in fairly hearing and determining appeals and grievances. The hearing procedures of both boards are consistent with the principles of procedural fairness.

Members are appointed for three years. The next appointments are scheduled for September 2022.

Chairpersons of the Merit Protection Boards to 21 September 2019

Ms Alison Murphy (Senior Chairperson, full-time)	Dr Mary Cannon	Mr Vernon Hilditch
Mr Neil Campbell	Dr David Finnerty	Mr Wayne Smith

Secretary's nominees to the Merit Protection Boards to 21 September 2019

Ms Rowena Archer	Ms Meaghan Cook	Ms Alison Ivey
Ms Kate Atkin	Mr Ian Dendle	Mr Matt McKittrick
Ms Clare Berger	Ms Janet Evison	Mr Dean McLean
Ms Melissa Bray	Mr Rick Gervasoni	Ms Leanne Preece
Ms Tanya Burton	Ms Sandra Greenhill	Ms Paula Robinson
Mr Roger Chao	Mr Andrew Harnett	Ms Wendy Sengotta
Ms Louise Chocholis	Ms Karen Hutchinson	Ms Rhonda Warburton

Minister's nominees to the Merit Protection Boards to 21 September 2019

Mr Steven Adams	Ms Rebekah Fewkes	Mr George Porter
Mr Andrew Bennett	Ms Lynette Hannon	Ms Susan Seneviratne
Ms Rachel Carlyon	Ms Sally Lasslett	Ms Glenda Splatt
Mr Nathan Chisholm	Ms Susan Mattingley	Ms Meredith Stephenson
Mr Jason Coningsby	Ms Alison Murphy	Mr Aaron Wolanuik
Ms Tracey Cronin	Ms Natalie Nelson	Mr Chris Woodhouse

Chairpersons of the Merit Protection Boards from 22 September 2019

Ms Alison Murphy (Senior Chairperson, full-time)	Ms Meagan Cook	Ms Sandra Greenhill
Ms Rowena Archer	Mr Rick Gervasoni	Mr Vernon Hilditch

Secretary's nominees to the Merit Protection Boards from 22 September 2019

Ms Rowena Archer	Mr Graham Friedman	Mr George Porter
Ms Clare Berger	Ms Sandra Greenhill	Ms Paula Robinson

Secretary's nominees to the Merit Protection Boards from 22 September 2019

Dr Mary Cannon	Mr Andrew Harnett	Ms Glenda Splatt
Mr Christopher Chant	Mr Peter Hibbins	Mr Timothy Wall
Mr Jason Coningsby	Ms Sally Lasslett	Ms Jane Warren
Ms Meagan Cook	Ms Julia McKean	Mr Brendan White
Dr David Finnerty	Ms Gillian Oscar	

Minister's nominees to the Merit Protection Boards from 22 September 2019

Mr Steven Adams	Ms Rebekah Fewkes	Mr Matthew McKittrick
Ms Tanya Burton	Ms Moira Findlay	Ms Natalie Harvey-Nelson
Ms Rachel Carlyon	Mr Rick Gervasoni	Ms Leanne Preece
Mr Nathan Chisholm	Ms Karen Harris	Mr Edward Strain
Ms Michelle Costa	Mr Vernon Hilditch	Ms Rhonda Warburton
Ms Penelope Ellis	Mr Douglas Lunt	Mr Aaron Wolaniuk
Ms Janet Evison	Ms Susan Mattingley	

Appeals and grievances

Teaching service appeals and grievances 2019–20

Category	Received			Upheld and partially upheld			Conciliated			Disallowed			Withdrawn			Abandon, lapsed, no grounds, no jurisdiction, or out of time			Pending			Total
	F	M	SD	F	M	SD	F	M	SD	F	M	SD	F	M	SD	F	M	SD	F	M	SD	
Personal ⁹⁴	112	37	0	11	1	0	20	4	0	38	14	0	22	3	0	17	12	0	4	3	0	149
Selection	5	20	0	0	5	0	0	0	0	1	0	0	0	5	0	3	10	0	1	0	0	25
Total	117	57	0	11	6	0	20	4	0	39	14	0	22	8	0	20	22	0	5	3	0	174

