

DEPARTMENT OF EDUCATION AND TRAINING

2017–2018 ANNUAL REPORT



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

The Hon. Gayle Tierney MP
Minister for Training and Skills and Minister for Corrections

The Hon. Jenny Mikakos MP
Minister for Families and Children, Minister for Early Childhood Education and Minister
for Youth Affairs

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 2018.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gill Callister', with a small dot above the 'i'.

Gill Callister

Secretary

20 September 2018

Secretary's report

The need for our children to be given not just a good education, but a great education, has never been more urgent.

Due to a convergence of global changes, there are predictions that 65 per cent of children entering primary school today will end up working in types of jobs that right now don't exist.

As Victoria and our economy continues to grow rapidly and shift, our education system, and how we deliver it, becomes even more important.

Our system needs to be flexible and adaptable to accommodate changes in technology, industry needs and globalization.

In 2017-18 we've continued our work implementing the Victorian Government's Education State reform agenda to build a world class education system that is up to the task of meeting these challenges.

Throughout the past twelve months our focus has been on the implementation and consolidation of these reforms, as well as evaluating the performance of our programs and system.

We have built coherence and alignment across the three life stages of learning and continue to strive to connect everything we do in the corporate areas of the Department to what's happening in every single learning setting.

This year we began engaging with schools and early learning settings to support the effective roll out of school readiness funding for kindergartens – an Australian first initiative, to reduce disadvantage in the early years.

We also increased support for parents to access more maternal and child health services and provided additional assistance for children with disabilities attending kindergarten.

We held an early childhood forum to bring the sector together, provide opportunities for deep learning and hear from leading experts, including international guest speakers.

In schools, one of our key focuses has been on further embedding the Framework for Improving Student Outcomes (FISO). We are already seeing improvements in targeted and evidence-based teaching and learning thanks to the common language FISO provides and the incredible expertise of our teachers and school leaders, which we have continued to build on.

This focus resulted in more than 8,300 teaching staff developing their skills through Bastow's professional learning programs, and an expanded Professional Learning Communities program that covers more than 300 new schools.

We've continued to focus on improving the literacy and numeracy capability of Victorian school students by delivering two separate co-designed phases of a literacy and numeracy resource to support the work underway in schools to improve outcomes.

We've engaged with some of the world's most renowned education leaders, to learn from the best and guide implementation of our Education State agenda.

We've engaged more deeply than ever before with our stakeholders and have embraced student voice, particularly through the establishment of the Education State Student Advisory Board – a group of 20 diverse students from Grade 6 to Year 12 who are providing advice to the Department's board about what's important to the learners currently in our system.

We also continued to respond to our growing population through our extensive infrastructure program, led by the Victorian School Building Authority. In 2018, we opened 11 new schools and six new early learning centres. We also completed the Ballarat, Gippsland, and Wyndham Tech Schools.

These state of the art facilities provide secondary school students with cutting-edge learning and emphasise vital science, technology, engineering and maths skills that match the needs of local industry.

We commenced Commonwealth-State negotiations around national education funding and these discussions will continue into 2018-19.

In 2017-18 we've remained focused on strengthening Victoria's training and TAFE system through *Skills First* – a new approach that provides high-quality training to meet employment demands.

This has included a targeted funded course list that provides subsidies to those courses that align with industry needs and workforce demands, and new subsidies to encourage training in priority courses.

Another focus has been on supporting stability in the training market and TAFE system and ensuring appropriate quality assurance of training providers through a rigorous training provider selection and monitoring process.

In 2017, the *Working with Integrity: Department of Education and Training's second report to IBAC* demonstrated why the Department is now regarded as a public sector leader in integrity reforms to culture and systems.

We also launched the *VPS Workforce Diversity and Inclusion Strategy 2017-2020* to develop a workforce that acknowledges and values diversity, provides equal opportunities and is inclusive of all differences.

I would like to acknowledge all the staff across the Department: principals, teachers, and school support staff, also the TAFE, Learn Local and VET providers, Maternal and Child Health nurses and early childhood educators. It's been another big year and it's the continued dedication, shared commitment and energy from these people to improving educational outcomes that has allowed us to continue to meet the needs of our learners and strengthen our already outstanding education system.

I have never been more proud to be the Secretary of the Department of Education and Training. We are undertaking important, life changing work as one connected system and we're beginning to see the green shoots of the hard work and investment. I look forward to continuing to lead the Department on our Education State journey in partnership with our stakeholders and staff.



Gill Callister
Secretary

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Year in review

The Department of Education and Training is responsible for delivering the Victorian Government's commitment to making Victoria the Education State, where all Victorians have the best learning and development experience, regardless of their background, postcode or circumstances. Education remains a cornerstone for ensuring all Victorians have the skills and knowledge they need to actively participate in and contribute to our rapidly-changing economy and society.

The Statement of Strategic Intent, as outlined in the *Department's Strategic Plan 2017–21*, 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 and the Victorian Government's Education State targets.

Statement of Strategic Intent

The Department's Statement of Strategic Intent is:

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

As part of this vision:

- children and young people are confident, optimistic, healthy and resilient
- students reach their potential, regardless of background, place, circumstance or abilities
- Victorians develop knowledge, skills and attributes needed now and for the jobs of the future
- the Department's workforce is high-performing, empowered, valued and supported.

Our objectives in achieving this vision are to:

- ensure Victorians have equitable access to quality education and training
- work with providers and partners to build an integrated birth-to-adulthood education and development system
- support children, young people and adults with well-coordinated universal and targeted services close to where they live
- activate excellence, innovation and economic growth.

In pursuing these objectives, the Department is committed to the Victorian public sector values of:

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

The public sector values underpin the behaviours that the government and community rightly expect of all public sector employees. Acting consistently with the public sector values also strengthens the capacity of our organisation to operate effectively and achieve its objectives.



Purpose and functions

The Department is responsible for delivering and regulating statewide learning and development services to at least one-third of all Victorians every year, across the early childhood, school education and training and skills sectors.

Table 1 outlines the Department's services for 2017–18.

Table 1 – The Department's services in 2017–18

Early childhood	School education	Training and skills
<i>Birth to 8</i> <i>More than 400,000 children and families</i>	<i>5 to 18</i> <i>More than 970,000 students</i>	<i>15 to 65+</i> <i>More than 346,000 participants in government-subsidised vocational education and training</i>
<ul style="list-style-type: none"> • Maternal and Child Health services • Early years learning and development including early childhood education and care services • Early childhood intervention services (ECIS) • Supported playgroups and parenting supports 	<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 Locals
We have a diverse range of public, private and not-for-profit providers serving Victorians of all ages:		
<ul style="list-style-type: none"> • More than 4,200 approved education and care services providing long day care, kindergarten, outside-school-hours care, and family day care • Approximately 380 licensed children's services providing limited-hour services such as occasional care • 657 Maternal and Child Health service locations 	<ul style="list-style-type: none"> • 1,531 government schools • 713 non-government schools (494 Catholic schools and 219 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 multi-state Australian Catholic University • 266 community-owned and managed not-for-profit organisations registered with the Adult Community and Further Education Board as Learn Local organisations eligible to deliver pre-accredited training • 321 government-contracted private registered training organisations

Changes to the Department during 2017–18

During 2017–18, 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

During 2017–18, neither the Department nor its entities consolidated into the Department's annual report pursuant to section 53(1)(b) of the *Financial Management Act 1994* (FM Act) incurred direct costs attributable to machinery-of-government changes.

Achievements

The Education State is building a system that provides every student with the knowledge, capabilities and attributes that ensures they thrive throughout their lives, and have the skills industry needs and employers expect. During 2017–18, the Department continued implementing the Government's statewide Education State reforms across three portfolios: early childhood development, schools development, and training and skills.

Early childhood education

The first years of life are crucial to lifelong learning, wellbeing and success. That is why early childhood is at the heart of the Victorian Government's Education State vision. In May 2017, the Government released the *Education State Early Childhood Reform Plan*, which represents a landmark reform agenda for the early childhood sector. It includes \$202.1m of investment in early childhood, and outlines a long-term vision whereby we:

- support higher-quality services and reduce disadvantage in early education, including by investing \$58.1m to introduce an Australian-first school readiness funding for kindergarten services, and \$22.8m to significantly increase the amount of support we provide to kindergartens to continue improving their quality
- invest \$81.1m to provide more support for parenting by expanding the enhanced Maternal and Child Health (MCH) service and supported playgroups and, for the first time in Australia, provide an additional family violence visit for women and children at risk of, or experiencing, family violence
- make early childhood services more accessible and inclusive by improving kindergarten participation among children experiencing disadvantage or vulnerability, providing more support for children with a disability, and supporting Koorie families and children
- build a better system by taking a greater system leadership role, including through strengthening our relationship with local government and working with the commonwealth to secure longer-term early childhood funding arrangements.

Progress to date includes:

- school readiness funding:
 - We provided over \$55 million in school readiness funding. In April 2018, the Minister for Early Childhood Education announced the first 25 local government areas to receive the first tranche of school readiness funding in 2019, which will include seven services run by Aboriginal Community Controlled Organisations.
 - These reforms were co-designed following extensive information and engagement sessions held with multiple stakeholders, including a practitioner's reference group.
 - We recruited new regional staff for July 2018 commencement to support kindergartens as they prepare for the rollout of 2019 school readiness funding.
- early childhood facilities co-located at government primary schools:
 - We identified three sites for this initiative — Morwell Central Primary School, Footscray City Primary School, and Sunbury Heights Primary School. Developing early childhood facilities at these schools will provide families and children with greater kindergarten-to-school transition support.
- Delivering high quality early education:

- We invited selected services to participate in phase one that improves quality through leadership. Approximately 120 services have already confirmed their participation and mentors have been allocated to participating services.
- Maternal and Child Health (MCH) Service:
 - In 2018, we awarded 77 MCH scholarships of up to \$10,000 each to nurses across Victoria, with almost 40 per cent granted to nurses from regional areas. This will help attract additional nurses to the Service, including to support the future expansion of Enhanced MCH
 - We released new clinical supervision guidelines for the enhanced MCH program to build MCH nurses' capacity to care for families with complex needs.
 - We invested \$11 million for an additional MCH consultation for women and children experiencing, or at risk of, family violence.
 - We have invested \$37.7 million to expand the Enhanced MCH service from July 2018 to support more families who experience vulnerabilities.
 - We invested \$4.9 million to add more staff to the MCH Line, to help answer more calls sooner.
 - \$5.2 million will attract new MCH nurses to service and support the professional development of all MCH nurses.
- parenting skills and confidence:
 - We started rolling out 45 new supported playgroups across Victoria so that families in all local government areas can access a group. The \$22.1 million statewide expansion will enable more than 6,000 extra families to benefit from extra support.
 - We provided funding to Playgroups Victoria to strengthen the connections between MCH nurse-run first-time parent groups and community playgroups in eight local government areas.
- support for Koorie families and children with funding of \$5.4 million:
 - We announced in February 2018 that Ballarat, Bendigo, Latrobe Valley, Wodonga and Melbourne's north will run the new initiative, Koorie Families as First Educators. Two Koorie educators at the five sites will work with Aboriginal families on parenting programs that support their children's learning and development from pre-birth to school age.
 - We also announced that Koorie supported playgroups will be delivered in Shepparton, Mildura, Swan Hill, and west and south-east Melbourne.
- support for children with disabilities:
 - We provided an additional \$5 million over two years to expand the Kindergarten Inclusion Support program to ensure more children with disabilities can enjoy a quality kindergarten experience.
- partnership with local government:
 - As part of the *Supporting Children and Families in the Early Years: A Compact between the Department of Education and Training, Department of Health and Human Services (DHHS) and Local Government (represented by the Municipal Association of Victoria)*, since December 2017, the Department, DHHS and local government

have met twice in each DET-DHHS area across Victoria to focus on local priorities.

- \$5.5 million has been invested to expand and enhance kindergarten central enrolment schemes across Victoria.

The Department also continued implementing and delivering a range of early childhood education reforms and programs. Throughout the year the Department:

- released an MCH app that provides handy advice and tips for families with children from birth to pre-school, that was downloaded 20,000 times on its first release
- achieved strong kindergarten participation with, in 2017, an estimated 93.4 per cent of children attending kindergarten in the year before starting school
- increased the number of children receiving a free, 15 - hour kindergarten program through Access to Early Learning and Early Start Kindergarten initiatives, with additional funding of \$6.3 million over two years to meet increased demand. In 2017, nearly 1,670 three-year-old children experiencing vulnerability accessed early learning and early start kindergarten, a 26 per cent increase in enrolments since 2016, and a 47 percent increase since 2015
- reserved 468 kindergarten places across the state through the 2017 pre-purchased places program aimed at vulnerable and disadvantaged children who may present at services outside normal enrolment periods. Following a successful pilot in 2016, an investment of \$2.3 million by the Victorian Government has made pre-purchased places a permanent part of the kindergarten system
- provided \$13.7 million through the children's facilities capital program to upgrade existing, and build new, integrated children's centres and early learning facilities. An additional \$1.2 million was provided to more than 300 successful applicants for minor expansions, refurbishments and information technology purchases
- improved the coherence, sustainability and quality of kindergarten program delivery through the Early Years Management policy framework
- provided information and collaboration opportunities on the early childhood reform directions and initiatives to more than 1,200 early childhood sector representatives in 19 regional forums. More than 86 per cent of attendees reported that it was useful to them
- established 17 area-based partnerships between state and local governments to improve coordination, collaboration, information sharing and accountability across the early years system, including setting strategic priorities for joint effort
- raised the profile of the Early ABLES online tool to help educators develop a personalised learning experience for children aged two to five years with disabilities or developmental delays
- provided \$7.2 million in funding for 591 new Early Childhood Intervention Services places in 2017-18 to support young children with a disability or developmental delay to receive support while they are waiting to enter the National Disability Insurance Scheme (NDIS)
- progressed early childhood actions in *Marrung: Aboriginal Education Plan 2016–2026*, including developing targeted initiatives in the early childhood reform plan (Koorie families as first educators; Koorie supported playgroups). We worked with Aboriginal organisations, the MCH sector, and local government to co-design strategies that ensure we provide a high-quality, culturally-safe and responsive universal MCH for all Aboriginal families across Victoria

- delivered the *Realising the Potential Early Childhood Forum 2018*. The Forum provided an opportunity to bring together professionals from across the early childhood sector to continue the conversation about early childhood reform in Victoria. Over 1000 delegates heard from international and Australian early childhood experts including Professor Sharon Lynn Kagan, Co-Director, National Centre for Children and Families, Columbia University and Tove Mogstad Slinde, Senior Adviser in the Norwegian Ministry of Education and Research and Chair of the Network on Early Childhood Education and Care, OECD

The Department progressed a \$19 million suite of initiatives to provide additional supports to children with disabilities and additional needs, and to support inclusive education in early childhood. Throughout the year the Department progressed the following initiatives to be delivered in full by June 2019:

- dedicated \$6.4 million to upgrade early childhood infrastructure and equipment. This included providing more than \$1.2 million in inclusive education equipment for kindergartens grants, which will allow over 200 kindergartens to purchase equipment that provides a welcoming and inclusive environment for all children. The remaining funding will be directed towards providing upgrades to early childhood facilities, including playgrounds, across Victoria.
- provided \$3 million to support early childhood educators to develop their knowledge and skills in using Early ABLES.
- committed \$1 million to the development of an on-line inclusion training tool for early childhood professionals to increase their knowledge and confidence teaching young children with disabilities or developmental delay.
- allocated \$1.1 million to train all current and future Maternal and child Health (MCH) nurses to identify the early signs of Autism Spectrum Disorder (ASD), to provide appropriate referrals, and to support families identified as 'at risk'.
- provided \$3.3 million for NDIS transition support which will ensure continuity of service through the transition to the full implementation of the NDIS in Victoria.
- partnered with Deakin University through a \$1 million grant to develop AllPlay Learn, an online resource providing advice and promotional materials for parents and early childhood educators to generate awareness of inclusive education.
- commenced trial of the Kindergarten Inclusion Support Short Term Assistance program, providing \$3.2 million to support children with a disability or developmental delay to participate in kindergarten.

The Department has also been leading whole-of-Victorian-Government reforms on improved Child Information Sharing. The *Children Legislation Amendment (Information Sharing) Act 2018* received Royal Assent on 10 April 2018. It creates the Child Information Sharing (CIS) scheme, enabling information sharing between prescribed entities to promote children's wellbeing and safety. The legislation also authorises development of a platform (Child Link) for systematic sharing of information about children's participation in services. The Victorian Government has invested \$43.4 million over four years to implement the CIS scheme and develop a detailed business case for Child Link.

The CIS scheme will improve early identification of issues and risks to enable early support for children and families, promote a more permissive culture in relation to information-sharing between services, increase collaboration and integration between services involved in supporting children and families, and support children's and their family's, participation in services. Child Link will provide a more complete picture of a child's circumstances to allow professional conversations and encourage collaboration between services to promote child wellbeing and safety. These reforms, aligned with the Victorian Government's Roadmap for Reform, are modelled on recommendations

made by the Royal Commission into Institutional Responses to Child Sexual Abuse. They are supported by a decade of independent reviews and inquiries calling for improved information-sharing and service collaboration around children and families to enable early support and prevention of harm to children.