Public service appeals and grievances 2019–20

Category	Received			Upheld and partially upheld			Conciliated			Disallowed			Withdrawn			Abandon, lapsed, no grounds, no jurisdiction or out of time			Pending			Total
	F	M	SD	F	M	SD	F	M	SD	F	M	SD	F	M	SD	F	M	SD	F	M	SD	
Personal ⁹⁵	9	7	0	4	0	0	0	1	0	2	1	0	0	0	0	3	4	0	0	1	0	16
Selection	6	11	0	1	2	0	0	0	0	3	0	0	0	1	0	1	8	0	1	0	0	17
Total	15	18	0	5	2	0	0	1	0	5	1	0	0	1	0	4	12	0	1	1	0	33

⁹⁴ A wide range of issues were raised in personal grievances. Most claims were about the excess process not being managed in accordance with departmental policy and leave applications being declined.

⁹⁵ A wide range of issues were raised in personal grievances. Most claims were about complaints not being managed in accordance with departmental policy and performance outcomes.

Merit protection training

It is a requirement that all Department recruitment and promotion selection panels include a merit-trained employee as a member. To facilitate this, the Merit Protection Boards provide training in the principles of merit and equity for members of the teaching service and public service staff.

The training programs are conducted statewide and are supported by the Department, with senior departmental staff delivering the sections of training that focus on human resource policies. In 2019–20, 26 seminars were conducted, and training provided for 720 members of the teaching service and public service staff. As a result of the COVID-19 restrictions, no training programs were conducted in April, May or June 2020.

Number of employees trained by region (includes re-accreditation)

Region	Principals	Teachers	Education support class	VPS	Total
North Eastern Victoria	19	54	27	10	110
North Western Victoria	12	34	11	3	60
South Eastern Victoria	48	99	24	37	208
South Western Victoria	36	79	23	18	156
Central	0	0	0	186	186
Total	115	266	85	254	720

Other activities

The Merit Protection Boards provided advice to the Department on merit and equity issues relating to major policy initiatives in response to requests, as well as advice when existing policies and procedures were being reviewed.

The Senior Chairperson accepted invitations to address groups of principals about the workings of the Merit Protection Boards.

Senior staff of the Merit Protection Boards delivered statewide training programs for principals, members of the teaching service and public service staff on the legislative and policy requirements for human resource management within the Department.

Information about appeal and grievance processes and merit protection accreditation programs is available on the Merit Protection Boards' website at www.mpb.vic.gov.au.

Independent Office for School Dispute Resolution

The Independent Office for School Dispute Resolution (the Office) has two primary roles:

- help resolve continuing complex and intractable disputes arising from complaints by parents or students about government schools
- help build the complaint management and resolution capacity of the state education system in Victoria.

The Office strengthens the existing complaints resolution process by offering an alternative third tier of escalation, which operates from an independent perspective. The Office helps affected parties generate a mutually acceptable resolution so that a student can re-engage with education, and effective working relationships among parents and schools can be rebuilt.

If resolution is not possible, the Office may make recommendations for resolution to the Department about the specific complaint or make general recommendations about managing similar conflicts more effectively.

During its third year of operation, an independent evaluation of the Office was completed. The evaluation found that the Office should be continued and expanded, as it was building capacity and making a significant difference in handling complaints. A number of specific recommendations were made to and endorsed by the Department. These recommendations either have already been or are now being implemented.

In particular, the position of Chair of the Office is now full-time. The complaints management system is in the process of being updated to meet the information analysis needs of the Office and to support the Office's ability to make recommendations that have the most impact on capacity building.

Administration of the relationship with members of the Expert Panel has been moved to the Department, because panel members are now active in additional roles involving the complaint management system. They are still available to be retained for specific matters by the Office.

The Office has refined and continues to build its internal systems and to catalogue its processes. One significant reporting difference has been to add capacity coaching as a specific category of work. Capacity coaching refers to work that Office members do with specific individuals, schools or regions experiencing situations that are unusual in complexity, scope, or volume but where no specific complaint currently exists. While this work was undertaken previously, it was typically captured in complaint management data. As the Office refines its capacity building, becomes more widely known in the education community, and deals with the most challenging complex complaint situations, the Department anticipates that its work will expand in significance and scope.

The Office continues to be contacted by parent complainants who are either unsure or unaware of the Department's complaints management system or unwilling to contact the Department directly. The Office thus supplies a version of capacity coaching in these situations as well; providing information and suggestions to parents about the appropriate avenues to raise complaints. The Office has enhanced its capacity to refer complaints back into the Department's complaint management system and then to follow up on matters as necessary.

In addition, information management, recording and reporting have been enhanced, and are now structured so that information about complaint management is more easily gathered and reported, and can be correlated with departmental information. This allows all complaints to be effectively tracked to resolution.

One of the deputy chairs, Treasure Jennings, has recently been appointed commissioner of two other bodies, and has thus resigned her position. The Office thanks her for her efforts and wishes her all the best in her new positions. In light of the current pandemic, the Office has requested the remaining Deputy Chair, Jo-Anne Mazzeo, to increase her time working at the Office for the remainder of the coming year. The Office has also updated its staffing based on the evaluation and recommendations, with Enisa Murica's appointment to the permanent role as Senior Administrative Officer. June Weir continues as Registrar and has been responsible for supervising much of the updating and improvements to the Office's processes and systems.

Finally, after the evaluation, Office members completed a strategic planning process. Other objectives undertaken in 2019–20 in accordance with this plan included completion of a new draft memorandum of understanding (which is under consideration by the Department) and accompanying schedules that document the Office's processes and procedures and establish an accountability framework for its work.

Work during the coming year under the plan includes the development and implementation of more strategic capacity building work, more contact and interaction with stakeholders about their capacity building needs, completion of planned upgrades and further refinement of processes. Unique capacity building materials and tools are also being developed.

Direct complaint management work continues to require significant time. The Department has generally improved its internal complaint management capacity, resulting in the majority of matters managed by the Office being highly complex and demanding, and outside the typical experience of schools. The volume of matters is relatively constant.

The Office is developing sufficient experience and information to make more general recommendations to regions and the Department as a whole, as well as to support improved individual performance by school and regional leadership. The Office has also been able to build its debriefing methods and apply them to some of the most complex matters. It is thus trying to use every matter as an opportunity for learning and improvement for individuals, as well as improve the Department's general system of complaint management.

The year has been a rewarding one for the Office and its individual members. When resolutions are achieved, the impacts are positive for students, parents and the schools involved. Independent confirmation of the value of the Office has been gratifying. The continuing openness of the Department and the broader education community to the Office's work shows commitment to improving conflict resolution for the benefit of students in all parts of the state education system. While much work remains to be done, the momentum for change is in the right direction. The members of the Office are proud to support that shift. The Office looks forward to helping build greater capacity in the coming year.

Chair and Deputy Chairs of the Independent Office for School Dispute Resolution

Name	Office position
Mr Frank Handy	Chair
Ms Treasure Jennings	Deputy Chair
Ms Jo-Anne Mazzeo	Deputy Chair

Matter types by source of contact

Case type	Source of Contact						
	Advocate	Department	Region	School	Parent	Third party	Total
Enquiry	1	1	3	3	70	16	94
Refer and monitor ⁹⁶	1	2	6	4	31	2	46
Complaint	-	17	7	1	6	2	33
Capacity building ⁹⁷	-	10	8	2	-	1	21
Community awareness	1	-	-	-	-	2	3
Total	3	30	24	10	107	23	197

Outcome of matters received

Case type	Outcome									
	Resolved ⁹⁸	Partially resolved	Unresolved	Resolved and recommendation made	Partially resolved and recommendation made	Unresolved and recommendation made	In progress	Escalated to a complaint	Referred on	Total
Enquiry	79	-	-	-	-	-	-	1	14	94
Refer and monitor	32	-	-	-	-	-	-	4	10	46
Complaint	14	-	3	1	-	-	9	1	5	33
Total	125	0	3	1	0	0	9	6	29	173

⁹⁶ Refer and monitor cases: on occasion these may escalate to being managed and finalised as a complaint enquiry. 'Third party' may be friends or relatives making initial contact, or an enquiry from an external organisation.

⁹⁷ Presentations in response to requests by the Department and third parties to explain the Office's role and procedures.