School education

The Education State: Schools Agenda supports and builds on the outcomes for every student, in every classroom, and for every community. To progress reform implementation and delivery, the Department:

- embedded the Framework for Improving Student Outcomes (FISO) to guide schools in ways to use school funding to get the best results and lift student achievement across the State. FISO helps schools work through an improvement cycle whereby they undertake a school review every four years, complete quality strategic and annual planning, select evidence-based interventions, and monitor these interventions to understand their impact on improving student outcomes. The strategic planning online tool was introduced to support schools as they progress through the improvement cycle
- implemented the first year of the four-year \$50.7 million 'Addressing underperformance in schools' commitment to support up to 346 Victorian government schools with the greatest need and most complex challenges. The initiative builds and shares effective teaching and leadership practices by tailoring support to schools' individual needs and enabling every school to provide an effective learning environment for their students. Participation in 2018 initiatives included:
 - specialist teaching teams at 51 schools
 - turnaround teams at 25 schools
 - executive principals filling principal vacancies at three schools, with a further three to be recruited
 - school improvement partnerships in 81 schools
- implemented the literacy and numeracy strategy – phase 1 was released at the June 2017 regional principal forums and phase 2 at the June 2018 regional leadership conferences
- delivered all nine initiatives of the special needs plan for Victorian Government schools, including building teachers' capability for inclusive education, establishing a new Independent Office for School Dispute Resolution, and reviewing the program for students with disabilities (PSD)
- implemented 11 of the 21 accepted recommendations under the Government's inclusive education agenda. PSD reforms delivered since the April 2016 review include interim funding for students transitioning from Year 6 to Year 7 who are no longer eligible for targeted PSD funding, a funding boost to support students with autism, dyslexia and learning difficulties who are not eligible for PSD funding, and rollout of the inclusive schools fund
- opened more state-of-the-art Tech Schools, as part of the Government's \$128 million commitment to build 10 Tech Schools across Victoria. Each Tech School is an innovative science, technology, engineering and mathematics (STEM) community hub, owned and operated by a Victorian tertiary provider and governed in partnership by local schools, industry and other stakeholders. Five Tech Schools are now open and delivering innovative STEM learning programs to students from partner schools, while the remaining five will open by the end of 2018.
- continued to implement equity funding reforms to provide targeted funding support for students in greatest need. The Department used the Student

Family Occupation and Education Index to determine the amount of equity funding schools receive

- delivered the new Victorian Curriculum F–10, which specifies the skills children and young people need for success in work and life; literacy, numeracy, scientific knowledge and skills, resilience, respectful relationships, the use of digital technologies, and the capacity for critical and creative thinking and expression
- continued to deliver the Bastow Institute of Educational Leadership's suite of professional learning. Five funded programs were delivered through Bastow: The WISE: System Leaders program for network chairs; the Inspire: Local Leaders facilitator and training program for emerging leaders; Communities of Practice approach for 57 networks; the Unlocking Potential program for aspirant principals; and the Growing High Potential Leaders Framework for school teachers and leadership. In 2017–18, there was a 36.5 per cent increase in the number of schools engaged in Bastow's professional learning suite, with 8,347 participants from 1,406 schools attending learning events. Of these total participants, 3,074 were in courses delivered regionally
- improved the functionality of the Insight Assessment platform, an initiative aimed at helping teachers assess the progress of all learners and support more targeted teaching practices
- continued implementing the place-based approach to regional operations (Learning Places) with 17 area teams providing multi-disciplinary support to schools, students and local communities
- developed place-based education plans in four communities facing distinct and complex challenges (Shepparton, Lilydale/Upper Yarra, Bendigo and Frankston North) in order to transform education and lift achievement, engagement and wellbeing outcomes for children and young people
- continued to deliver *Marrung: Aboriginal Education Plan 2016–2026* to support improved outcomes for Koorie learners. Significant achievements in 2017–18 include implementing the Marrung: Early years Koorie literacy and numeracy program and the operating framework design and implementation of the Children's Koori Court liaison officers (CKCLO) program, with four CKCLOs appointed
- opened 11 new schools on the first day of Term 1, 2018, completed a further 88 modernisation and upgrade projects for existing schools, and acquired 13 sites for new schools
- continued LOOKOUT education support centres across Victoria to support the educational achievements of children and young people in out-of-home care. LOOKOUT centres trained more than 800 staff from government and Catholic schools to help them advocate for, and support, students in out-of-home care so they can achieve educational success
- continued the Navigator pilot program that funds community sector organisations to provide intensive support for disengaged young people aged 12–17 to re-engage in education
- supported delivery of the Glasses for Kids program which is targeting more than 30,000 Prep to Year 3 students in 250 schools in disadvantaged areas across the state for free preliminary vision screening and, if necessary, further testing and glasses
- reviewed career education, which led to significant new investment and a major new program of work to transform career education in government schools
- undertook two reviews to improve vocational pathways in schools. The first reviewed the delivery of school-based apprenticeships and traineeships, which led to the development of the Head Start initiative, a new approach to improve

the quality and increase the number of apprenticeships and traineeships in schools. The second reviewed vocational education and training in schools and resulted in new investments to improve the quality of vocational education for school students

- completed training of 100 primary maths and science specialists. This program is producing significant above-average improvements in science and maths achievement for students in the associated schools
- continued delivering the \$1.6 million four-year Musical Futures Australia professional learning program which supports teachers to deliver quality music education. More than 1,000 teachers at more than 700 schools and more than 800 pre-service teachers have participated in the program
- established strategic partnerships program triennium funding agreements totalling \$18.9 million (2018–20) with 97 not-for-profit organisations to deliver programs that improve student achievement, engagement, health and wellbeing and/or teacher capability
- celebrated outstanding government school education and innovation through the prestigious Victorian Education Excellence Awards
- launched the Victorian Teaching and Learning model, bringing FISO into the classroom, and creating a line of sight between the whole-school improvement approach and classroom practice. The Victorian Teaching and Learning model consists of four components: vision for learning, practice principles, pedagogical model, and high impact teaching strategies
- published the innovative practice guide *'Amplify: Empowering students through voice, agency and leadership'*. The guide is for school leaders and teachers to help develop behaviours, attitudes and learning environments conducive to enhancing student voice, agency and leadership
- expanded the Professional Learning Communities (PLC) program across Victoria. PLCs improve student outcomes by giving schools a structure to develop high-impact teaching practices using an enquiry approach and emphasising collaboration and collective efficacy. This promotes school-wide cultural change. Continued success in the PLC program includes:
 - inducting 309 new schools into the PLC initiative
 - training more than 900 instructional leaders and 400 school leaders
 - a finding that 63 per cent of instructional leaders and teachers were aware of the enquiry cycle — the process for analysing student learning needs — and strongly believe that PLCs improve student outcomes in their schools
 - surveying 13,000 students — 60 per cent reporting that their teachers improved teaching effectiveness over two school terms
- implemented several initiatives to attract teachers into rural, regional or hard-to-staff schools, supporting the commitment that all students will have continued access to a quality education. This includes:
 - supporting the national exceptional teachers in disadvantaged schools initiative, which attracts high-performing education students to schools in low socio-economic regions
 - appointing 23 new teachers in hard-to-staff positions by awarding new graduate incentives to 20 Victorian schools
 - financially supporting 133 pre-service teachers to complete a total of 2,993 practicum placement days in rural or regional Victorian government schools. The student teacher rural practicum placement program aims to give pre-service teachers experience in a rural school with a view to attracting future qualified teachers to these areas
- raised the standards and quality of new teachers entering Victorian schools and expanded the teaching profession's opportunities and pathways, including:

- developing and accrediting the Diploma of Teacher Education Preparation course, as a pathway to developing the knowledge and skills necessary for a primary teaching degree
 - introducing the Victorian selection framework for entry into initial teacher education (ITE), which raises the minimum Australian Tertiary Admission Rank and also considers candidates' personal qualities for entry into ITE courses
 - supporting the Teach for Australia program, which enables high-performing graduates to train as teachers while working in schools
 - expanding the number of Teaching Academies of Professional Practice (TAPP) to a total of 12 throughout Victoria. TAPPs are partnerships between school clusters across sectors and one or more universities, which work to improve ITE
 - establishing the inspiring teachers induction strategy, including redesigning the effective mentoring program and developing the mentoring capability framework
 - awarding 24 scholarships through the Rural Scholarship program to support rural candidates to undertake an alternative pathway course that leads to an ITE program
- developed new and high-quality professional practice provisions for teachers and education support staff, so that educators can achieve teaching and learning excellence in Victorian schools, including:
 - implementing four professional practice days per year for every Victorian government school teacher and developing the new promotional position of learning specialist. These professional practice elements are part of the 2017 Victorian Government Schools Agreement
 - launching innovative peer observation resources, including guides for teachers, school leaders and principals. These resources help teachers and schools implement and further embed peer observation, feedback and reflection into their teaching practices
 - piloting the new Certificate IV in Business for School Business Managers, through Victorian TAFE. Forty-five applicants graduated from the course, and 180 new students commenced study in the second cohort
- released the *Principal Health and Wellbeing Strategy 2018–2021* in May 2018, in consultation with the profession, to help the Department meet its commitment to improving the health and wellbeing of school principals in a systemic and sustainable way
- successfully delivered the Victorian State Schools Spectacular, a program that unites and showcases the work of government school communities. The program aims to achieve a common goal whereby more students reach the highest level of achievement in the arts, kids are happy, healthy and resilient, and we are building pride in our schools. Students develop discipline, skills and confidence as they gain authentic, high-level experience in the spotlight and behind the scenes, with mentoring from industry professionals and organisations such as the Australian Chamber Orchestra
- launched three new, school-centred programs to strengthen education ties with India as part of *Victoria's India strategy: our shared future*. Specifically, the programs Victorian Young Leaders to India, Women in Leadership and Harnessing the Indian Diaspora in Schools, will expand global learning and engagement opportunities for Victorian students, teachers and school communities
- expanded the international student program to more than 5,500 students, maintaining Victoria's position as Australia's leading host jurisdiction for overseas school students. International students make a positive and lasting contribution to the communities of the almost 500 regional and metropolitan

schools that host them, building language and intercultural capabilities in their teachers and fellow students and connecting them to the wider world

- supported 1,000 Year 9 students to participate in the six-week immersion Victorian Young Leaders to China program. In October 2017, this groundbreaking program, now funded for a further four years, won a prestigious national award for excellence in education from the International Education Association of Australia
- launched a series of new initiatives to help students develop their intercultural capability and global citizenship, both essential components of the Victorian Curriculum F-10 and FISO
- introduced a number of new initiatives through School Sport Victoria including:
 - the Victorian Teachers Games in Ballarat with 2,239 teacher attendees receiving great professional development and networking
 - a statewide inter-school sport program across 27 sports, culminating in 110 discrete state finals
 - a 42 per cent increase in secondary Australian Football League female participation, notably due to introducing the intermediate girls age group in all School Sport Victoria competitions
 - sending 1,222 emerging athletes as part of the Team Vic. interstate program to the School Sport Australia national championships. This included 400 athletes attending the tenth Pacific School Games in Adelaide in December 2017
 - awarding 27 Sports Excellence scholarships to highly talented Victorian government school students
 - awarded 245 Sporting and Academic achievement medals to Victorian students and schools
 - awarding 61 students a Sporting Blue honour for outstanding achievement at the annual school sport awards at the Melbourne Cricket Ground.

Regional service delivery

Regional service delivery uses the Learning Places operating model to support and enable regional operations to help students, schools and early childhood services.

In 2017–18, the Department also delivered a range of systems and processes to improve clients' experiences with general enquiries. The Department:

- implemented enterprise-ready contact centre technology that enables regional staff to collectively respond to client telephone and email enquiries more quickly and efficiently, reducing average wait times by 35 per cent
- continued implementing a statewide contact management system to log and track client enquiries and complaints, and expanded it to support Learning Places Connect activities and the newly reformed expulsion policy and process
- implemented a services catalogue for regional teams, and established service level standards and targets
- continued implementing a statewide service referral catalogue that connects the Department's services with staff members who provide them. It provides general information and answers to frequently asked questions, and collectively provides information to our front-line staff to help them service our clients.

The Department's Central Complaints Unit helps regions to manage complaints, resolves third-tier complaints, coordinates investigations, implements the responsive parent complaint framework, and liaises with and supports the Independent Office for School Dispute Resolution. It also coordinates requests for information from the Victorian Ombudsman concerning parent complaints about government schools. From 1 July 2017 to 23 May 2018, the team coordinated and managed about 400 parent complaints.

Training and skills

On 1 January 2017, the Department introduced *Skills First*, a set of reforms to the training and TAFE sector in Victoria. *Skills First* provides high-quality training that leads learners to real jobs and ensures Victoria's training and TAFE system is better managed to deliver training.

Skills First reforms include:

- a funded course list that is targeted to ensure government subsidies are only available for courses aligned to industry needs, workforce demands and Government priorities, such as supporting family violence prevention and the National Disability Insurance Scheme rollout; courses with strong job outcomes such as apprenticeships; and courses meeting other social needs such as foundation skills
- new subsidies that support the delivery of high-quality training and encourage training in priority courses
- support for the Government's quality agenda through rigorous training provider selection and monitoring processes that ensure government-subsidised training is only delivered by the highest quality providers
- new targeted funding streams, including those supporting high-needs learners; the Workforce Training Innovation fund aimed at supporting innovation in training curriculum and delivery; and the Regional and Specialist Training fund for addressing issues such as the unavailability of quality suppliers in regional areas and niche industries
- restored TAFE funding to strengthen the network's reputation, position and financial viability, and ensure all Victorians, regardless of their background or postcode, have access to targeted, relevant training.

Early signs are positive with real improvements across a number of *Skills First* objectives:

- Overall training quality has improved — both students and industry report greater satisfaction with their training.
- Training is more focused on jobs and skills — the number of apprentice enrolments in 2017 increased 15 per cent.
- A stronger role for the TAFE Network — the number of TAFE Network enrolments in 2017 increased by five per cent. The Government's five-year strategy for reforming the TAFE Network focuses on its effectiveness and efficiency as a whole, as well as tailored interventions with individual institutes.
- Improved access for disadvantaged Victorians — increased enrolments in Adult Community and Further Education Board funded training and a higher proportion of disadvantaged students enrolling.

The Department will continue to monitor, evaluate and refine *Skills First* reforms so they can advance the Education State goal to improve outcomes for every student in Victoria.

Objectives, indicators and outputs

The Department's progress is reported under the objectives, outputs and indicators set out in the 2017–18 State Budget Paper No. 3 Service Delivery (BP3). These are shown in Table 2.

Progress and performance reporting

The Department's progress towards the BP3 objectives and indicators, and its performance against the output performance measures, is reported on pages 16–41.

Table 2 – 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 child health services.	<ul style="list-style-type: none"> Children developmentally 'on track' on the Australian Early Development Census (AEDC) in the language and cognitive skills domains^(a) Proportion 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 assessment^(b) Average score in science (Programme for International Student Assessment (PISA) 15-year-olds) in Victoria compared to global top performers^(b) Percentage of positive responses to teacher collaboration within school^(c) Year 12 or equivalent completion rates of young people^(c) Vocational Education and Training (VET) course completions Certificate III or above course completions Proportions of graduates with improved employment status after training 	<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
Engagement Increase the number of Victorians actively participating in education, training, development and child health services.	<ul style="list-style-type: none"> Participation in a kindergarten service in the year before school Participation in maternal and child health services Proportion of early childhood education and care (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 year^(c) Mean number of unapproved student absence days per 	<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
	<p>FTE per year in secondary schools^(c)</p> <ul style="list-style-type: none"> Students with a positive opinion about their school providing a stimulating learning environment^(c) 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 	
<p>Wellbeing</p> <p>Increase the contribution education, training, development and child health services make to good health and quality of life for all Victorians, particularly children and young people.</p>	<ul style="list-style-type: none"> Proportion of infants fully or partially breastfed at three and six months 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
<p>Productivity</p> <p>Increase the productivity of our services.</p>	<ul style="list-style-type: none"> \$ per kindergarten student per year (or ECIS or MCH) \$ 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

(a) These indicators refer to government and non-government schools.

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

(c) These indicators refer to government schools.

Progress towards achieving departmental objectives

The Department monitors the progress of children and young people as they move from early childhood into their school years, and then into further education and work. It also monitors progress of adult learners seeking to re-skill and re-engage with the workforce, measuring progress through the four objectives across this life cycle: achievement, engagement, wellbeing and productivity.

The Department has selected a suite of performance indicators that best measure progress. Data against these indicators shows that the Department's performance against its objectives remains strong. Most Victorian children are engaging with early childhood services and the quality of these services is high. Victorian students are among the top performers in national literacy and numeracy testing. They have also maintained results in international testing at a time when Australia's overall performance failed to improve or declined.

There are, however, areas where achievement, wellbeing, engagement and productivity outcomes can be further improved. The Government is determined to make Victoria the Education State by providing excellence and equity in education, from early childhood, through school education, and the training and TAFE sectors.

The Education State reforms are designed to bring Victoria in line with the highest levels of quality learning and achievement. The reforms also focus on supporting Victoria's disadvantaged learners. In the second year of Education State reform, the Department implemented reforms in early childhood education providers, schools and training providers. These reforms will help Victoria keep pace with rapid global change and provide all Victorians a quality education.

Objective 1: Achievement

Raise standards of learning and development achieved by Victorians using education, development and child health services.

Providing high-quality ECEC services is an important starting point for child development; setting children up for future educational achievement. Victoria's ECEC services continue to provide a high-quality education, with nearly nine in ten services meeting or exceeding National Quality Standard-1 (educational program and practice). Implementing the *Education State Early Childhood Reform Plan* and associated investments announced in May 2017 is creating a higher quality, more equitable and inclusive early childhood system and improving Victorian children's achievements.

On entry to school, most Victorian children are well developed as the AEDC shows. In 2015, Prep teachers evaluated nearly 85 per cent of Victorian children as 'on track' in their language and cognitive development, a marginal increase on the 2012 results.

Victoria has an integrated system to support school improvement and improve student outcomes. Funding for disadvantaged students and those who need more classroom assistance is giving schools the resources they need to better target improvements according to their students' needs, their school, and the local community. Other system reforms include the Victorian Teaching and Learning model, Professional Learning Communities, Communities of Practice, and the Unlocking Potential—Principal Preparation Program.

More support announced in May 2018 includes investments in health and wellbeing reform, careers education in government schools, further strengthening of STEM through extra primary maths and science specialists and additional funding from the Navigator program to help disengaged students. These new investments coincide with our continuing focus on building new schools and improving existing infrastructure.

Victoria's performance in national testing remains strong. Since 2013, Victoria's performance above the bottom three NAPLAN bands has improved or remained stable for reading and numeracy at all year levels. The top two bands of reading and numeracy show statistically significant improvements in all year levels except Year 9.

Results from international testing show Victoria is a consistent performer at a time when national performance has declined. The most recent Trends in International Mathematics and Science Study (TIMSS) showed the proportion of Victorian students achieving international benchmarks has increased for Year 8 students and remained stable for Year 4 students. International results for Progress in International Reading Literacy Study (PIRLS) were particularly strong, with a six per cent increase in the proportion of Year 4 students achieving at or above international standard (from 80 per cent in 2011 to 86 per cent in 2016).

Results from the PISA of 15-year-olds showed mixed results: the proportion of students achieving at or above the nationally agreed proficiency standard remained stable for mathematics but decreased for reading. In PISA science, Victoria's mean score improved relative to the top 25 per cent of jurisdictions. In 2015, Victoria performed above the Australian and international testing averages in both TIMSS and PISA.

STEM in the Education State is improving student achievement in mathematics and science. This plan invests in STEM programs and initiatives and provides schools with access to leading-edge resources and excellent teaching, including extra investments in primary maths and science specialists in the May 2018 State Budget. This helps Victorian learners of all ages and backgrounds acquire the STEM skills they need now and for their future.

Teachers play a pivotal role in building the Education State across all schools and positive teacher collaboration is key to success. The school staff survey of government school teachers showed, in recent years, that teachers' perceptions of collaboration within their school are stable, with around 60 per cent responding positively to questions about collaboration. The PLC is a key Education State reform that supports practice change across the education system. It provides a framework with which to enhance the culture and structure Victorian teachers need to more effectively collaborate and improve professional practice.

Another key Education State focus is to keep students engaged and in school. Completing Year 12 (or equivalent) carries a range of economic, social, emotional and health benefits. Young people's educational attainment, measured through the Australian Bureau of Statistics (ABS) Survey of Education and Work, indicates that the proportion of young people aged 20–24 years gaining a Year 12 or non-school qualification at or above Certificate II level fluctuates from year to year, with an average of 90 per cent across the five-year period.

Overall, government-funded VET activity in Victoria has decreased since a 2012 peak. Initiatives, such as the Quality Assurance review blitz that started in July 2015, have considerably improved previous quality issues and helped restore certainty and stability in Victoria's training system. The Department cancelled the contracts of a number of low-quality private training providers offering poor-quality courses and poor student outcomes, and training activity numbers also reduced.

In 2017, 94,300 students completed a VET course, with the bulk of completions (more than three-quarters) for qualifications at Certificate III and above. This represents a decline of 12.6 per cent, reflecting a combination of factors including: declining total activity in recent years; high-quality longer duration courses; and improving student retention rates.

Over the period 2014 to 2016, the share of students with improved employment status after training was relatively stable, with around four in ten students reporting improved employment status after training. However, this needs to be interpreted within the context of related output performance measures that show more students are achieving their main reason for training, and both students and employers are more satisfied with the training provided (Table 11).