⁹⁸ Resolution of all enquiries is achieved through the provision of information, redirection to school/region/Department, or escalation into a complaint managed by the Office (in a limited number of cases).

Enquiry and refer and monitor: primary issues

Issue	Total enquiry	Total refer and monitor
Bullying	-	6
Complaint management	-	17
Disability	-	4
Discrimination against parent/carer	-	1
General	-	-
Grading assessment	-	-
In progress ⁹⁹	-	-
No jurisdiction ¹⁰⁰	79	5
Not specified	-	-
School disciplinary penalty	-	3
School procedure errors	-	2
Staff conduct	1	3
Student attendance	4	-
Student discipline	-	-
Student welfare	4	3
Student support/Reasonable adjustment	1	1
Enrolment/Transitions	4	1
Transport	1	-
Total	94	46

⁹⁹ 'In progress' refers to current cases the Office has not finalised.

¹⁰⁰ 'No jurisdiction' refers to enquiries that relate to independent schools, Catholic schools and matters out of the Office's scope. They may include cases that have not been through previous tiers of the Department's complaints process.

Complaints: primary issues¹⁰¹

	Primary Issue	Total
Analysis of complaints	Complaint Management Process or Policy Gap in School or Region	1
	Complaint Management Skill or Capacity Gap in Region	9
	Complaint Management Skill or Capacity Gap in School	13
	Other	1
	Parent Presentation Raises Potential Mental Health Concerns	1
	Procedural Weakness or Failure in Handling Complaint at Regional Level	6
	Procedural Weakness or Failure in Handling Complaint at School Level	11
	Relationship and Communication Breakdown at Regional Level	7
	Relationship and Communication Breakdown at School level	22
	Separated or Divorced Parent Relationship Impacts on Complaint	2
	Unreasonable Parent Expectations or Behaviour	13
	Analysis of complaints total	86
Regional level	Delay in Handling Complaint	14
	Failure to Follow Regional Policy or Procedure (other than Disability)	1
	Failure to Require or Support Proper Accommodation of Disability	7
	Failure to Require School to Change/Respond to Complaint Issues	15
	Failure to Respond to Issues Raised	9
	Other	1
	Request from Department for Capacity Coaching	7

¹⁰¹ In 2019–20, in order to support its data evaluation and analysis, the Office redefined its issues categories into three levels. Levels one and two reflect the complainant's definition of the complaint at the school and regional levels respectively, while level three reflects the Office's assessment of the cause of the complaint when it is resolved. As individual matters may have multiple issues at each level of presentation or analysis, issue totals significantly exceed complaint totals.

	Primary Issue	Total
	Regional level total	54
School level	Failure to Address Anti-Social Behaviour of other students	7
	Failure to Educate to Standard	2
	Failure to Ensure Safety/Wellbeing of Student	12
	Failure to Follow Policy or Procedure (other than Disability)	1
	Failure to Properly Accommodate Disability	11
	Inappropriate Teacher/Staff Behaviour	12
	Loss of Confidence in School Leadership	17
	Other	1
	Request from Department for Capacity Coaching	1
	School level total	64

Appendix 4 Acronyms and abbreviations

Acronyms and abbreviations

Acronym	Full title
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ABS	Australian Bureau of Statistics
ACFE	Adult Community and Further Education
AEDC	Australian Early Development Census
AICD	Australian Institute of Company Directors
AMES	Adult Multicultural Education Services
ANZSOG	Australian and New Zealand School of Governance
ARC	Audit and Risk Committee
ATO	Australian Tax Office
BP3	Budget Paper No. 3
BPMC	Budget and Financial Management Committee
CEO	Chief Executive Officer
CFO	Chief Finance Officer
COVID-19	Coronavirus (COVID-19)
CPC	Culture and People Committee
CSO	Community Service Obligation
Department	Department of Education and Training
DPC	Department of Premier and Cabinet
DTF	Department of Treasury and Finance
ECE	Early Childhood Education group
ECEC	Early Childhood Education and Care
ECIS	Early Childhood Intervention Services
EPR	Employer Performance Rating
FOI	Freedom of Information
FOI Act	<i>Freedom of Information Act 1982</i>
FM Act	<i>Financial Management Act 1994</i>
FPIS	Financial Policy and Information Services group
FRD	Financial Reporting Direction
FTE	Full-time Equivalent
GST	Goods and Services Tax
HES	Higher Education and Skills group
ICT	Information and Communication Technology
IMTC	Information Management and Technology Committee
IC	Integrity Committee
IPDC	Infrastructure Planning and Delivery Committee
MPSG	Major Project Skills Guarantee
NAPLAN	National Assessment Program—Literacy and Numeracy

Acronym	Full title
NDIS	National Disability Insurance Scheme
NQSA1	National Quality Standard Area 1
NQSA6	National Quality Standard Area 6
OHS	Occupational Health and Safety
OHSMS	Occupational Health and Safety Management System
PES	People and Executive Services group
PID Act	Public Interest Disclosures Act
PISA	Programme for International Student Assessment
PPC	Procurement and Probity Committee
PPP	Public Private Partnership
PSP	Policy, Strategy and Performance group
RTO	Registered Training Organisation
RTW	Return to Work
SEPS	School Education Programs and Support group
SRS	Schools and Regional Services group
TAFE	Technical and Further Education
TEI	Total Estimated Investment
TIMSS	Trends in International Mathematics and Science Study
VCE	Victorian Certificate of Education
VCAA	Victorian Curriculum and Assessment Authority
VCAL	Victorian Certificate of Applied Learning
VET	Vocational Education and Training
VIPP	Victorian Industry Participation Policy
VIT	Victorian Institute of Teaching
VPS	Victorian Public Service
VPSC	Victorian Public Sector Commission
VRQA	Victorian Registration and Qualifications Authority
VSBA	Victorian School Building Authority

Appendix 5 Grants and transfer payments (other than contributions by owners)

Grants provide significant benefits to the Victorian community. Department grants are used to support and improve the delivery of education and training services.

The Department has a rigorous grants policy in place to ensure all staff, including contractors and consultants who are responsible for administering grants, act in accordance with legislative obligations, and that all payments represent value for money and contribute to achieving the Department's objectives.

Applying the definition of grants used in the Victorian Auditor-General's report *Grants to Non-Government Organisations: Improving Accountability*, the below table lists the Department's 2019–20 grant activities. This table excludes grants to other organisations, which are included in the broader definition applied in the Financial Statements and Notes to the Financial Statements to meet applicable AAS (see Note 3.1.2).

Department grant and transfer payments by activity

Grant activity	Payment (\$)
(Help Them) Find their Feet	20,000
Aiia Maararwe Scholarship (La Trobe University)	700,000
Apprenticeships Group Training Organisations	3,198,000
Apprenticeships National Skills Week	5,000
Apprenticeships Support Officer Program	3,550,782
Apprenticeships World Skills	412,667
APSHIP Building Trades Teachers Training Plan	800,000
APSHIP Retrenched Apprentices Register and Support Services	988,088
Attraction and Retention Innovation Grants	200,000
Australian Consortium for 'In-Country' Indonesian Studies	140,403
Australian Education Union	231,140
Australian National Academy of Music	188,456
B'nai B'rith Courage to Care Program	85,000
Bendigo Kangan Institute – Bendigo City Campus Revitalisation	32,725,086
Box Hill Institute – Integrated Centre for Sustainable Construction Technologies	8,160,000

Bright Spots Schools Connection (Social Ventures Australia)	8,533
Brimbank Learning Futures Project	300,000
Business Managers Victoria Education Support Staff Relief Program	50,000
Career Education Association of Victoria	4,582,705
Casual Relief Teacher professional development (Teacher Learning Network)	237,362
Centre for Multicultural Youth – Refugee Education Supports	1,019,517
Centre for Multicultural Youth – Schools Standing Up to Racism	150,000
CERES Global	148,982
Children's Facilities Capital Program	21,840,272
Children's week grants	56,738
Chisholm Institute Frankston Redevelopment Stage Two	250,000
Clontarf Foundation	540,000
Country Education Partnership	301,900
DeafConnectEd- Core Services	764,393
Early Learning Association of Australia	466,141
Employment-based Pathways	1,876,172
Eye and Ear Hospital (EVAC)	34,042
Family Violence	101,730
Federation University	13,750
Gippsland Tech School Rural and Regional Science, Technology, Engineering and Mathematics Camp	25,000
GOTAFE – Health and Services Training Centre	508,000
Guide Dogs Victoria	102,432
Higher Apprenticeship Pilots	5,067,924
Inclusive Kindergartens Facilities Program	2,600,734
Industry Advisory Groups	2,193,611
International Education Association Shanghai	156,852
International Specialised Skills Institute	320,00
Jiangsu Education Services for International Exchange	68,732
Kindergarten central enrolment development grants	251,000
Koorie Youth Council	35,565
Latitude Group Travel	104,737