Table 3 – Departmental indicators against achievement

Indicators	Unit	2013	2014	2015	2016	2017
Early childhood development						
Children developmentally ‘on track’ on the Australian Early Development Census language and cognitive skills domains						
Proportion of children developmentally ‘on track’ on the AEDC language and cognitive skills domains ¹	per cent	–	–	84.7	–	–
Proportion of early childhood services meeting or exceeding National Quality Standard Area 1 (NQSA1—Educational program and practice)						
Proportion of early childhood services meeting or exceeding National Quality Standard Area 1	per cent	82.7	85.4	87.0	87.5	88.8
School education						
Students meeting the expected standard in national and international literacy and numeracy assessments²						
NAPLAN Proportion of students above the bottom three bands:						
Year 3—Literacy	per cent	75.3	73.7	76.2	75.6	78.3
Year 3—Numeracy	per cent	68.9	69.1	66.4	67.8	71.7
Year 5—Literacy	per cent	66.9	64.1	62.2	66.2	66.9
Year 5—Numeracy	per cent	55.5	57.6	61.2	61.0	61.8
Year 7—Literacy	per cent	59.7	59.2	59.5	56.9	60.8
Year 7—Numeracy	per cent	54.7	56.4	56.4	62.1	64.2
Year 9—Literacy	per cent	50.5	50.6	50.2	48.9	50.4
Year 9—Numeracy	per cent	49.1	51.5	54.0	51.5	53.6
NAPLAN Proportion of students in the top two bands:						
Year 3—Literacy	per cent	52.2	51.2	53.6	54.1	56.5
Year 3—Numeracy	per cent	37.5	41.1	38.4	40.7	44.3
Year 5—Literacy	per cent	35.6	37.3	36.9	38.3	39.7
Year 5—Numeracy	per cent	27.3	28.7	31.9	31.7	30.6
Year 7—Literacy	per cent	27.6	29.8	30.1	27.4	30.9
Year 7—Numeracy	per cent	27.4	29.2	27.8	32.4	35.0
Year 9—Literacy	per cent	20.7	22.6	22.8	20.7	20.5
Year 9—Numeracy	per cent	25.2	25.3	26.1	23.3	23.8
Proportion of Year 4 students reaching international benchmarks (PIRLS) ³ —Reading	per cent	–	–	–	86.0	–
Proportion of Year 4 students reaching international benchmarks (TIMMS)—Mathematics ⁴	per cent	–	–	–	75.0	–
Proportion of Year 8 students reaching international benchmarks (TIMMS)—Mathematics ⁴	per cent	–	–	–	69.0	–
Proportion of 15-year-old students achieving at or above proficient standard (level 3) in PISA reading literacy ⁵	per cent	–	–	63.0	–	–

¹ The AEDC is held every three years, with the upcoming 2018 AEDC data collection being the fourth collection.

² Victorian government and non-government schools.

³ Progress in International Reading Literacy Study. Data collected every five years.

⁴ Trends in International Mathematics and Science Study. Data collected every four years. Source: Thomson, Wernert, N and O’Grady, S (2015). TIMMS 2015: Reporting Australia’s Results.

Indicators	Unit	2013	2014	2015	2016	2017
Proportion of 15-year-old students achieving at or above proficient standard (level 3) in PISA mathematical literacy ⁵	per cent	–	–	58.0	–	–
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 ⁶	mean score	–	–	-14	–	–
Percentage of positive responses to teacher collaboration within school						
Percentage of positive responses to teacher collaboration within school	per cent	–	62.4	60.9	60.6	61.2
Higher education and skills						
VET course completions						
VET completions ⁷	number	–	–	149,800	107,900	94,300
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 ⁸	per cent	90.1	89.0	89.5	92.6	87.7
Certificate III or above completions						
Certificate III or above completions	number	–	–	120,700	87,100	75,000
Other	number	–	–	29,100	20,800	19,400
All qualifications	number	–	–	149,800	107,900	94,300
Proportion of graduates with improved employment status after training						
Proportion of graduates with improved employment status after training	per cent	–	45.7	44.5	42.4	46.2 ⁹

Objective 2: Engagement

Increase the number of Victorians actively participating in education, development and child health services.

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

Through the Key Age and Stage (KAS) visits, MCH nurses provide parents and children with valuable support at critical development points. The *Education State Early Childhood Reform Plan* aims to strengthen engagement by improving and expanding

⁵ Programme for International Student Assessment (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).

⁶ Top performing PISA jurisdictions are defined as the top 25 per cent of jurisdictions by mean score (both countries and economic areas) undertaking the PISA test in that cycle. Country/economic area rankings may shift over time.

⁷ This is a new measure for this report and data are not available prior to 2015. Completed qualifications is a new measure and should be interpreted with care because:

1. completion reported in any year relates to commencement in that and previous years
2. the Department cancelled contracts for a number of poor performing Registered Training Organisations following audits undertaken as part of the Quality Assurance review blitz. This could have increased the number of non-completions and continuing enrolments for 2016.

Data for future years is expected to provide a higher level of comparability.

⁸ Survey estimates, subject to statistical error. Source: ABS Survey of Education and Work (cat.no. 6227.0).

⁹ The increase is partly due to a change in the methodology used to construct the measure in the 2018 Survey. Specifically, respondents were given an extra response option to the question asking about the job-related benefits gained from training.

current statewide services and staff development initiatives. Local Government Areas (LGAs) collect data for KAS visits and provide it to the Department after the end of the financial year. Data for the 2017–18 year is not yet available, but 2016–17 had high participation in MCH KAS visits. More families participate in the earlier KAS visits, and rates drop from universal participation in the first home consultation visit, to around two-thirds of children for the last visit (at 3.5 years).

Kindergarten has well documented long-term academic and social benefits for children who attend. Kindergarten participation rates remain high in Victoria. In 2017, an estimated 93.4 per cent of children attended kindergarten in the year before starting school. While this rate is slightly lower than 2016, it is not directly comparable with previous years as it is calculated using rebased ABS population estimates following release of the 2016 Census of Population and Housing. Victoria's strong kindergarten participation continues, with more than 90 per cent of children enrolled in kindergarten in the year before school and compares favourably to other states and territories.

The Productivity Commission's *Report on Government Services* (2018) has the most recent nationally comparable data. In 2016, it showed Victoria had the highest participation rate in a pre-school (kindergarten) program in the year before school in Australia.¹⁰ So that all children reap the benefits of kindergarten, the Department is focusing on the cohorts of children most likely to miss out on kindergarten—children in out-of-home-care, newly-arrived immigrants, refugees, Aboriginal children, and children in long and family day care, faith schools or language schools without a kindergarten program. The Department is also providing more kindergarten funding to help improve the quality of kindergarten services.

Victoria's ECEC sector continues to provide high levels of care, with most service providers performing strongly against national standards. In 2017, 96.2 per cent of Victorian ECEC services met or exceeded National Quality Standard Area 6 (NQSA6—collaborative partnerships with families and communities). This high-quality level has remained stable across the past five years.

Student attendance and participation are important engagement factors. There is a strong correlation between student attendance and learning outcomes—reducing disengagement involves reducing school absenteeism. Victoria remains the only jurisdiction where average government school attendance across Years 1 to 10 remains above 90 per cent, at an overall 92.5 per cent.¹¹ Since 2013, the average number of absent days per full-time-equivalent student in government schools has increased slightly for Years 5 to 10, mostly approved absences. At the same time, unapproved absences for years 7 to 12 students have decreased since 2013.

The Department knows how important it is to maintain students' engagement with schooling. The recently announced student health and wellbeing reforms will deliver system-wide improvements to help students get the support they need to stay engaged. Other Education State initiatives, also improving schooling engagement, include the FISOs 'positive climate for student learning' priority, and targeted initiatives such as the Navigator program, and LOOKOUT education support centres.

Positive engagement with schooling leads to achievement. In 2017, the Department revised the Attitudes to School Survey with a better-focused question set relating to the school learning environment. New survey results show slightly decreased student perceptions of their school's stimulating learning environment in the primary years (Years 5–6) but increased in secondary school students (Years 7–10 and 11–12).

¹⁰ Productivity Commission Report on Government Services 2018, Table 3A.18

¹¹ Productivity Commission Report on Government Services 2018, Table 4A.18

Overall VET enrolments continued to decline between 2016 and 2017. This is attributable to a number of factors, including:

- a deliberate shift to high-quality training providers — for example, 68 per cent of the decline in government-subsidised course enrolments related to providers contracted in 2016, but not contracted in 2017
- the *Skills First* reforms, which are among a wide range of actions taken to ensure Victoria has a high quality training and TAFE system. This includes the \$9 million Quality Assurance review blitz on low-quality training providers, that started on 1 July 2015 and lead to:
 - 62 Registered Training Organisation (RTO) investigations and 17 VET funding contract terminations for serious non-compliance issues
 - five VET Funding contract terminations due to company liquidation
 - \$48 m in funds identified for recovery since July 2015

The recent *Skills First* reforms reflect lessons from the Quality Assurance review blitz and explain the strengthened process for selecting contracted providers and the Government's commitment to lift quality in the training and TAFE system

- stronger targeting to courses linked to government priorities—*Skills First* limits training that does not lead to employment or that exceeds workforce demands
- substitution of a University education—the share of the Victorian population achieving a university degree increased to 33.9 per cent in 2017, from 32.7 per cent in 2016
- fewer enrolments continuing from previous years—16 per cent of the decline in government-subsidised course enrolments related to fewer students continuing their previous year's enrolment. This reflects historic activity declines associated with previous policy settings that reduced subsidies to contain the budget.

The proportion of students satisfied with the teaching in their course improved from 83.3 per cent in 2015 to 85.6 per cent in 2016. On average, over the past five years, around 87 per cent of students have been satisfied with the teaching in their course.

Table 4 – Departmental indicators against engagement

Indicators	Unit	2013	2014	2015	2016	2017
Early childhood development						
Participation in a kindergarten service in the year before school						
Participation in a kindergarten service in the year before school ¹²	per cent	98.2	96.4	98.1	96.2	93.4 ¹³
Participation in Maternal and Child Health services¹⁴						
Home consultation ¹⁵	per cent	101	100.9	99.2	100.8	n/a ¹⁶
12 months	per cent	83.4	83.4	79.3	83.0	n/a

¹² In 2014, the methodology changed slightly due to an improvement in available data and analysis methods. The method of identifying and excluding second year enrolments has been 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.

¹³ The preliminary kindergarten participation rate for 2017, published as an expected outcome in Budget Paper 3, was 93.4 per cent. This estimate is based on the most recent ABS estimated resident population (ERP) data available. This measure is not directly comparable with previous years as the ABS is rebasing its ERP data on the 2016 Census of Population and Housing.

¹⁴ Figures for the 2013–14 financial year under 2013, 2014–15 under 2014, 2015–16 under 2015 and for 2016–17 under 2016.

¹⁵ Participation rates will exceed 100 per cent when the number of children attending the Maternal and Child Health Centre throughout the year is greater than the number of children registered at the centre on 30 June.

¹⁶ Results for 2017–18 are not available at the time of publication. Data for the 2017–18 financial year will be published in the Maternal and Child Health Services Annual Report (to be released in 2018–19).

Indicators	Unit	2013	2014	2015	2016	2017
3.5 years	per cent	64.9	66.1	62.5	64.5	n/a
Proportion of ECEC services meeting or exceeding National Quality Standard Area 6 (NQSA6 –Collaborative partnerships with families and communities)						
Proportion of ECEC services meeting or exceeding National Quality Standard Area 6	per cent	95.5	96.3	96.8	95.9	96.2
School education						
Mean number of student absent days per full-time equivalent (FTE) a year¹⁷						
Mean number of student absent days per FTE a year:						
Year 5	Number	14.3	14.1	14.4	15.1	15.5
Year 6	Number	14.8	14.6	15.1	15.6	16.3
Years 7–10	Number	19.3	19.5	19.3	19.7	20.2
Years 11–12	Number	15.4	16.0	16.8	16.6	16.6
Mean number of unapproved student absence days per FTE per year in secondary schools						
Mean number of unapproved student absence days per FTE per year in secondary schools ¹⁸						
Year 7–12	Number	8.1	7.7	7.9	8.0	7.8
Students with a positive opinion about their school providing a stimulating learning environment¹⁹						
Proportion of students who agree or strongly agree that their school provides a stimulating learning environment:						
Years 5–6	per cent	63.4	63.5	61.1	59.1	57.7 ²⁰
Years 7–10	per cent	21.2	21.7	20.9	20.5	21.8
Years 11–12	per cent	21.1	20.0	19.8	18.8	26.5
Higher education and skills						
VET enrolments by students²¹ age and gender						
15–19 years	Number	104,600	85,300	69,900	59,300	53,500
20–24 years	Number	96,300	93,100	80,200	69,700	65,200
25–44 years	Number	178,900	167,100	141,600	121,500	110,800
45–64 years	Number	93,100	87,400	75,100	62,900	56,100
Under 15, over 64 and not stated	Number	11,900	10,700	11,000	7,700	6,800
Female	Number	226,600	208,100	177,100	153,400	144,600
Male	Number	257,600	234,900	199,600	166,900	147,000
VET enrolments by administrative region						
South western	Number	251,100	230,500	178,600	144,300	129,500
North western	Number	116,200	105,400	97,900	82,600	76,300
North eastern	Number	114,300	86,100	70,800	64,700	60,600
South eastern	Number	153,200	130,900	116,300	92,500	81,300

¹⁷ Victorian government schools. Data extracted on 12 June 2018.

¹⁸ Victorian government schools. Data extracted on 12 June 2018. Unapproved categories include unexplained and parent choice unauthorised only.

¹⁹ Victorian government schools. 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 of Education and Training Attitudes to School Survey.

²⁰ The introduction of a new survey instrument and delivery mode from 2017 onwards means that time series data may not be directly comparable.

²¹ Number of students undertaking government-subsidised training.

Indicators	Unit	2013	2014	2015	2016	2017
VET enrolments by courses by skills shortage category courses						
Government-subsidised enrolments in skill demand occupations	Number	153,000	166,600	148,100	124,800	111,500
VET enrolments by specialised category courses						
Government-subsidised enrolments in specialist occupations	Number	89,600	88,900	83,800	74,400	69,800
VET participation by learners facing barriers						
Women seeking to return to work (aged 35–64)	Number	18,600	20,600	19,400	17,600	17,300
People with no prior Certificate III (aged 20–64)	Number	278,400	259,800	209,800	169,100	150,200
Early school leavers (aged 15–19)	Number	31,900	28,800	23,900	21,400	19,300
Indigenous people	Number	6,500	6,200	5,500	5,100	5,000
People with a disability barrier	Number	40,500	41,300	38,200	34,400	31,100
VET participation by unemployed learners						
VET participation by unemployed learners	Number	135,000	135,900	113,200	87,900	75,400
Proportion of VET students satisfied with the teaching in their course						
Proportion of VET students satisfied with the teaching in their course ²²	per cent	88.4	87.3	83.3	85.6	n/a ²³

Objective 3: Wellbeing

Increase the contribution that education, development and child health services make to Victorians' good health and quality of life, particularly for children and young people.

All Victorian children and young people deserve not only the best education system, but one that best promotes and nurtures health and wellbeing. The Education State agenda prioritises this. 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.

MCH services play an important role in improving children's health and quality of life by identifying health, behavioural and developmental challenges at an early stage, while encouraging positive health and safety behaviours such as breastfeeding, immunisation, safe sleeping and healthy eating. From 2015–16 a new record system was introduced for a number of MCH service providers. Technical challenges in transitioning to this system have impacted the reporting of breastfeeding data in some LGAs. As such, statewide breastfeeding data is not available for the 2015–16 and 2016–17 financial years. However, 2017–18 data will be published via the MCH services annual report as soon as it is available.

Analysis of the most recent data from 2014–15 indicates that half of Victorian infants were fully breastfed at three months and one-third were fully breastfed at six months, which is on par with national levels. The Department continues to work on improving the quality of MCH universal services while delivering extra, targeted support to families who need it most.

Outcomes are positive for most Victorian children starting school. Data continues to show that more than 80 per cent start school with a low risk of behavioural problems

²² The National Centre for Vocational Education Research (NCVER) 2017 National Student Outcomes survey excludes students aged under 18 years of age. Data from previous years has been revised by NCVER to exclude students aged under 18 years of age to ensure comparability between 2017 and previous years.

²³ NCVER National Student Outcomes Survey data for training in 2017 will not be available before December 2018.

(as identified by their parents through the school entrant health questionnaire), and more than three-quarters are assessed by their teachers as 'on track' against the AEDC social competence or emotional maturity domains.

As the Department has improved families of all backgrounds' accessibility to MCH services, the community's awareness of the importance of behavioural and developmental issues may have also grown. The proportion of children entering Prep with no parent-identified general development issues has decreased to 44 per cent. However, improved parent awareness of developmental issues may be a contributor. This growing awareness means more families can discuss developmental concerns with schools and access further support to address them.

Student wellbeing factors, such as feeling safe and connected to school, are important to students and young people's happiness and have an impact on other aspects of school life. Most Victorian government school students feel connected to their school. Over the past five years, the proportion of students who agree or strongly agree that they feel connected to their school has remained largely stable at 60 per cent of primary school students and 30 per cent of middle year students (Years 7 to 10). Results for 2017 show a large increase in connectedness for Years 11 to 12.

Students' perceptions of school safety are also important. Around 60 per cent of students feel that their school is safe. These rates have decreased slightly in primary school (Years 5 to 6) and increased in secondary school, particularly for Years 11 and 12. Perceptions of safety are characterised by the absence of bullying behaviours. The revised survey now provides a more precise timeframe for experiencing bullying. However, a cautious approach to time series comparisons is required, given the revised question structure and survey delivery mode.

From 2017, the revised Attitude to School survey for government school students introduced a more accurate classroom behaviour measure. The 2017 data indicates that nearly all (93.2 per cent) Years 5–6 students believe their teacher sets clear rules. Just over half of secondary school students believe that if students misbehave in class, their teacher manages it effectively (53.3 per cent of Years 7–10 and 57.7 per cent of Years 11–12).

To build feelings of connectedness and safety, the Department invests significantly in health and wellbeing support for children and young people. Key programs include:

- the eSmart Schools framework, developed in partnership with the Alannah and Madeline Foundation, helps schools develop a culture that promotes safe, smart and responsible technology use
- the Bully Stoppers initiative, developed in partnership with experts in the field, provides teachers and school communities with support, clear guidance and tools to effectively prevent and respond to bullying
- the Safe Schools program aims to ensure schools are safe and supportive environments for all students, staff, and families by challenging and reducing levels of homophobia and transphobia, and actively including those who are same-sex attracted, intersex and gender diverse
- SAFEMinds, in partnership with headspace, to provide professional learning opportunities and a resource package for schools and families.

The Respectful Relationships program, recommended by the Royal Commission into Family Violence, also contributes to student feelings of school connectedness and safety by:

- developing the knowledge, understanding and skills to strengthen students' sense of self
- learning to recognise and regulate emotions
- developing empathy for others
- building and managing safe and respectful relationships.

Satisfaction levels with the quality of VET continued to trend upwards to 85.3 per cent—the highest result since 2013. This steady increase in training quality reflects the success of initiatives lead by the quality blitz implemented from July 2015 and continuing through the *Skills First* reforms from 1 January 2018.