Learning from home grants	850,500
Local government planning grants	4,400,000
Master of Education Rural Leadership (Flinders University)	97,421
Master of Instructional Leadership (University of Melbourne)	60,775
Masters of Inclusive Education Scholarships (MIES)	22,300
Melbourne Institute for Applied Economic and Social Research	107,000
Melbourne Polytechnic Collingwood Development	250,000
Microsoft Australia Traineeship Program	201,500
MOVERS research	180,000
Municipal Association of Victoria	767,442
National Curriculum Services	30,000
National Exceptional Teaching in Disadvantaged Schools	220,120
Non-Government Schools Capital Fund	104,774,483
Our Schools	70,000
Parents Victoria	120,029
Plumbing Industry Climate Action Centre	2,000,000
Post-Secondary Pathways Program Pilot (Swinburne University)	200,000
Principals' Association of Specialist Schools: PASS Development	68,182
Provisionally registered teacher grants	1,062,640
Public Water Safety Initiative	2,098,000
Quality Apprenticeships to Drive Job Opportunities	3,734,679
Raising Expectations	300,000
Raising Rural and Regional Student Aspirations	525,000
Reconnect Program	6,315,397
Regional and Specialist Training Fund	2,135,084
Regional Skills Taskforce	21,000
Respect and Equality in TAFEs (Our Watch)	200,000
School holiday programs for at-risk young people	350,515
Second Strike	20,219
Stars Foundation	75,000
State Schools' Relief	5,920,257
Strategic Partnerships Program	6,516,364

Stronger TAFE Program Asset Maintenance Allocation	48,764,261
Stronger TAFE Program Governance Allocation 2020	5,435,739
Stronger TAFE Program Workforce Allocation	50,400,000
Student Teacher Rural Practicum Placement	229,398
Support for Free TAFE training delivery funding	14,400,000
TAFE support funding	24,200,000
TAFE Community Service Funding	48,800,000
TAFE Gippsland – Morwell Campus Redevelopment Project	5,000,000
TAFE lead in response to NDIS	126,030
TAFE Network COVID-19 Crisis Funding	68,900,000
TAFE Offshore Capability Development	100,000
Teach the Teacher Ignite (Victorian Student Representative Council)	134,000
Teach to Lead (Teach for Australia)	341,100
Teaching Academies of Professional Practice	200,000
Tech Schools Equipment Renewal Funding	539,000
The Gordon Institute – Culinary School Project	2,700,000
The Long Walk Pty Ltd	100,000
United Jewish Education Board – Jewish Student Advisory Group	23,000
VET Development Centre	2,060,540
VET Development Centre	50,000
VicSRC	213,425
Victorian Aboriginal Education Association Inc.	3,777,653
Victorian Association for Gifted and Talented Children	25,925
Victorian Association for TESOL and Multicultural Education	20,000
Victorian Association of State Secondary Principals	41,134
Victorian Association of State Secondary Principals	9,705
Victorian Challenge and Enrichment Series	497,138
Victorian Commercial Teachers' Association	16,910
Victorian Early Years Awards	85,000
Victorian Foundation for Survivors of Torture (Foundation House) - Refugee Education Supports	1,326,834
Victorian Institute of Sport (Be Fit. Be Well program)	78,000

Victorian Parents Council	51,612
Victorian Principals Association	55,971
Weenthunga Health Network	50,000
Workforce Shearing Project	1,160,043
Workforce Training Innovation Fund	8,691,172
Working for Victoria Initiative – short online Literacy and Numeracy Training Units	19,022
Young Australians Best Book Awards	22,230
Youth Learning Pathway	823,216