Table 5 – Departmental indicators against wellbeing

Indicators	Unit	2013	2014	2015	2016	2017
Early childhood development						
Proportion of infants fully or partially breastfed at 3 and 6 months²⁴						
Infants fully breastfed at 3 months	per cent	50.6	51.4	n/a	n/a	n/a ²⁵
Infants partially breastfed at 3 months	per cent	12.7	13.1	n/a	n/a	n/a
Infants fully breastfed at 6 months	per cent	33.9	34.0	n/a	n/a	n/a
Infants partially breastfed at 6 months	per cent	14.6	15.6	n/a	n/a	n/a
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	86.5	86.1	83.9	83.9	82.7
Proportion of children who have no general developmental issues identified by parents on entry into Prep	per cent	49.8	48.2	46.9	45.6	43.8
Children developmentally 'on track' on the Australian Early Development Census social competence and emotional maturity domains						
Social competence domain	per cent	–	–	77.2	–	–
Emotional maturity domain	per cent	–	–	77.5	–	–
School education²⁶						
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	66.6	66.6	65.8	64.7	62.6 ²⁷
Years 7–10	per cent	33.6	33.4	34.0	33.2	32.4
Years 11–12	per cent	27.8	26.0	25.4	23.6	31.4
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	63.6	64.1	60.3	60.1	57.0 ²⁸

²⁴ Figures for the 2013–14 under 2013, and for 2014–15 under 2014. Source: Maternal and Child Health Services Annual Report.

²⁵ Since 2015 a number of Maternal and Child Health service providers have migrated to a new record system. Difficulties in transitioning to this system have affected the reporting of breastfeeding data in a number of LGAs.

²⁶ 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 of Education and Training Attitudes to School Survey.

²⁷ The introduction of a new survey instrument and delivery mode from 2017 onwards means that time series data may not be directly comparable.

²⁸ 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 that 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.

Indicators	Unit	2013	2014	2015	2016	2017
Years 7–10	per cent	58.8	60.0	58.7	58.1	59.5 ²⁶
Years 11–12	per cent	65.7	66.3	64.9	64.6	76.4 ²⁶
Proportion of students who believe their teacher sets clear rules / manages misbehaviour effectively ²⁹						
Years 5–6	per cent					93.2
Years 7–10	per cent					53.3
Years 11–12	per cent					57.7

Higher education and skills

Level of student satisfaction with VET

Proportion of graduates satisfied with the overall quality of training ³⁰	per cent	84.1	83.7	84.3	85.3	n/a ³¹
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Objective 4: Productivity

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

In 2017–18, the Victorian Government increased the standard per-capita rate paid in the early childhood sector for both kindergarten and MCH services.

The unit cost per primary and secondary school student increased between 2013–14 (2013) and 2015–16 (2015) with higher unit costs reported for secondary schools. The unit cost per VET student contact hour (in 2016 dollars) has fluctuated from \$11.64 an hour in 2013 to \$11.79 an hour in 2016, averaging \$10.83 an hour over this period.

Table 6 – Departmental indicators against productivity

Indicators	Unit	2013	2014	2015	2016	2017
Early childhood development^{32, 33}						
Dollar per kindergarten student per financial year in the year prior to school (or ECIS or MCH)						
Minimum funding available to every child (provides 6.75 hours of maternal and child health service for each child aged 0 to 3 years) ³⁴	\$ per child	618.0	630.4	642.9	742.5	761.1
Minimum funding available to the majority of children (approximately 93 per cent in 2017) who access a kindergarten program in the year prior to school ³⁵	\$ per child	2,061.0	2,112.0	2,175.3	2,260.0	2,336.7

²⁹ From 2017, the revised 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'.

³⁰ The NCVER 2017 National Student Outcomes survey excludes students aged under 18 years. Data from previous years have been revised by NCVER to exclude students aged under 18 years to ensure comparability between 2017 and previous years.

³¹ NCVER National Student Outcomes Survey data for training in 2017 will not be available before December 2018.

³² Reflects the Victorian Government expenditure on early childhood services available to all children (that is, universal expenditure) and does not include the significant resourcing provided to deliver a range of targeted services for specific cohorts of children.

³³ Figures for the 2013–14 financial year under 2013, 2014–15 under 2014, 2015–16 under 2015 and 2016–17 under 2016.

³⁴ Reflects the standard per capita rate during the relevant financial year, of which 50 per cent is funded by the State Government and 50 per cent provided through matched local government funding.

³⁵ A small proportion of children who access a kindergarten program in a non-government school (around five per cent) receive less (State Government component between \$368 and \$1,194 in 2016–17). 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 resourcing for delivery of the program is provided through parental fees and service fundraising.

Indicators	Unit	2013	2014	2015	2016	2017
School education—primary and secondary³⁶						
Dollar per primary school student per financial year						
Victorian Government real recurrent expenditure (including User Cost of Capital) per FTE student in primary schools (2015–16 dollars) ³⁷	\$ per FTE student	12,607.7	13,125.9	13,764.6	n/a ³⁸	n/a
Dollar per secondary school student per financial year						
Victorian Government real recurrent expenditure (including User Cost of Capital) per FTE student in secondary schools (2015–16 dollars)	\$ per FTE student	16,025.2	16,527.2	17,128.1	n/a	n/a
Higher education and skills						
Dollar per VET student contact hour per calendar year³⁹						
Victorian Government real recurrent expenditure per annual hour (2016 dollars)	\$ per hour	11.64	9.55	10.32	11.79	n/a ⁴⁰

³⁶ Victorian Government schools. Source: Productivity Commission Report on Government Services (RoGS) 2018, Table 4A.15. 2013–14 data is published under 2013, 2014–15 under 2015, and 2015–16 under 2016.

³⁷ Time series financial data are adjusted to 2015–16 dollars using the General Government Final Consumption Expenditure (GGFCE) chain price deflator.

³⁸ Reports on Government Services (RoGS) are published in early February each year. There is a time lag in reporting financial data. 2016–17 and 2017–18 results will be released in the 2019 RoGS and 2018–19 data will be published in the 2020 RoGS.

³⁹ Source: Productivity Commission Report on Government Services 2018, Table 5A.2. In Victoria, the *Education and Training Reform Amendment (Dual Sector Universities) Act 2013* came into effect. As a result, the Ministerial directions and guidelines to TAFE institutes no longer apply to the four dual sector universities in Victoria. The Victorian 2014 AVETMISS financial statements therefore reflect a de-consolidation of these entities in the 2014 reporting year. State funding provided to the universities for training delivery during the 2014 reporting year is reflected as a payment to a non-TAFE provider for VET delivery.

⁴⁰ RoGS is published in early February each year. There is a time lag in reporting financial data. 2017 results will be released in the 2019 RoGS.

Performance against output performance measures

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.

These output measures refer to the financial year unless indicated.

Strategy, review and regulation

The output group for Strategy, review and regulation develops, plans and monitors strategic policy settings across all learning stages. It includes inter-governmental negotiations as well as research, data and performance evaluations. This output group supports regulation to ensure delivery of quality education and training, and contributes to all the Department's objectives of achievement, engagement, wellbeing and productivity.

Table 7 – Strategy, review and regulation performance measures

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
Quantity					
Number of registered training organisation quality audits and school reviews undertaken annually	number	94	89	-5.3	■
<i>Provider audit and review cycles are scheduled on the anniversary of a provider's registration and therefore vary from year to year. The 2017–18 Actual is lower than the 2017–18 Target due to the cancellation of RTO audits and the shift of some RTOs to the national regulator.</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	90	81	-10.0	■
<i>The 2017–18 Actual is lower than the 2017–18 Target due to the measure being based on a small survey where results can be prone to fluctuation.</i>					
Regulated schools and Registered Training Organisations that rate the VRQA effective or highly effective in performing its regulatory function	per cent	90	95	5.6	✓
<i>The 2017–18 Actual is higher than the 2017–18 Target due to schools and RTOs reporting higher satisfaction with the VRQA.</i>					
Percentage of government schools where an enrolment audit is conducted	per cent	32.8	32.8	0.0	✓
<i>This performance measure relates to the calendar year.</i>					
Cost					
Total output cost	\$ million	106.2	113.1	6.5	■
<i>The higher 2017-18 Actual compared with the 2017–18 target is primarily due to the continuation of the Department's development, planning and monitoring of strategic policy settings across all stages of learning. In addition, the increase in output cost reflects the ongoing support for regulation that ensures quality education and training is delivered, contributing to the Department's objectives.</i>					
Key: ✓ Target achieved or exceeded ○ Target not achieved—less than 5% variance ■ Target not achieved—more than 5% variance					

Early childhood development

The Early childhood development output group involves providing kindergarten and children's services. Services include monitoring of education and care services, parent satisfaction with kindergarten services and specialist services; to improve disadvantaged children's access to kindergartens. It also includes making community-based maternal and child health services available to all families with children aged 0–6 years. This output provides developmental health surveillance, early intervention, parenting support and health education. It also includes a range of services and support for children with a developmental delay or disability, and their families.

Table 8 – Early childhood development performance measures

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
Quantity					
Children funded to participate in kindergarten	number	75,000	78,970	5.3	✓
<i>The 2017–18 Actual is higher than the 2017–18 Target due to a larger than anticipated four-year-old population in 2017.</i>					
Kindergarten participation rate	per cent	96.0	93.4	-2.7	○
<i>This performance measure relates to the calendar year. This performance measure excludes children who participate in a second year of the four-year-old kindergarten program.</i>					
<i>The 2017–18 Actual is an estimate based on the most recently available preliminary ABS estimated resident population (ERP) data. Note that this measure is not directly comparable with previous years as the ABS is rebasing its ERP data on the 2016 Census of Population and Housing.</i>					
Maternal and child health clients with children aged 0–1 year receiving additional support through enhanced maternal and child health services	per cent	15.0	15.0	0.0	✓
<i>The performance measure may underestimate the proportion of clients receiving enhanced maternal and child health services due to potential overestimation of universal enrolments associated with the introduction of a new maternal and child health IT system.</i>					
Total number of maternal and child health service clients (aged 0–1 year)	number	76,000	80,000	5.3	✓
<i>The 2017–18 Actual is higher than the 2017–18 Target due to potential overestimation of universal enrolments associated with the introduction of a new maternal and child health IT system and growth in the 0 to 1-year age population.</i>					
Total number of children receiving early childhood intervention services	number	7,999	8,590	7.4	✓
<i>The 2017–18 Actual reflects an additional 591 Early Childhood Intervention Services (ECIS) places funded in the 2017–18 National Disability Insurance Scheme (NDIS) transitional support for clients and providers State budget initiative to reduce the statewide waiting list until full scheme implementation of the NDIS.</i>					
Quality					
Education and care services offering a funded kindergarten program assessed as exceeding the National Quality Standard	per cent	43.0	44.0	2.3	✓
<i>This performance measure relates to the calendar year.</i>					
Education and care services offering a funded kindergarten program assessed as meeting or exceeding the National Quality Standard	per cent	90.0	90.0	0.0	✓
<i>This performance measure relates to the calendar year.</i>					
Families who are satisfied with the Early Childhood Intervention Services provided	per cent	90.0	90.0	0.0	✓
<i>This performance measure includes internal and external providers.</i>					
Parent satisfaction with kindergarten services	per cent	85.0	91.0	7.1	✓
<i>This performance measure relates to the calendar year. The performance measure includes funded kindergarten providers. The 2017–18 Actual is higher than the 2017–18 Target due to higher than expected parental satisfaction with kindergarten services in the first full year of the survey.</i>					

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
Timeliness					
Children aged 0–1 month enrolled at maternal and child health services from birth notifications	per cent	98.5	99.0	0.5	✓
<i>The performance measure may overestimate universal enrolments due to data anomalies associated with the introduction of a new maternal and child health IT system.</i>					
Contribution to National Disability Insurance Scheme costs paid on time	per cent	100.0	100.0	0.0	✓
<i>This performance measure relates to the financial year. This performance measure reports on DET payments to the Department of Health and Human Services based on the transition of DET clients.</i>					
Timely transfer of client data that complies with the agreed schedule and the NDIA data standard to the NDIA	per cent	100.0	100.0	0.0	✓
<i>New performance measure for 2017–18 to reflect the agreement reached between DHHS, DET and NDIA on data transfer. This performance measure relates to the financial year.</i>					
Cost					
Total output cost	\$ million	605.8	630.6	4.1	○
<i>The higher 2017–18 Actual compared with the 2017–18 target primarily reflects the extension of the Commonwealth Funding for Universal access. This is offset by a higher carryforward from 2017–18 into 2018–19 than budgeted.</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:

- 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 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 set high aspirations for all students, including Koorie students. These are reflected in BP3 NAPLAN measures, introduced in 2015, which 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.

(i) School education—primary

This output provides education and other associated services to improve the learning quality of students in Prep to Year 6 in government and non-government schools.

Except where indicated, these performance measures relate to:

- the 2017 calendar year rather than the 2017–18 financial year
- government and non-government schools.

Table 9 – School education–primary performance measures

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
Quantity					
Average days lost due to absence at Year 5	number	14.1	15.6	10.6	■
<p><i>This performance measure relates to the calendar year. This performance measure refers to government schools only. The attendance rate covers all absences, including those due to illness and approved family holidays. A lower figure is more desirable, as it indicates that students are having fewer days away from school.</i></p> <p><i>The 2017–18 Actual is higher than the 2017–18 Target due to an increase in student absence across most year levels, with some indication of a 'reporting effect' resulting from the system's continued focus on identifying student absence.</i></p>					
Average days lost due to absence at Year 6	number	14.5	16.4	13.1	■
<p><i>This performance measure relates to the calendar year. This performance measure refers to government schools only. The attendance rate covers all absences, including those due to illness and approved family holidays. A lower figure is more desirable, as it indicates that students are having fewer days away from school.</i></p> <p><i>The 2017–18 Actual is higher than the 2017–18 Target due to an increase in student absence across most year levels, with some indication of a 'reporting effect' resulting from the system's continued focus on identifying student absence.</i></p>					
Average days lost due to absence for Aboriginal students in Years Prep to 6	number	24.0	24.5	2.1	○
<p><i>New performance measure for 2017–18 to reflect Government priorities regarding Education State and Breaking the Link between disadvantage and achievement. This performance measure relates to the calendar year. This performance measure refers to government schools only.</i></p> <p><i>The 2017–18 Actual is higher than the 2017–18 Target due to an increase in student absence across most year levels, with some indication of a 'reporting effect' resulting from the system's continued focus on identifying student absence. This cohort is small in number and data is subject to volatility.</i></p>					
Investment in non-government schools (primary)	\$ million	365.5	382.1	4.5	○
<p><i>The 2017–18 Actual is higher than the 2017–18 target which primarily reflects the inclusion of grants to non-government schools for capital works.</i></p>					
Percentage of government primary school students receiving equity funding	per cent	28.0	27.0	-3.6	○
<p><i>This performance measure relates to the calendar year. This performance measure refers to government schools only. The 2017–18 Actual is lower than the 2017–18 Target as fewer students met student family occupation and education eligibility requirements, as more parents reported in enrolment data as having a bachelor or higher degree than in previous data.</i></p>					
Number of teachers completed professional development as mathematics and science specialists	number	100	100	0.0	✓
<p><i>This performance measure relates to the calendar year. This performance measure refers to government schools only.</i></p>					
Number of assistant principals participating in leadership development programs, including the Aspiring Principals program	number	500	749	49.8	✓
<p><i>This performance measure relates to the calendar year. This performance measure refers to government schools only.</i></p> <p><i>The 2017–18 Actual is higher than the 2017–18 Target as Bastow Institute of Educational Leadership (Bastow) delivered more professional practice workshops in 2017 (in comparison to previous years), as well as an increase in events relating to FISO and increased throughput in Bastow's Aspiring Principals program (UP).</i></p>					
Number of principals participating in statewide, centrally funded leadership development programs, including the Expert Leaders of Education program	number	730	980	34.2	✓
<p><i>This performance measure relates to the calendar year. This performance measure refers to government schools only.</i></p> <p><i>The 2017–18 Actual is higher than the 2017–18 Target as Bastow delivered more professional practice workshops in 2017 (in comparison to previous years), as well as an increase in events relating to FISO and a dedicated program for Network Chairs (WISE).</i></p>					
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	1,950	2,677	37.3	✓

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
<p><i>This performance measure relates to the calendar year. This performance measure refers to government schools only. This performance measure includes all school staff (teaching and education support).</i></p> <p><i>The 2017–18 Actual is higher than the 2017–18 Target as Bastow delivered more professional practice workshops in 2017 (in comparison to previous years), as well as an increase in events relating to FISO.</i></p>					
Number of teachers completing mentoring training	number	800	964	20.5	✓
<p><i>The performance measure for 2017–18 refers to government and non-government schools and early childhood teachers and reflects Government priorities regarding the Education State. The 2017–18 Actual is higher than the 2017–18 Target due to a larger than expected number of teachers attending professional learning from the early childhood sector.</i></p>					
Number of Victorian schools participating as a 'lead school' for the Respectful Relationships initiative	number	120	151	25.8	✓
<p><i>This performance measure relates to Victorian primary and secondary schools.</i></p> <p><i>The 2017–18 Actual is higher than the 2017–18 Target due to additional schools across Victoria supporting implementation, leading to larger than expected numbers of schools, teachers and DET staff attending professional learning.</i></p>					
Number of school-based staff who have participated in whole-school Respectful Relationships professional learning initiative	number	15,000	16,000	6.7	✓
<p><i>This performance measure will include all school staff (teaching and education support). This performance measure relates to Victorian primary and secondary schools.</i></p> <p><i>The 2017–18 Actual is higher than the 2017–18 Target due to additional schools across Victoria supporting implementation, leading to larger than expected numbers of schools, teachers and DET staff attending professional learning.</i></p>					

Quality

Parent satisfaction with primary schooling on a 100-point scale	100-point scale	83	81	-2.4	○
<p><i>This performance measure relates to the calendar year. This performance measure refers to government schools only. Data is drawn from the Parent Opinion survey, where a higher score represents a higher level of satisfaction.</i></p> <p><i>In 2017 the Department refreshed the Parent Opinion survey to reflect recent research. While overall results are comparable between surveys, the change to an online collection mode and order of questionnaire items may account for some variance in time series results.</i></p>					
Percentage of Aboriginal students above the bottom three bands for numeracy in Year 3 (NAPLAN testing)	per cent	43.9	42.6	-3.0	✓
<p><i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. The 2017–18 Actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 3.55 percentage points.</i></p>					
Percentage of Aboriginal students above the bottom three bands for numeracy in Year 5 (NAPLAN testing)	per cent	33.4	31.5	-5.7	✓
<p><i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. The 2017–18 Actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 3.76 percentage points.</i></p>					
Percentage of Aboriginal students above the bottom three bands for reading in Year 3 (NAPLAN testing)	per cent	49.9	51.9	4.0	✓
<p><i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 3.57 percentage points.</i></p>					
Percentage of Aboriginal students above the bottom three bands for reading in Year 5 (NAPLAN testing)	per cent	40.0	36.7	-8.2	✓
<p><i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. The 2017–18 Actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 3.70 percentage points.</i></p>					
Percentage of students above the bottom three bands for numeracy in Year 3 (NAPLAN testing)	per cent	68.9	71.7	4.1	✓

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 0.92 percentage points.</i>					
Percentage of students above the bottom three bands for numeracy in Year 5 (NAPLAN testing)	per cent	62.3	61.8	-0.8	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. The 2017–18 Actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 1.01 percentage points.</i>					
Percentage of students above the bottom three bands for reading in Year 3 (NAPLAN testing)	per cent	77.0	78.3	1.7	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 0.83 percentage points.</i>					
Percentage of students above the bottom three bands for reading in Year 5 (NAPLAN testing)	per cent	66.9	66.9	0.0	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in the confidence interval of ± 0.96 percentage points.</i>					
Percentage of students in the top two bands for numeracy in Year 3 (NAPLAN testing)	per cent	41.9	44.3	5.7	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 1.07 percentage points.</i>					
Percentage of students in the top two bands for numeracy in Year 5 (NAPLAN testing)	per cent	32.9	30.6	-7.0	■
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 0.98 percentage points.</i>					
<i>The 2017–18 Actual is lower than the 2017–18 target, as NAPLAN results reflect student performance as assessed in May 2017 and upward shifts in student performance are expected in future years to reach the Education State in Schools targets. Implementation of the Education State in Schools reform agenda commenced in 2016.</i>					
Percentage of students in the top two bands for reading in Year 3 (NAPLAN testing)	per cent	55.1	56.5	2.5	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 1.06 percentage points.</i>					
Percentage of students in the top two bands for reading in Year 5 (NAPLAN testing)	per cent	39.1	39.7	1.5	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 1.00 percentage points.</i>					
Years 5–6 students' opinion of their connectedness with the school	5-point scale	4.4	4.2	-4.5	○
<i>This performance measure relates to the calendar year. This performance measure refers to government schools only. Data are drawn from the Attitudes to School Survey, where a higher score represents a higher level of connectedness (that is, students feel they belong and enjoy attending school).</i>					
<i>In 2017 the Department refreshed the Attitudes to School Survey to reflect recent research on what matters most to student outcomes. While overall results are comparable between surveys, the change to an online collection mode and order of questionnaire items may account for some variance in time series results.</i>					
Schools that underwent a priority review increase the proportion of school improvement measure threshold standards met.	per cent	53.0	66.0	24.5	✓
<i>This performance measure relates to the calendar year. This performance measure refers to government schools only.</i>					
<i>The 2017–18 Actual is higher than the 2017–18 Target, and positive variation from the target may be due to a reduction in the number of schools that underwent a priority review in 2016 compared to previous years, as well as the introduction of Education State reforms.</i>					

Cost

Total output cost	\$ million	5,219.7	5,261.1	0.8	○
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The 2017–18 Actual is higher primarily reflecting the shift from secondary to primary based on the higher number of primary students than budgeted. Overall, the School Education Output cost (Primary and Secondary) is lower primarily due to lower third party revenue, lower carryover into 2017–18, and higher carry forward into 2018–19. These are offset by new funding decisions.

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

(ii) School education—secondary

This output involves providing education and support services that improve student learning, development and wellbeing in Years 7 to 12 in government and non-government schools. It also covers services that improve pathways to further education, training and employment.

Except where indicated, these performance measures relate to:

- the 2017 calendar year rather than the 2017–18 financial year
- government and non-government schools.

Table 10 – School education—secondary performance measures

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
Quantity					
Investment in non-government schools (secondary)	\$ million	374.1	391.3	4.6	○
<i>The 2017–18 Actual is higher than the 2017–18 target which primarily reflects the inclusion of grants to non-government schools for capital works.</i>					
Number of school students enrolled in Victorian Certificate of Applied Learning (VCAL)	Number	19,000	19,849	4.5	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools.</i>					
<i>The 2017–18 Actual is higher than the 2017–18 Target, as an increasing proportion of students are undertaking VCAL at intermediate and senior levels as VCAL becomes more established as an alternative qualification to the Victorian Certificate of Education.</i>					
Number of school students participating in accredited vocational programs	Number	47,000	46,969	-0.1	○
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools.</i>					
Number of school-based apprentices/trainees	Number	3,538	2,985	-15.6	■
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools.</i>					
<i>The 2017–18 Actual is lower than the 2017–18 Target due to both data accuracy issues associated with the commencement of apprenticeships and traineeships in the final quarter in each of the last two years (impacting data quality), as well as the ongoing impact of regulatory work by the VRQA since 2015–16 to drive improvements in provider and program quality.</i>					
Proportion of all secondary schools offering vocational options to students as part of their secondary school certificate	per cent	95.0	94.5	-0.5	○
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools.</i>					
Number of students for which government secondary schools are funded to 'catch up'	Number	8,500	11,026	29.7	✓
<i>This performance measure relates to the calendar year. This performance measure refers to government schools only. The 2017–18 Actual is higher than the 2017–18 Target due to changes in the catch-up eligibility policy. Students who were exempt from sitting NAPLAN and students who cannot be matched with their NAPLAN data have been included based on a cohort density of catch up students at the school they attend.</i>					

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
Percentage of government secondary school students receiving equity funding	per cent	35.0	33.0	-5.7	■
<i>This performance measure relates to the calendar year. This performance measure refers to government schools only. The 2017–18 Actual is lower than the 2017–18 Target as fewer students met student family occupation and education eligibility requirements, as more parents reported in enrolment data as having a bachelor or higher degree than in previous data.</i>					
Quality					
Average days lost due to absence in Years 11 and 12	Number	16.1	16.6	-3.1	○
<i>This performance measure relates to the calendar year. This performance measure refers to government schools only. Average days lost covers all student absences, including those due to illness, approved family holidays and unapproved absences. A lower figure is more desirable, as it indicates that students are having fewer days away from school.</i>					
<i>The 2017–18 Actual is higher than the 2017–18 Target due to an increase in student absence across most year levels, with some indication of a 'reporting effect' resulting from the system's continued focus on identifying student absence.</i>					
Average days lost due to absence in Years 7–10	Number	19.0	20.2	-6.3	■
<i>This performance measure relates to the calendar year. This performance measure refers to government schools only. Average days lost covers all student absences, including those due to illness, approved family holidays and unapproved absences. A lower figure is more desirable, as it indicates that students are having fewer days away from school.</i>					
<i>The 2017–18 Actual is higher than the 2017–18 Target due to an increase in student absence across most year levels, with some indication of a 'reporting effect' resulting from the system's continued focus on identifying student absence.</i>					
Average days lost due to absence for Aboriginal students in Years 7 to 12	Number	35.0	35.4	-1.1	○
<i>This performance measure refers to government schools only. Average days lost covers all student absences, including those due to illness, approved family holidays and unapproved absences. A lower figure is more desirable, as it indicates that students are having fewer days away from school.</i>					
<i>The 2017–18 Actual is higher than the 2017–18 Target due to an increase in student absence across most year levels, with some indication of a 'reporting effect' resulting from the system's continued focus on identifying student absence. This cohort is small in number and data is subject to volatility.</i>					
Median VCE study score	Number	29.0	29.0	0.0	✓
<i>This performance measure relates to the calendar year. This performance measure refers to government schools only.</i>					
Parent satisfaction with secondary schooling on a 100-point scale	100-point scale	76.0	80.0	5.3	✓
<i>This performance measure relates to the calendar year. This performance measure refers to government schools only. Data is drawn from the Parent Opinion survey, where a higher score represents a higher level of satisfaction.</i>					
<i>In 2017 the Department refreshed the Parent Opinion survey to reflect recent research. While overall results are comparable between surveys, the change to an online collection mode and order of questionnaire items may account for some variance in time series results.</i>					
Percentage of Aboriginal students above the bottom three bands for numeracy in Year 7 (NAPLAN testing)	per cent	29.4	29.3	-0.3	○
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. The 2017–18 Actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in the confidence interval of ± 3.09 percentage points.</i>					
Percentage of Aboriginal students above the bottom three bands for numeracy in Year 9 (NAPLAN testing)	per cent	25.2	22.7	-9.9	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. The 2017–18 Actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in the confidence interval of ± 3.58 percentage points.</i>					
Percentage of Aboriginal students above the bottom three bands for reading in Year 7 (NAPLAN testing)	per cent	29.2	28.7	-1.7	✓

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. The 2017–18 Actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in the confidence interval of ± 3.52 percentage points.</i>					
Percentage of Aboriginal students above the bottom three bands for reading in Year 9 (NAPLAN testing)	per cent	26.3	23.4	-11.0	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. The 2017–18 Actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in the confidence interval of ± 3.22 percentage points.</i>					
Percentage of school leavers completing a VCE VET program in a school progressing to further education, training or work	per cent	95.0	95.0	0.0	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools.</i>					
Percentage of school leavers completing an intermediate or senior Victorian Certificate of Applied Learning in a school progressing to further education, training or work	per cent	85.0	85.0	0.0	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools.</i>					
Percentage of students above the bottom three bands for numeracy in Year 7 (NAPLAN testing)	per cent	62.3	64.2	3.0	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 1.61 percentage points.</i>					
Percentage of students above the bottom three bands for numeracy in Year 9 (NAPLAN testing)	per cent	54.3	53.6	-1.3	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. The 2017–18 Actual is within the margin of error associated with NAPLAN testing for this cohort. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in the confidence interval of ± 1.99 percentage points.</i>					
Percentage of students above the bottom three bands for reading in Year 7 (NAPLAN testing)	per cent	60.0	60.8	1.3	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 1.57 percentage points.</i>					
Percentage of students above the bottom three bands for reading in Year 9 (NAPLAN testing)	per cent	50.4	50.4	0.0	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 1.80 percentage points.</i>					
Percentage of students in the top two bands for numeracy in Year 7 (NAPLAN testing)	per cent	32.5	35.0	7.7	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 1.74 percentage points.</i>					
Percentage of students in the top two bands for numeracy in Year 9 (NAPLAN testing)	per cent	26.4	23.8	-9.8	■
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 1.87 percentage points.</i>					
<i>The 2017–18 Actual is lower than the 2017–18 Target, as NAPLAN results reflect student performance as assessed in May 2017 and upward shifts in student performance are expected in future years to reach the Education State in Schools targets. Implementation of the Education State in Schools reform agenda commenced in 2016.</i>					
Percentage of students in the top two bands for reading in Year 7 (NAPLAN testing)	per cent	30.7	30.9	0.7	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 1.50 percentage points.</i>					
Percentage of students in the top two bands for reading in Year 9 (NAPLAN testing)	Number	23.0	20.5	-10.9	■

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
<p><i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools. NAPLAN results are subject to a small margin of error, common to any assessment program, reflected in a confidence interval of ± 1.46 percentage points.</i></p> <p><i>The 2017–18 Actual is lower than the 2017–18 Target, as NAPLAN results reflect student performance as assessed in May 2017 and upward shifts in student performance are expected in future years to reach the Education State in Schools targets. Implementation of the Education State in Schools reform agenda commenced in 2016.</i></p>					
Percentage of students who remain at school from Year 7 to Year 12	per cent	92.2	92.4	0.2	✓
<p><i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools.</i></p>					
Percentage of VCAL certificates satisfactorily completed by school students	per cent	76.9	74.2	-3.5	○
<p><i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools.</i></p>					
Years 7–9 students' opinion of their connectedness with the school	5-point scale	3.7	3.5	-5.4	■
<p><i>This performance measure relates to the calendar year. This performance measure refers to government schools only. Data are drawn from the Attitudes to School Survey, where a higher score represents a higher level of connectedness (that is, students feel they belong and enjoy attending school).</i></p> <p><i>In 2017 the Department refreshed the Attitudes to School Survey to reflect recent research on what matters most to student outcomes. While overall results are comparable between surveys, the change to an online collection mode and order of questionnaire items may account for some variance in time series results.</i></p>					
Percentage of students in out of home care receiving targeted supports in school (LOOKOUT education support centres)	per cent	60.0	75.0	25.0	✓
<p><i>This performance measure relates to the calendar year. This performance measure refers to government and non-government schools.</i></p> <p><i>The 2017–18 Actual is higher than the 2017–18 Target largely due to the intensive efforts of the LOOKOUT teams in supporting schools to implement these key aspects of the partnering agreement. Due to emerging data collection processes, the 2017–18 data only reflects government schools, which have been the focus of LOOKOUT in this first year of operation. Including data on this measure from the Catholic and independent school sectors may reduce total proportion for students across the state, which has been reflected in the 2018–19 Target of 75 per cent.</i></p>					
Proportion of Navigator program participants re-engaged in schooling	per cent	70.0	60.6	-13.4	■
<p><i>This performance measure relates to the calendar year. This performance measure refers to government schools.</i></p> <p><i>The 2017–18 Actual is lower than the 2017–18 Target due to underestimation of the complexity of Navigator clients and the support required to re-engage back in education. Additional case workers have recently been recruited across the pilot sites, which should help increase re-engagement numbers going forward.</i></p>					
Cost					
Total output cost	\$ million	4,270.7	4,199.8	-1.7	✓
<p>Key: ✓ Target achieved or exceeded ○ Target not achieved—less than 5% variance ■ Target not achieved—more than 5% variance</p>					

Training, higher education and workforce development

This output helps Victorians gain the skills and capabilities essential for success in employment and further training or study. The Victorian Government expects the TAFE and training sector to deliver quality training that:

- strongly supports industry to meet the evolving needs of the economy
- provides Victorians with the skills needed for initial and continuing employment
- promotes equity and addresses disadvantage

- aligns with government priorities, with an emphasis on economic growth sectors, implementing *Ending Family Violence: Victoria's Plan for Change* and the National Disability Insurance Scheme.

An innovative, dynamic, sustainable and stable TAFE and training system that works effectively with other education sectors is critical to achieving the Government's vision of establishing Victoria as the Education State.

Except where indicated, these performance measures relate to the 2017 calendar year rather than the 2017–18 financial year.

Table 11 – Training, higher education and workforce development performance measures

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
Quantity					
Number of government-subsidised course enrolments	number	390,000	353,681	-9.3	■
<i>This performance measure relates to the calendar year. The 2017–18 Actual is lower than the 2017–18 Target reflecting lower enrolments resulting from more rigorous contract allocation, targeting of training to Government priorities and substitution to university education.</i>					
Number of government-subsidised enrolments in TAFE networks	number	135,000	141,642	4.9	✓
<i>This performance measure relates to the 2017 calendar year. This performance measure includes TAFE institute and dual-sector providers. Data for 2017–18 relate to the 2017 calendar year.</i>					
Number of pre-accredited module enrolments government-subsidised through the Adult Community and Further Education Board—adult community education organisations and adult education institutes	number	45,000	45,261	0.6	✓
<i>This performance measure relates to the 2017 calendar year.</i>					
Number of students enrolled in government-subsidised courses	Number	322,000	292,270	-9.2	■
<i>This performance measure relates to the 2017 calendar year. The 2017–18 Actual is lower than the 2017–18 Target reflecting lower enrolments resulting from more rigorous contract allocation, targeting of training to Government priorities and substitution to university education.</i>					
Number of students without Year 12, Certificate II or above enrolled in foundation courses	Number	14,700	13,662	-7.1	■
<i>This performance measure relates to the calendar year. The 2017–18 Actual is lower than the 2017–18 Target reflecting fewer course commencements in 2017 because of lower private provision related to a range of factors including more rigorous contract allocation. There were also fewer than expected enrolments continuing from previous years.</i>					
Grants to support workforce development, skills sector reform, structural adjustment and job creation initiatives	Number	10	10	0.0	✓
<i>This performance measure relates to the financial year.</i>					
Participation rate of 15–24-year-olds in government-subsidised training and further education in Victoria	per cent	15.9	13.9	-12.6	■
<i>This performance measure relates to the calendar year. The 2017–18 Actual is lower than the 2017–18 Target reflecting lower enrolments resulting from more rigorous contract allocation, targeting of training to Government priorities and substitution to university education.</i>					
Participation rate of 25–64-year-olds in government-subsidised training and further education in Victoria	per cent	5.6	4.9	-12.5	■
<i>This performance measure relates to the calendar year. The 2017–18 Actual is lower than the 2017–18 Target reflecting lower enrolments resulting from more rigorous contract allocation, targeting of training to Government priorities and substitution to university education.</i>					
Number of government subsidised apprenticeship enrolments	Number	44,300	49,876	12.6	✓
<i>This 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	83.0	84.9	2.3	✓
<i>This performance measure relates to the calendar year.</i>					

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
Number of government-subsidised enrolments by students living in regional Victoria	number	104,000	93,896	-9.7	■
<i>This performance measure relates to the calendar year. The 2017–18 Actual is lower than the 2017–18 Target reflecting lower enrolments resulting from more rigorous contract allocation, targeting of training to Government priorities and substitution to university education.</i>					
Proportion of government-subsidised enrolments by students eligible for fee concession	per cent	21.3	22.3	4.7	✓
<i>This performance measure relates to the calendar year.</i>					
Number of students with low prior education in government-subsidised training at Certificate III or above	number	80,000	68,361	-14.5	■
<i>This performance measure relates to the 2017 calendar year. The 2017–18 Actual is lower than the 2017–18 Target reflecting lower enrolments resulting from more rigorous contract allocation, targeting of training to Government priorities and substitution to university education.</i>					
Quality					
Proportion of employers of apprentices and trainees who are satisfied with training	per cent	76.5	76.8	0.4	✓
<i>This performance measure relates to the calendar year. Data for 2017–18 relate to 2017 Victorian Employer Skills and Satisfaction survey of 2016 training experiences.</i>					
Proportion of VET completers who are satisfied with their training	per cent	83.7	84.0	0.4	✓
<i>This performance measure relates to the calendar year. Data for 2017–18 relate to 2017 Student Satisfaction survey of 2016 training experiences.</i>					
Proportion of VET completers with an improved employment status after training	per cent	51.8	47.1	-9.1	■
<i>This performance measure relates to the calendar year. Data for 2017–18 relate to 2017 Student Satisfaction survey of 2016 training experiences.</i>					
<i>The 2017–18 Actual is lower than the 2017–18 Target, reflecting a combination of factors including: improved data quality in the latest survey (providing better estimates of outcomes than those on which the targets were based); a declining share of students who were unemployed before training (who achieve improved employment status more easily); and an increase in the share of students who were employed before training (and therefore who start from a higher employment outcome base).</i>					
Proportion of VET completers who achieved their main reason for training	per cent	78.7	82.0	4.2	✓
<i>This performance measure relates to the calendar year. Data for 2017–18 relate to 2017 Student Satisfaction survey of 2016 training experiences.</i>					
Number of government-subsidised course completions	number	108,000	94,343	-12.6	■
<i>This performance measure relates to the 2017 calendar year. The 2017–18 Actual is lower than the 2017–18 Target reflecting lower than expected completions of training commenced in previous years because of declining total activity in recent years, high-quality longer duration course and improving student retention rates.</i>					
Cost					
Total output cost	\$ million	2,432.0	2,187.0	-10.1	✓
<i>The 2017–18 Actual is lower than the 2017–18 Target which primarily reflects lower than expected third-party revenue from TAFEs compared to target.</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 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 that support all the Department's objectives of achievement, engagement, wellbeing and productivity.

Except where indicated, these performance measures relate to the 2017 calendar year rather than the 2017–18 financial year.

Table 12 – Support services delivery performance measures

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
Quantity					
Eligible primary school students in receipt of camps, sports and excursions fund	number	139,000	130,813	-5.9	■
<i>This performance measure relates to the calendar year.</i>					
<i>The 2017–18 Actual is lower than the 2017–18 Target due to a lower number of applications from eligible families of primary school students (holders of a concession card).</i>					
Eligible secondary school students in receipt of camps, sports and excursions fund	number	81,000	83,689	3.3	✓
<i>This performance measure relates to the calendar year.</i>					
<i>The 2017–18 Actual is higher than the 2017–18 Target due to a higher number of applications from eligible families of secondary school students (holders of a concession card).</i>					
Investment in student welfare and support	\$ million	301.2	307.3	2.0	○
<i>This performance measure relates to the calendar year.</i>					
<i>The 2017–18 Actual is higher than the 2017–18 target mainly due to additional funding provided to promote student welfare. This is offset by a lower carryover than budgeted from 2016–17 and higher carryover than budgeted into 2018–19.</i>					
Investment in travelling allowances and transport support (excluding special needs students)	\$ million	41.3	41.1	-0.5	✓
<i>This performance measure includes government and non-government schools.</i>					
Prep-aged students assessed by school nurses	number	60,000	63,947	6.6	✓
<i>This performance measure relates to the calendar year. This performance measure includes government and non-government schools.</i>					
<i>The 2017–18 Actual is higher than the 2017–18 Target due to population growth and increased demand on services of the primary school nursing program.</i>					
School students (government) supported by conveyance allowance	number	10,800	9,137	-15.4	■
<i>This performance measure relates to the calendar year.</i>					
<i>The 2017–18 Actual is lower than the 2017–18 Target due to lower than expected numbers of applicants at schools within the expanded metropolitan conveyance allowance boundary.</i>					
School students (non-government) supported by conveyance allowance	number	30,250	28,835	-4.7	○
<i>This performance measure relates to the calendar year.</i>					
<i>The 2017–18 Actual is lower than the 2017–18 Target due to lower than expected numbers of applicants at schools within the expanded metropolitan conveyance allowance boundary.</i>					
Schools allocated a nurse through the secondary school nursing program	number	193	200	3.6	✓
<i>This performance measure relates to the calendar year. This performance measure refers to government schools only.</i>					
Schools funded for primary welfare officers	number	806	797	-1.1	○
<i>This performance measure relates to the calendar year. The targets are based on an estimate of the number of schools eligible for primary welfare officers' funding. The 2017–18 Actual is lower than the 2017–18 Target due to school closures and mergers, which were not known at the time the target was set.</i>					
Quality					
School satisfaction with student support services	per cent	85.0	80.4	-5.4	■

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
<p><i>This performance measure relates to the calendar year. This performance measure refers to government schools only.</i></p> <p><i>The 2017–18 Actual is lower than the 2017–18 Target as the delivery of student support services underwent major reforms during the period of the school surveys. Schools' perceptions of student support services may have been affected by the introduction of the new model. Service delivery arrangements are currently being refined and fluctuations in perceptions could be expected during this time.</i></p>					
Cost					
Total output cost	\$ million	342.5	348.3	1.7	○
<p><i>The 2017–18 Actual is higher than the 2017–18 target mainly due to additional funding provided to promote student welfare. This is offset by a lower carryover than budgeted from 2016–17 and higher carryover than budgeted into 2018–19.</i></p>					
<p>Key: ✓ Target achieved or exceeded ○ Target not achieved—less than 5% variance ■ Target not achieved—more than 5% variance</p>					

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.

Except where indicated, these performance measures relate to the 2017 calendar year rather than the 2017–18 financial year. These performance measures relate to government schools.

Table 13 – Support for students with disabilities performance measures

Performance measures	Unit of measure	2017–18 Target	2017–18 Actual	Per cent variation	Result
Quantity					
Eligible special school students provided with appropriate travel	number	9,200	9,003	-2.1	○
<p><i>This performance measure relates to the calendar year. The 2017–18 Actual is lower than the 2017–18 Target due to a slower than anticipated growth rate in enrolments at specialist schools.</i></p>					
Students funded under the disabilities program in government schools as a proportion of the total student population	per cent	4.2	4.2	0.0	✓
<p><i>This performance measure relates to the calendar year. This performance measure refers to government schools only.</i></p>					
Quality					
Parent satisfaction with special education on a 100-point scale	100-point scale	85	82	-3.5	○
<p><i>This performance measure relates to the calendar year. This performance measure refers to government schools only. Data is drawn from the Parent Opinion survey, where a higher score represents a higher level of satisfaction.</i></p> <p><i>In 2017, the Department refreshed the Parent Opinion survey to reflect recent research. While overall results are comparable between surveys, the change to an online collection mode and order of questionnaire items may account for some variance in time series results.</i></p>					
Cost					
Total output cost	\$ million	975.1	1,002.4	2.8	○
<p><i>The 2017–18 Actual is higher than the 2017–18 target mainly due to an increase in funding to meet demand for the Program for Students with Disabilities Program.</i></p>					
<p>Key: ✓ Target achieved or exceeded ○ Target not achieved—less than 5% variance ■ Target not achieved—more than 5% variance</p>					

Discontinued measures for 2017–18

Following assessment by the Public Accounts and Estimates Committee, the following performance measures listed below were discontinued for 2017–18.

Table 14 – Discontinued performance measures

Output group	Performance measure name
Training, higher education and workforce development	Annual government-subsidised module enrolments
Training, higher education and workforce development	Government-subsidised student contact hours of training and further education provided
Training, higher education and workforce development	Number of apprenticeship/traineeship commencements by new employees
Training, higher education and workforce development	Proportion of employers satisfied with the training provided by the Registered Training Organisation for apprenticeship and traineeship completers
Training, higher education and workforce development	Successful training completions as measured by module load completion rate

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 their results are not included within the controlled financial transactions of the Department. These agencies include the Adult, Community and Further Education Board, Adult Multicultural Education Services, the Victorian Curriculum and Assessment Authority, the Victorian Institute of Teaching, the Victorian Registration and Qualifications Authority, and TAFE institutes.

The following table provides information on the Department's financial result for the financial year ending 30 June 2018, and comparative information for the preceding four financial years.

Table 15 – Five-year financial summary

Five-year financial summary	2017–18	2016–17	2015–16	2014–15	2013–14
	\$m	\$m	\$m	\$m	\$m
Operating revenue					
Revenue from State Government	12,826.5	12,197.3	11,194.0	10,683.5	10,517.1
Other revenue	824.2	751.1	776.9	777.2	749.9
Total income from transactions	13,650.7	12,948.4	11,970.9	11,460.7	11,267.0
Total expenses from transactions	13,328.5	12,626.2	11,740.0	11,280.3	11,101.5
Net results from transactions	322.2	322.2	230.9	180.5	165.6
Total other economic flows	(10.3)	86	(48.4)	(21.7)	(1.2)
Net results for period	311.9	408.2	182.5	158.8	164.3
 Net cash flow from operating activities	 790.0	 638.5	 455.4	 187.8	 364.3
 Total assets	 27,771.7	 23,818.6	 22,955.5	 19,608.5	 18,516.8
Total liabilities	2,809.3	2,607.1	2,166.9	1,940.8	1,889.0
Net assets	24,962.4	21,211.5	20,788.6	17,667.7	16,627.9

Note: Figures for 2014–15, 2013–14, have been revised compared to the previously published annual reports.

Current year financial summary

Financial performance

The Department's net result from transactions for 2018 is a surplus of \$322.2 million, compared with a surplus of \$322.2 million in 2017. With the inclusion of the other economic flows of \$10.3 million loss, the net result for the year is a surplus of \$311.9 million, compared to a surplus of \$408.2 million in 2017.

The Department's growth in revenue primarily reflects the increased Government funding for delivery of output initiatives on behalf of the Government, investment in Government schools, and general inflation-related indexation.

The Department's growth in expenditure mainly reflects the increased payroll expenditure under The Victorian Government Schools Agreement (VGSA) 2017. Other increases in expenditure include increase in grant payments to external organisations including:

- Grants to private organisations, predominantly for the Workforce Training Innovation, Local Learning Employment Networks & Monash University Alexander Theatre projects.
- Grants to Local Governments for new Kindergartens in growth suburbs and Children's Facilities Capital Program projects.

Balance sheet

The Department's net asset base as at 30 June 2018 was \$25.0 billion, comprising total assets of \$27.8 billion and total liabilities of \$2.8 billion.

The major assets of the Department are schools' property, plant and equipment. These assets represent 88 per cent (\$24.5 billion) of the total assets of the Department. In 2018, the value of the Department's property, plant and equipment increased by \$4.1 billion, due to formal revaluation of the Department's land and building assets as conducted by Valuer-General Victoria (VGV) and also the Government's continued investment on schools as part of the Government's commitment to make Victoria the Education State.

Liabilities of the Department mainly consist of payables, borrowings and employee benefit provisions, totalling \$2.8 billion. The increase of \$202.2 million in liabilities in 2018 mainly reflects an increase in financial lease liabilities for Public Private Partnerships (PPP) – new schools, payables and operating accruals due to the timing of payments.

Cash flows

The increase in the net cash flows from operations is mainly due to the increase in receipts from Government, 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

The Department has provided assistance to certain companies and organisations. Financial assistance provided in 2017–18 is outlined in Appendix 5.

Capital projects

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

Information on the new and existing capital projects for departments and the broader Victorian public sector is contained in the most recent Budget Paper No. 4 State Capital Program which is available on the Department of Treasury and Finance's website (www.dtf.vic.gov.au/State-Budget/2017-18-State-Budget/State-Capital-Program).

During the year, the Department or agencies completed the following capital projects with a \$10 million or greater Total Estimated Investment (TEI). The details related to these projects are reported below:

Table 16 – Capital projects with a TEI of \$10 million or greater completed during the financial year ended 30 June 2018

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 \$M	Actual TEI cost \$M	Variation between actual cost and latest approved TEI budget	Reason for variance from latest approved TEI budget
Beaumaris High School 2016–17 State Budget	Q4 2017–18	Q4 2017–18	Q4 2017–18	N/A	13.500	13.500	13.500	N/A	N/A
Echuca regeneration 2016–17 State Budget	Q3 2017–18	Q3 2017–18	Q3 2017–18	N/A	11.000	11.000	11.000	N/A	N/A
Gum Scrub Creek Primary School 2016–17 State Budget	Q4 2017–18	Q4 2017–18	Q3 2017–18	School opened for Term 1 2018.	13.000	15.618	15.210	0.408	Work on the local council contribution is waiting to be completed.

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 \$M	Actual TEI cost \$M	Variation between actual cost and latest approved TEI budget	Reason for variance from latest approved TEI1 budget
Prahran Secondary College 2014–15 State Budget	N/A	Q2 2018–19	Q3 2017–18	Part of a broader project with an ongoing build program to be completed by Dec 2018.	20.000	20.000	20.000	N/A	N/A
Tarneit West Primary School 2016–17 State Budget	Q3 2017–18	Q3 2017–18	Q2 2017–18	School opened for Term 1 2018.	13.000	13.046	11.290	1.756	Project was completed in 17–18, but contingency expenditure is expected in future years.
Taylors Hill Secondary College 2016–17 State Budget	Q4 2017–18	Q4 2017–18	Q3 2017–18	School opened for Term 1 2018.	12.000	12.005	12.055	N/A	N/A
Elwood College 2015–16 State Budget	Q4 2016–17	Q3 2017–18	Q4 2017–18	Staged construction to minimise disruption.	10.000	10.000	8.542	1.458	Project was completed in 17–18, but contingency expenditure is expected in future years.
South Melbourne Primary School 2016–17 State Budget	Q3 2017–18	Q3 2017–18	Q3 2017–18	N/A	44.000	43.500	42.624	0.876	Project was completed in 17–18, but contingency expenditure is expected in future years.

Governance and organisational structure

The Department's ministers

The Department supports three ministers: the Hon. James Merlino MP, Deputy Premier, Minister for Education and Minister for Emergency Services; the Hon. Gayle Tierney MP, Minister for Training and Skills and Minister for Corrections; and the Hon. Jenny Mikakos MP, Minister for Families and Children, Minister for Youth Affairs and Minister for Early Childhood Education.

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

James Merlino MP is the Deputy Premier of Victoria, Minister for Education and Minister for Emergency Services. As Minister for Education, Minister Merlino is behind the drive to make Victoria the Education State, providing Victoria's 970,000 students with access to a great school and the opportunity to thrive.

The Education State reforms are designed to lift outcomes in a number of key areas, including literacy, numeracy, science and the arts, as well as student wellbeing and engagement. They also include funding to address disadvantage and help students who have fallen behind.

Minister Merlino is also responsible for record levels of investment in school infrastructure and has introduced programs to raise the quality of teaching, provide more local support to schools, and to help make all schools inclusive.

Minister for Training and Skills and Minister for Corrections The Hon. Gayle Tierney MP

Gayle Tierney MP is the Minister for Training and Skills and the Minister for Corrections. Minister Tierney is responsible for overseeing and implementing significant vocational training system reforms, ensuring Victoria's VET system is of the highest-quality, meets the needs of individuals, industry and employers, and gets more Victorians into work. This includes rebuilding TAFEs to strengthen their reputation and giving industry a real voice.

The reforms are also bringing innovation to training curriculum and delivery, and providing support for training needs in regional areas, niche industries and for high needs learners.

Minister Tierney is committed to ensuring all Victorians have access to quality training that equips them with the skills they need to obtain and keep a job, and that industry has the skills required to boost productivity and help grow the Victorian economy.

Minister for Early Childhood Education, Minister for Families and Children and Minister for Youth Affairs The Hon. Jenny Mikakos MP

Jenny Mikakos MP is the Minister for Families and Children, Minister for Early Childhood Education and the Minister for Youth Affairs.

Minister Mikakos is responsible for early childhood education and development, including maternal and child health, parenting support services, supported playgroups, kindergarten programs, and early childhood services for children with a disability or developmental delay. In 2017 Minister Mikakos released the Early Childhood Reform Plan which outlines the Government's vision for the early years. This plan delivers systemic change, to support the children who need it most via a record \$202.1 million investment in the 2017–18 Victorian Budget.

Minister Mikakos is committed to ensuring that all children, including the most vulnerable, have the best start in life because a child's health, education and care before the age of five influences their lifelong happiness, wellbeing and success.

Minister Mikakos' responsibilities in the Families and Children and Youth Affairs portfolios also include a range of services administered by the Departments of Health and Human Services and Justice and Regulation. As the Minister for these portfolios, Minister Mikakos is focused on ways to assist vulnerable families and their children to engage with universal platforms such as health and early years education, with the goal of preventing the need for later-life interactions with tertiary services, such as child protection and youth justice.

The Department's senior executives

Secretary Ms Gill Callister

Gill Callister has dedicated her career to improving public policy and service delivery.

Gill has been Secretary of the Department since January 2015. As Secretary, Gill manages a \$15 billion budget and leads 3,600 corporate staff to deliver and improve early childhood education, school education, and vocational and higher education services across Victoria. She employs a further 62,000 staff in government schools.

Before joining the Department, Gill was the Secretary of the Victorian Department of Human Services (2009–2014), where she led policy, legislative and service delivery reform. In this role, Gill led an organisation of more than 11,000 staff with an annual budget of approximately \$4 billion and was responsible for delivering child protection, disability, youth, housing and family violence services.

This followed a range of senior roles in the Victorian Public Service and a 10-year stint in the community sector working with children, young people and families.

Gill is the President of the Institute of Public Administration Australia (IPAA) (Victoria). Her public policy leadership was recognised in 2013 when she was named in the *Australian Financial Review's* 100 Women of Influence and received a Sir James Wolfensohn Public Service Scholarship to attend Harvard University's Kennedy School of Government. In October 2014, Gill received the IPAA National Fellowship award and a Monash University Fellowship, and in 2017 was named one of the top 50 women in the Victorian public service.

Gill holds Bachelor degrees in Social Work (with Honours) and Arts.

Deputy Secretary, Early Childhood and School Education Group Ms Katy Haire

Katy Haire was appointed Deputy Secretary of the Early Childhood and School Education Group (ECSEG) in September 2015.

The Deputy Secretary, ECSEG is responsible for designing a learning, development, wellbeing and child health system that improves outcomes for all children and young people from birth to 18 years of age, and their families, without exception.

Before joining the Department, Katy held senior management and executive roles in the Victorian public sector, including Deputy Secretary of Service Design and Operations at the Department of Health and Human Services, and as Director of Social Policy at the Department of Premier and Cabinet (DPC).

Katy holds a Graduate Diploma of Education (Secondary) from Monash University, a Bachelor of Arts (with Honours) in political science and history, and a Master of Arts in the history of education from the University of Melbourne. She also holds an Executive Master of Public Administration from the University of Melbourne and is a Senior Executive Fellow of the Harvard Kennedy School, and Graduate of the Australian Institute of Company Directors.

Deputy Secretary, Higher Education and Skills Group
Mr David Latina

David Latina was appointed Deputy Secretary, Higher Education and Skills Group (HESG) in June 2017.

The Deputy Secretary, HESG is responsible for Victorian Government policy and funding for tertiary education in Victoria, particularly for Vocational Education and Training, including TAFEs and Learn Local organisations (as community providers).

David joined the Department following a three-year period in DPC, where he was Executive Director, Economic Development and International, responsible for economic and industry development and Victoria's international engagement strategies.

David brings a commercial perspective to the public sector, drawing upon his recent experience as a director at the Melbourne office of the professional services firm Deloitte. David previously held a range of senior executive roles over 15 years in the Victorian Department of Economic Development, including roles in business engagement and industry development, regulation reform, and Small Business Victoria.

Earlier in David's career he worked as a senior economic adviser in the Australian Government's Department of Finance.

David has degrees in Commerce (with Honours) and Arts, from the University of Melbourne.

Deputy Secretary, Infrastructure and Finance Services Group
Ms Jenny Atta

Jenny Atta commenced as Deputy Secretary, Infrastructure and Finance Services Group (IFSG) in December 2015.

As Deputy Secretary, IFSG, Jenny is responsible for 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 across the education and training portfolio.

Jenny has many years' experience in senior public service leadership roles, notably at the Department of Treasury and Finance where she led the portfolio analysis function within Budget and Finance.

Jenny holds a Bachelor degree in Applied Science and a Masters of Public Policy from the University of Melbourne.

Deputy Secretary, People and Executive Services Group
Ms Kate Rattigan

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

As Deputy Secretary, PESG, Kate drives a complex agenda encompassing legal services, human resources, people and culture, workplace safety, communications and media, integrity reform, cabinet and ministerial support, executive services, knowledge and records management, freedom of information, privacy, and audit and assurance.

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

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

Deputy Secretary, Policy Reform Group
Mr Simon Kent

Simon Kent joined the Department in April 2013 from the Department of Premier and Cabinet.

As Deputy Secretary, Policy Reform Group (PRG), Simon is responsible for leading the Department's policy development and design for the future direction of early childhood education, schools education and post-school education, providing advice on system-wide trends and leading cross-sector reforms.

Simon has extensive experience in policy making across the education, human services, health, and justice portfolios. Simon has developed public policy in complex and contested interdepartmental and intergovernmental contexts. He develops policy using multi-disciplinary analyses, drawing links across sectors and by drawing on analogous experiences.

Simon began his career in higher education advocacy and political advisory roles. His work during eight years at DPC included the reform of vocational education and early childhood development.

Simon holds a Bachelor of Arts and an Executive Master of Public Administration from the University of Melbourne. He is a Fellow of the Institute of Public Administration Australia (Victoria).

Between 19 March 2018 and 30 June 2018, Simon also acted as Deputy Secretary, Strategy and Performance Group.

Mr Andrew Nipe held the position of Acting Deputy Secretary, PRG between 1 July 2017 and 17 November 2017.

Andrew joined the Department in July 2013 from McKinsey and Company in Washington DC. Andrew has a long career as a public servant and strategic adviser having worked in central agencies in Victoria and the United Kingdom. Andrew has worked on a wide range of strategic policy issues in all three sectors, including needs-based funding reform.

Andrew holds a Bachelor of Arts and Commerce from the University of Melbourne, and a Master of Public Policy from Harvard University.

Deputy Secretary, Regional Services Group
Mr Bruce Armstrong

Bruce's career spans 30 years in Victorian public education as a teacher, principal and Department executive.

In June 2015, Bruce was awarded a Public Service Medal for outstanding service to educational improvement in Victoria through leadership, change management, policy development and innovation. As the inaugural Director of the Bastow Institute of Educational Leadership, Bruce generated positive outcomes for more than 12,000 education leaders.

As Deputy Secretary, Regional Services Group (RSG), Bruce continues to lead key Education State reforms, and implement FISO, the new Learning Places operating model, school workforce reform and performance improvements to lift student outcomes.

Bruce holds a Master of Education, Bachelor of Arts, Bachelor of Theology and a Graduate Diploma of Education. He is a Fellow of the Australian Council for Educational Leaders.

Deputy Secretary, Strategy and Performance Group
Ms Katherine Whetton

Katherine Whetton was appointed Deputy Secretary, Strategy and Performance Group (SPG) in April 2016.

The group provides an integrated approach to strategy, governance, risk, planning and performance, enabling the Department to make evidence-informed decisions that improve outcomes for all Victorians.

Since March 2018, Katherine has led the National Education Reform Project Team (NERPT), a time-limited team supporting Victoria's 2018 negotiations with the Commonwealth Government on national and bilateral school funding agreements for 2019 onwards, and to develop plans for future investment to build on the current school reform agenda.

Katherine was previously the Executive Director, Education State Policy and Design, leading on the development and policy coherence of the overarching Education State agenda across the Department's three portfolios—early childhood development, schools, and training and skills—and across government, including economic development, health and human services, justice and police.

Before joining the Department, Katherine worked at DPC for more than 10 years, most recently as Executive Director, Economic Strategy; and Director Health and Human Services. She 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 (with Honours) from the University of Melbourne and an Executive Masters in Public Administration from the Australian and New Zealand School of Government.

Chief Executive Officer, Victorian School Building Authority
Mr Christopher 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 2018, Chris oversaw delivery of eight new state-of-the-art schools, with a further 16 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 Masters in Computer Science.

Assistant Deputy Secretary, HESG
Ms Lee Watts

Lee Watts was appointed Assistant Deputy Secretary, VET Reform, in April 2016, responsible for the design and implementation of a more managed, stable and competitive training system.

Lee has extensive experience in the skills and higher education portfolios including VET contract and program management, information system design, and provider quality. Before joining the Department, Lee worked as a senior consultant for a US consulting firm. She previously held senior teaching and research positions at a number of Australian universities with a focus on workplace relations, alternative dispute resolution and change management.

Lee holds a Master of Arts, Bachelor of Arts (Honours) from the University of Melbourne and is the author of a number of books.

Assistant Deputy Secretary, ECSEG—Early Childhood Portfolio
Ms Kim Little

Kim Little was appointed Assistant Deputy Secretary, ECSEG—Early Childhood Portfolio, in June 2015. Kim is responsible for three areas: Early Years and Primary Reform; Quality Assessment and Regulation; and the National Disability Insurance Scheme Reform branch. The position liaises with the Assistant Deputy Secretary—Schools on primary education and on transitions from early childhood education to school education.

Previously in this Department and at DPC, Kim worked on a range of strategic social and economic policy issues focusing on education. Before joining the public service, Kim worked as a philosopher at Monash University and as a corporate lawyer. Kim holds a Bachelor of Arts (Honours), a Bachelor of Laws (Honours) and a Master of Arts (Honours).

Assistant Deputy Secretary, ECSEG—Schools
Ms Sharyn Donald

Sharyn Donald was appointed Assistant Deputy Secretary, ECSEG—Schools in February 2018. Sharyn has strategic oversight of five areas: Secondary Reform and Priority Cohorts; International Education; Literacy and Numeracy; Pathways; and the Wellbeing, Health and Engagement Divisions. The position liaises with the Assistant Deputy Secretary—Early Childhood Portfolio on primary education and on transitions from early childhood education to school education.

Previously in the Queensland Department of Education and Training, Sharyn held the position of principal, most recently at Cavendish Road State High School, Holland Park, Queensland. Sharyn has worked on ensuring high-quality education for all children, particularly children from challenging backgrounds and communities. Sharyn was Regional Director, Department of Education and Training in both Queensland and Victoria, and Lead Teaching and Learning Auditor in Queensland. Sharyn holds a Bachelor of Human Movement Studies (Education) from the University of Queensland and a Masters of Education from the Queensland University of Technology.

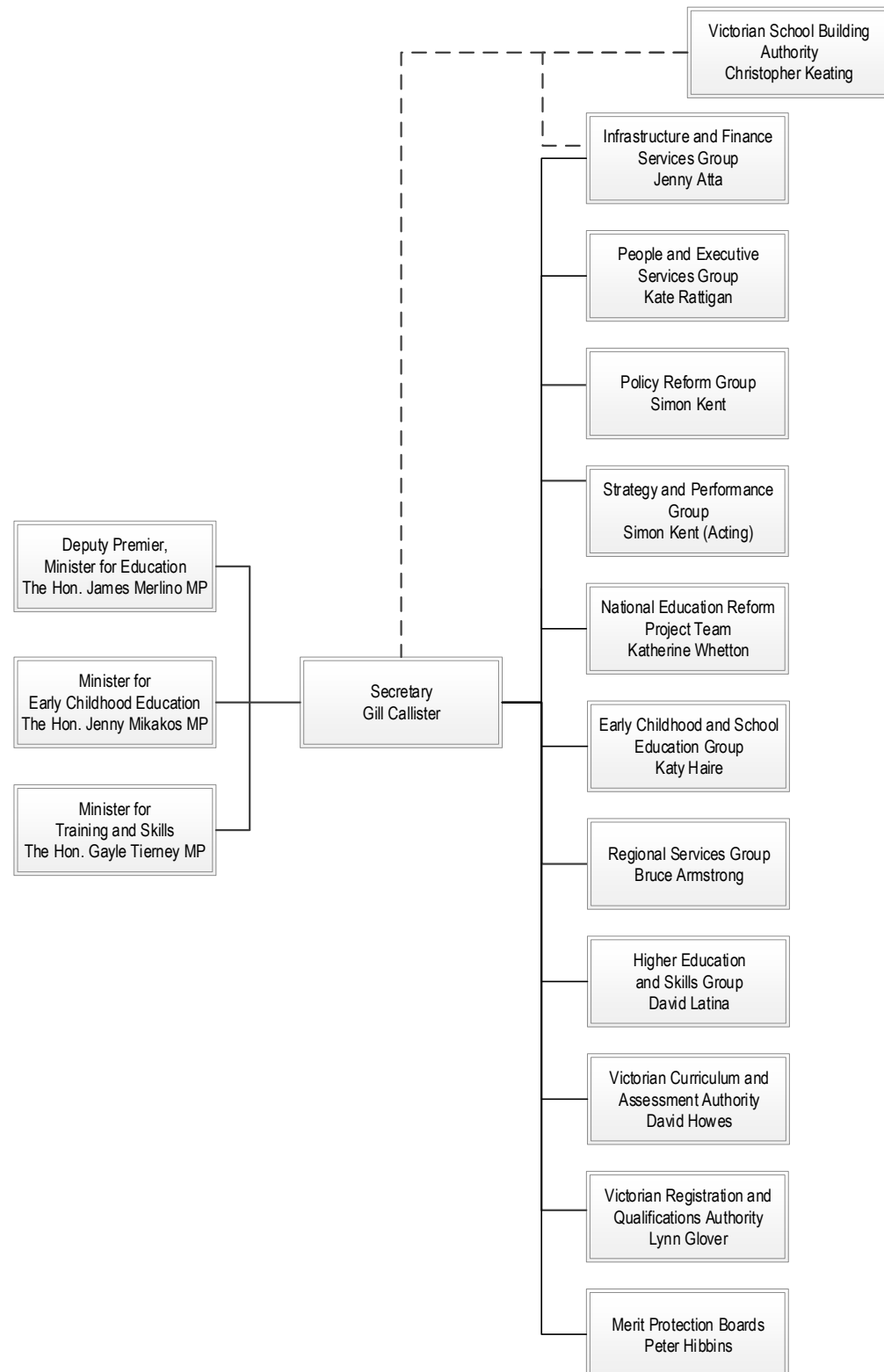
Assistant Deputy Secretary, RSG
Ms Sue Buckley

Sue Buckley was appointed Assistant Deputy Secretary, Strategic Implementation in RSG in June 2017. Before returning to the Department, Sue was General Manager, Teaching and School Leadership at the Australian Institute of Teaching and School Leadership. She led national reform projects with a focus on building capability and promoting excellence in the teaching profession.

Sue's extensive career includes senior level positions in the Department in both policy development and project implementation, in addition to teaching and leadership roles at school and regional levels. She holds an Executive Master of Public Administration and Master of Education, and applies a range of academic frameworks in daily practice.

Organisational structure

Figure 1 – Organisational structure at 30 June 2018



Infrastructure and Finance Services Group

IFSG leads services delivery and the provision of strategic and technical advice in finance and resourcing, infrastructure, information management and technology, and procurement. It plays a key role in financial management, oversight and reporting across the education and training portfolio.

Victorian School Building Authority

The VSBA was established in 2016 to help deliver the Victorian Government's vision of building a world-class education system and transforming Victoria into the Education State. The VSBA operates within IFSG. The VSBA 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, so these are positive learning environments, and allocates resources and manages educational infrastructure assets.

People and Executive Services Group

PESG provides specialist advice and expertise to lead and shape the Department's direction and to enhance our culture and people capabilities. PESG provides critical support to the corporate and schools workforce including legal services, people services, communications and media, Cabinet, ministerial support, knowledge and records management and strategy, privacy, freedom of information, integrity and audit and assurance.

Policy Reform Group

PRG provides the Department's policy leadership, developing the future direction for early childhood education, school and post-school education in Victoria, advising on system wide trends and leading key cross-sector reforms. PRG drives this reform by:

- setting system level policy that develops the Department's policy trajectory and leads priority projects and reforms
- shaping the Government narrative for reform in early childhood education, school and post-school education in Victoria
- supporting the Education State's reform governance forums and expert advisory bodies.

Strategy and Performance Group

SPG brings together the Department's strategic planning, risk, data and evidence, program management office functions, and intergovernmental relations. SPG provides a system view of Departmental strategy, governance arrangements, evaluation, planning and performance reporting. SPG supports the Department's operating model and way of working by defining corporate strategy, providing data, evidence and insights, and strengthening the way reform is implemented.

National Education Reform Project Team (NERPT)

On 19 March 2018, the Department established NERPT. The time-limited team is supporting Victoria's 2018 negotiations with the Commonwealth Government on national and bilateral school funding agreements for 2019 onwards and is developing plans for future investments to build on the current school reform agenda.

NERPT brings together teams largely from SPG and PRG, with some staff seconded from other parts of the Department, including RSG and IFSG.

Early Childhood and School Education Group

ECSEG is responsible for the design and development of operational policy and programs to support improved outcomes for children, students and families from birth through school. ECSEG plays a key role in designing and developing policy to provide a person-centred, outcomes-focused and integrated service system. This is achieved through the group's four key roles:

- System architect: advising government on service system design, planning, funding and regulation.
- Regulator: supporting regulation across the early childhood sector as required by the *Education and Care Services National Law Act*, and the *Children's Services Act 1996*.
- Funder/purchaser: administering service providers' funding and associated reporting requirements.
- System and program designer: developing operational policy to support delivery of high-quality, effective educational and early years' programs, services and supports.

Regional Services Group

RSG is the interface between the Department's central office and our service providers, ensuring that policy intent and outcomes are delivered on the ground. RSG promotes and supports system-wide partnerships, regional early childhood services, schools and other education providers that will deliver high-quality services and outcomes. RSG has a strong focus on driving operational performance, accountability, workforce leadership and policy implementation.

Higher Education and Skills Group

HESG oversees the capacity and effectiveness of tertiary education, adult education and lifelong learning in Victoria. The group ensures Victorians have access to quality post-school education and training that provides skills and knowledge relevant for actively participating in the Victorian economy and society. This includes being responsible for the effectiveness and sustainability of Victoria's TAFEs, Learn Locals and adult education institutions. Effective tertiary education is central to the Victorian Government's Education State objectives.

Governance structure

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

Executive Board

The Department is managed by the Executive Board, chaired by the Secretary. It provides stewardship by giving the Secretary a whole-of-organisation perspective. It is responsible for support to ministers and government, together with oversight of departmental committees.

The Executive Board plays a central coordinating and authorising role for whole-of-department issues, prioritises organisational resources and monitors performance. It assists the Secretary with strategic leadership of the organisation, its agencies and the Department's portfolios as a whole, including vision, purpose, strategic direction and objectives. It also oversees the portfolio's financial and operational performance, monitors delivery of key priorities, ensures integration and alignment across groups and agencies, and drives strong leadership and a high-performing culture across the Department's portfolios.

The Executive Board's membership comprises the heads of the Department's seven groups, the Deputy Secretary NERPT, CEO of the Victorian Curriculum and Assessment Authority (VCAA), and an assistant deputy secretary on a rotational basis.

Education State Board

The Department's Education State Board is the Secretary's key advisory body for progressing the Education State agenda. The Education State Board is chaired by the Secretary and comprises the head of each of the Department's seven groups, the Deputy Secretary NERPT, as well as the Chief Executive Officer of the VCAA, the Chief Executive Officer of the VSBA, assistant deputy secretaries of the three portfolio level groups and the Department's four regional directors. The Education State Board is responsible for all matters related to developing and implementing the Education State reform agenda, including:

- key election commitments
- Education State priority reform areas
- engagement with stakeholders and decision makers
- ongoing departmental continuous improvement that has material impact on the design and delivery of reform directions
- reform design and scope of the Education State strategy
- business case development and work program implementation
- financial and risk management.

Committee structure

Three committees report primarily to the Secretary:

Integrity Committee

The Integrity Committee supports the Secretary by providing oversight and assurance that the actions and activities undertaken by staff employed by the Department (including schools) are conducted with integrity. The committee oversees efforts to help all staff within corporate areas and schools understand and uphold the highest standards of integrity and public trust, and to identify and prevent corruption.

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

The Integrity Committee met on a six-weekly basis in 2017 and quarterly in 2018. The committee oversaw the effective implementation of the Integrity Reform Program with a focus on good governance and policy, ethical leadership, staff development and support, and smart systems and controls. The committee continued to lead the development of a culture inspired by the Department's values of integrity, respect, responsiveness, accountability, impartiality, leadership and human rights. The committee approved a three-year integrity strategy for the continuation of this work beyond the completion of the integrity reform program.

Independent member

Ms Fiona Bennett, Chair, Audit and Risk Committee

Fiona Bennett is a director of a number of entities including Hills Limited and Select Harvests Limited. Fiona is also Chair of the Victorian Legal Services Board and of the Department's Audit and Risk Committee.

Fiona is a Chartered Accountant with extensive experience in commercial and financial management, governance, risk management and auditing and has held senior executive positions at BHP Billiton Ltd and Coles Group Ltd, and was chief financial officer of several health sector organisations.

Fiona is a Fellow of the Institute of Chartered Accountants, the Australian Institute of Company Directors and the Institute of Managers and Leaders.

Independent member

Neville Tiffen

Neville Tiffen conducts a specialist consultancy in corporate governance, business integrity and compliance, drawing on his experience in compliance, legal and corporate governance roles, including Global Head of Compliance at Rio Tinto.

Neville is a member of the Secretary-General's advisory group on integrity and anti-corruption at the Organisation for Economic Cooperation and Development. He is also a Fellow of the Governance Institute of Australia. He is a project lead on the World Economic Forum's project, Infrastructure and Urban Development: Building Foundations for Trust and Integrity. Previously, he was a member of Transparency International's steering committee for its Business Principles for Countering Bribery, and a board delegate on the World Economic Forum's Partnering Against Corruption Initiative.

Neville's term on the Integrity Committee concluded in June 2018.

Independent member

Professor Robert Wood

Professor Wood is a Professor at the Australian School of Management, Honorary Professor at the Florey Institute of Neuroscience and Mental Health and former Director of the Centre for Ethical Leadership. In this latter capacity, Professor Wood has been

involved in the Vincent Fairfax Fellowship, which develops the ethical leadership capabilities of senior executive leaders in the public and private sectors.

Audit and Risk Committee

The Audit and Risk Committee (ARC) assists the Secretary to fulfil governance responsibilities and obligations under the FM Act.

ARC was established in 2003 to meet the Standing Directions of the Minister for Finance 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'.

ARC directly advises the Secretary on governance, risk management, audit and control assurance activities. It comprises four independent members appointed by the Secretary and two executive officers from the Department. The Chief Finance Officer and Chief Audit Executive also attend all committee meetings.

Independent member

Ms Fiona Bennett, Chair

3 December 2013–30 December 2019

Independent member

Mr Stuart Alford, Deputy Chair

9 July 2015–31 July 2018

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

Stuart currently serves on the boards of Eastern Health Foundation, Metropolitan Fire and Emergency Services, Adult Multicultural Education Services (AMES) Australia and Kilvington Grammar School. He also holds audit, risk and finance committee roles with a number of organisations, including the VCAA, the Office of the Australian Accounting Standards Board, and the Office of the Auditing and Assurance Standards Board. Stuart is also the independent chair of the National Audit Review Panel for Pitcher Partners.

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

Independent member

Ms Kerrie Parker

1 December 2015–31 December 2018

Kerrie Parker has held chief executive officer, chief finance officer and executive leadership roles in the fast-moving consumer goods sector, as well as agriculture, manufacturing, financial services and state government. With more than 30 years' experience, Kerrie has led in times of growth, turnaround and crisis. Kerrie has strong financial and operational experience driving improvement via process optimisation, business improvements and structural change.

Kerrie has been involved in several successful business transformations and gained experience in Australian Stock Exchange publicly-listed, multinational and private equity companies; as well as state government bodies and the higher education sector.

Kerrie also managed large scale Victorian Government change projects during a period of major transformation and reform. She focused on adding value through strong and proper financial management practices and innovative business solutions.

Kerrie is currently the Chief Financial Officer at Deakin University and is also an independent company director. She is a Fellow of Certified Practising Accountants Australia and a graduate of the Australian Institute of Company Directors.

Independent member**Ms Helen Thornton**

1 March 2017–28 February 2020

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, Austin Health and the Legal Practitioners' Liability Committee.

Helen is also an independent member of the audit and risk committees for the Department of Environment, Land, Water and Planning and the Department of Health and Human Services. She 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 Australian Institute of Company Directors.

Department executive members**Ms Kate Rattigan, Deputy Secretary, PESG**

8 December 2015–31 December 2018

Ms Lee Watts, Assistant Deputy Secretary, HESG

1 March 2017–28 February 2020

Executive Development and Remuneration Committee

The Executive Development and Remuneration Committee ensures a consistent and rigorous approach to setting and adjusting executive officer remuneration as well as addressing their individual development needs.

Independent member**Ms Pam White**

Pam has had more than 30 years' experience in Victorian Public Service senior management and leadership positions in both policy development and operations. She 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), 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 of all government levels, including the importance of good governance in delivering effective and integrated public services.

Six committees report primarily to the Executive Board:

Budget and Financial Management Committee

The purpose of the Budget and Financial Management Committee (BFMC) is to advise the Secretary on budget priorities and oversee effective strategic development and coordination of Departmental finances and physical assets.

The BFMC leads the Department's drive to improve financial sustainability and ensures effective oversight and allocation of financial resources in alignment with the Department's objectives.

Independent member

Mr Peter Fuhrmann

Peter has more than 32 years' experience in budget and financial management with the Victorian Public Service (VPS), mostly as an executive officer, 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, he 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.

Information Management and Technology Committee

The Information Management and Technology Committee (IMTC) provides strategic oversight of the Department's information management and technology functions, priorities and systems, including information security. All departmental informational management and technology initiatives must be presented to the IMTC for endorsement before a funding proposal is submitted to the BFMC or Executive Board to consider for approval. The IMTC comprises 12 members and is chaired by a deputy secretary.

Policy and Implementation Committee

The Policy and Implementation Committee oversees the development and implementation of strategically significant policy initiatives to strengthen Victoria's education services and assets. The committee draws on the expertise of all groups to bring a whole-of-lifecycle approach to policy development and execution. The committee comprises 12 members and is chaired by a deputy secretary.

Performance and Evaluation Committee

The Performance and Evaluation Committee provides oversight and assurance of performance monitoring, reporting and evaluation activities across the Department, monitors the implementation of these activities, identifies appropriate responses and ensures that the Department applies the findings. The committee comprises 12 members and is chaired by a deputy secretary.

Independent member

Fiona Dowsley

Fiona Dowsley is the founding Chief Statistician of the Crime Statistics Agency at the Victorian Department of Justice and Regulation. Established in 2014, the Crime Statistics Agency is responsible for processing, analysing and publishing Victorian crime statistics, independent of Victoria Police. It also conducts research into crime and criminal justice trends and undertakes evaluation activities.

Fiona is also a Director of the Victorian Sentencing Advisory Council, an independent statutory body which aims to bridge the gap between the community, the courts and government by informing, educating and advising on sentencing issues.

Fiona previously worked at the Australian Bureau of Statistics in various roles. As Director, Social and Progress Reporting, Fiona led the Measures of Australia's Progress and Australian Social Trends flagship programs. At the National Centre for Crime and Justice Statistics, Fiona was a member of the Victorian Office Executive team and project managed a consultancy to identify a 5-10 vision for the crime and justice sector to drive and coordinate investment and development of the evidence to support future policy.

Procurement and Probity Committee

The Procurement and Probity Committee (PPC) provides strategic oversight of procurement activities within the Department to ensure appropriate rigour is exercised in accordance with procurement policies. In doing so, the PPC supports the Secretary's obligations in accordance with Victorian Government Purchasing Board policy, as set out by the FM Act. The PPC considers procurement of goods and services in statutory authorities (VCAA, VRQA and the Merit Protection Board). The PPC does not consider procurement related to construction or property. The PPC comprises 13 members and is chaired by a deputy secretary.

Workforce Development and Culture Committee

The Workforce Development and Culture Committee monitors and oversees the development, implementation and evaluation of strategies and activities to promote exceptional organisational culture and capability across all head office, regional, statutory authority activities, and the teaching workforce. The committee comprises nine members and is chaired by a deputy secretary.

Statutory authorities and boards

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

- Victorian Curriculum and Assessment Authority
- Victorian Registration and Qualifications Authority
- Victorian Institute of Teaching
- Adult, Community and Further Education Board
- AMES Australia
- TAFE institutes
- Centre for Adult Education
- Children's Services Coordination Board
- Disciplinary Appeals Boards
- Merit Protection Boards
- Independent Office for School Dispute Resolution
- Victorian Children's Council

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

Financial year reports (1 July 2017–30 June 2018)

- Adult, Community and Further Education Board
- AMES Australia
- Victorian Curriculum and Assessment Authority
- Victorian Institute of Teaching
- Victorian Registration and Qualifications Authority

Calendar year reports (1 January 2018–31 December 2018)

- 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 as Appendix 3 of this report.

Workforce data

Public sector values and employment principles

The Department's values, and how we live them, underpin our system's integrity. The Department has adopted the public sector values set out in the Code of Conduct for Victorian Public Sector Employees. The Department's values underpin how we interact with colleagues, learners and families, members of the community, suppliers and Government. Values-driven behaviour strengthens our capabilities and improves outcomes.

When employees act in accordance with the Department's values, we increase our capacity to operate effectively, achieve outcomes and ensure the public has trust and confidence in our system. We also build trust between our employees and leaders, with everyone operating from the same principles, confident we are doing the right thing.

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

Occupational health and safety

The goal of the Department's Occupational health and safety (OHS) strategy is to ensure all staff remain safe and healthy at work. An OHS management system (OHSMS) is in place and Department workplaces continue implementing local action plans to enhance safety performance and ensure safe systems of work.

During 2017–18, the Department developed and enhanced several initiatives to improve staff's health and safety and we actively participated in developing and promoting the Whole-of-Victorian-Government Mental Health and Wellbeing charter. The Department also developed the *Principal Health and Wellbeing Strategy 2018–2021*, a strategic review of the Employee Health, Safety and Wellbeing branch and an OHS regional support model.

During 2017–18, the Department:

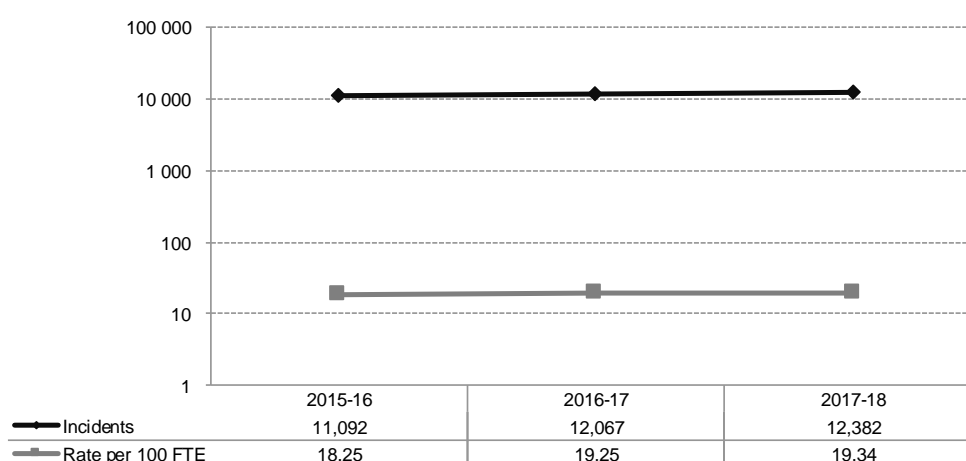
- implemented seven pilots under the Principal Health and Wellbeing Strategy to operationally and personally support principals to better manage their own wellbeing and that of others in their schools. Through the Strategy, 241 principals accessed free personal health checks to proactively identify potential physical or mental health risks
- established the complex matter support team to help principals respond to complex matters (37 out of the 59 matters addressed by this team involved complex student behaviours)
- established an OHS regional support model involving collaboration between the Employee Health, Safety and Wellbeing branch, regional OHS/facilities support officers and the OHS advisory service to help 797 schools complete AS4801 OHS audit corrective actions
- provided support and advice on implementing and maintaining the OHSMS in Department schools and workplaces, including 7,685 phone and email communications. Of 1,227 site visits, 610 were school performance improvement program visits
- completed 406 scheduled AS4801 OHS audits in schools
- supported 179 participants to complete the Bastow Institute's Safety Management for School Leaders training program

- provided access to an online Health and Wellbeing portal for all employees, receiving 1,044 hits from 158 site visitors
- conducted eight mental health awareness workshops for department executives as part of a Whole-of-Victorian-Government Mental Health and Wellbeing strategy
- enabled access for department employees to 4,583 hours of sessional employee assistant program counselling, manager assist contacts, and critical incident responses
- enabled access for department workplaces to 863 hours of conflict resolution services including mediation, conflict coaching and team facilitations
- brokered extensive OHS stakeholder consultation via forums including the statewide OHS stakeholder reference group, and the School support services health and safety committee
- updated all documents in the Department's OHSMS.

Incident management

Incidents reported across the Department, including injuries and other hazard-related incidents, increased from 19.25 per 100 FTE in 2016–17 to 19.34 per 100 FTE in 2017–18 (Figure 2). This equates to an additional 315 reported incidents, totalling 12,382 in 2017–18 compared with 12,067 in 2016–17.

Figure 2 – Number of incidents and rate per 100 FTE 2015–16 to 2017–18



Workers' compensation

The Department has been working in conjunction with workplaces to ensure improvement in return-to-work outcomes for injured employees, resulting in less time away from the workplace. The Department continues to reduce the human and financial costs associated with workplace injuries, provide support and sound advice to workplace managers and injured workers, build the organisation's capability to effectively manage workers' compensation and return-to-work responsibilities, and comply with legislation.

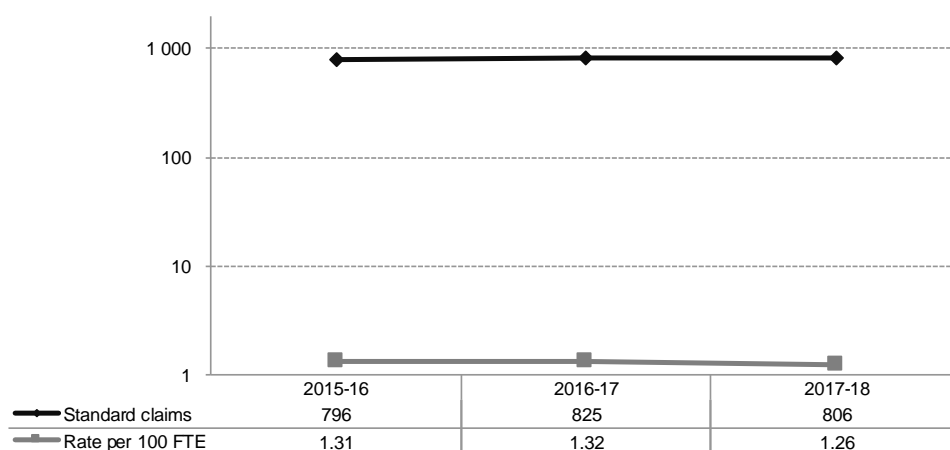
During the 2017–18 financial year, the Department began delivering extensive regional training.

The main activities during 2017–18 were:

- delivering face-to-face workers' compensation training to workplace return to work coordinators and workplace managers
- continuing to improve the Department's workers' compensation management through employee and stakeholder consultation
- continuing to review existing workers' compensation claims data and processes to identify improvement opportunities
- continuing to review and implement improved reconciliation processes and procedures
- transitioning the workers' compensation advisory service into the ongoing workers' compensation specialist service to assist workplaces with complex claims and strategic advice
- providing support and advice to Department workplaces and schools through the workers' compensation unit's dedicated team which has specialist subject matter experts dedicated to each region
- developing a new training curriculum and communications plan to improve engagement and provide better support to principals and return to work coordinators
- continuing to support Department workplaces and external stakeholders in dispute resolution matters including conciliation and workers' compensation legal proceedings
- continuing to manage the Department's medical advisory service provider.

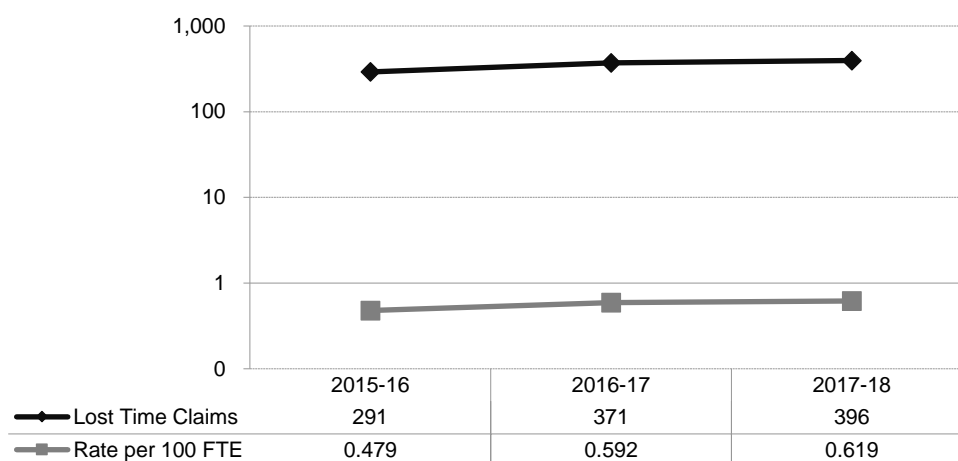
There were 806 standard workers' compensation claims in 2017–18, compared with 825 in 2016–17. The rate per 100 FTE reduced from 1.32 per 100 in 2016–17 to 1.26 in 2017–18 (Figure 3).

Figure 3 – Number of standard claims and rate per 100 FTE 2015–16 to 2017–18



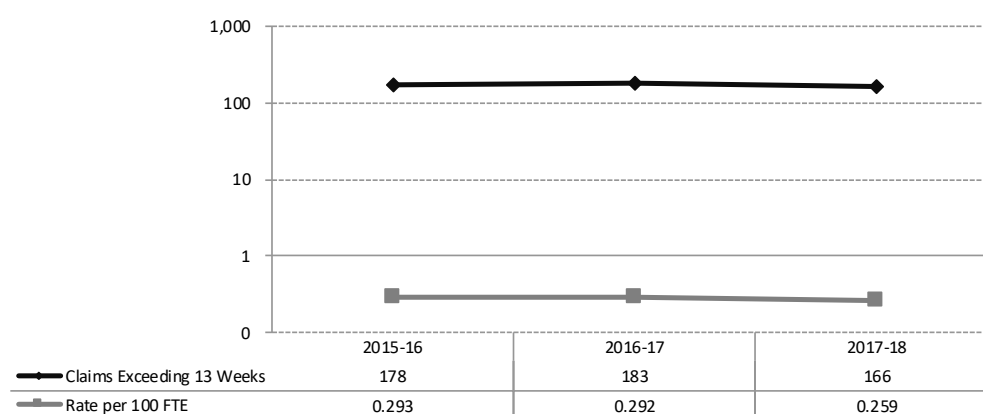
The number of lost time claims increased to 396 in 2017–18 compared with 371 in 2016–17 (Figure 4).

Figure 4 – Lost time claims and rate per 100 FTE



The number of claims exceeding 13 weeks reduced to 166 in 2017–18 compared with 183 in 2016–17 (Figure 5).

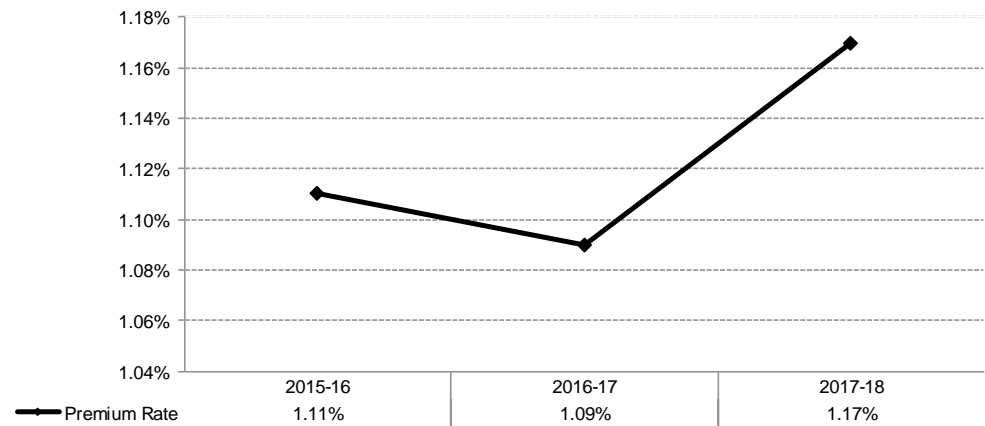
Figure 5 – Claims exceeding 13 weeks and rate per 100 FTE 2015–16 to 2017–18



The Department's workers' compensation premium increased from \$59.42 million (excluding GST) in 2016–17 to \$69.18 million (excluding GST) in 2017–18. This was due to an increase in the weighted industry rate set by WorkSafe Victoria for premium calculation purposes, performance rate, claims costs and remuneration. The Department's workers' compensation premium rate increased (Figure 6) from 1.09 per cent in 2016–17 to 1.17 per cent in 2017–18. The increased premium largely reflects the associated increase in claims cost, and remuneration which increased in the 2017–18 year by over \$768 million.

The average cost per standard claim increased from \$63,212 in 2016–17 to \$66,810 in 2017–18.

Figure 6 – Premium rate 2015–16 to 2017–18



The Department's workers' compensation employer performance rate reflects the employer's claims experience compared to employer's industry. This rate has slightly increased (Figure 7) from 1.04 per cent in 2016–17 to 1.07 per cent in 2017–18. This reflects claims performance between the periods 1 January 2014 to 30 June 2016 and indicates that the Department's year on year performance declined during that period.

Figure 7 – Employer performance 2015–16 to 2017–18

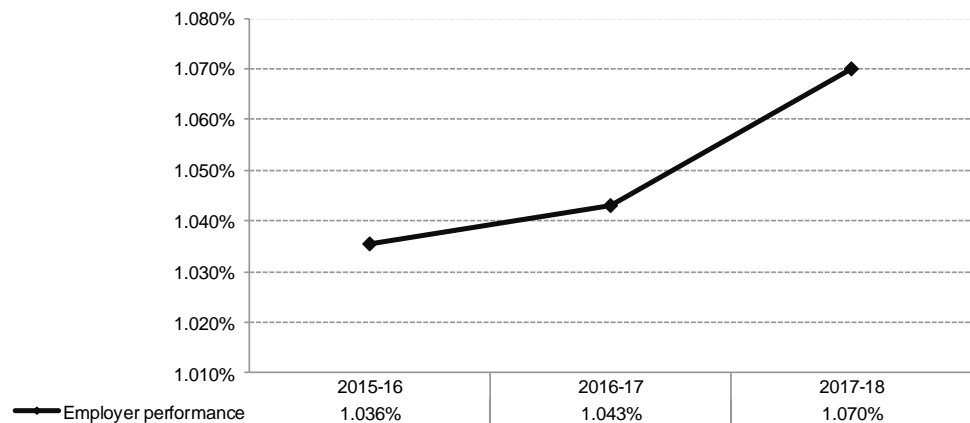


Table 17 – Performance against occupational health and safety and workers' compensation management measure

Measure	Key performance indicator	2015–16	2016–17	2017–18
Incidents	Number of incidents	11,092	12,067	12,382
	Rate per 100 FTE	18.25	19.25	19.34
Claims	Number of standard claims	796	825	806
	Rate per 100 FTE	1.31	1.32	1.26
	Number of lost time claims	291	371	396
	Rate per 100 FTE	0.479	0.592	0.619
	Number of claims exceeding 13 weeks	178	183	166
	Rate per 100 FTE	0.300	0.292	0.259
Fatalities	Fatality claims	0	0	0
Claim costs	Average cost per standard claim (\$)	55,810	63,212	66,810
Management commitment	Evidence of occupational health and safety policy statement, objectives, regular reporting to senior management and plans (signed by CEO or equivalent)	Complete	Complete	Complete
	Evidence of occupational health and safety criteria in purchasing guidelines (including goods, services and personnel)	Complete	Complete	Complete
Consultation and participation	Evidence of agreed structure of designated workgroups, health and safety representatives, and issue resolution procedures	Complete	Complete	Complete
	Compliance with agreed structure of above	Complete	Complete	Complete
Risk management	Percentage of internal audits/inspections conducted as planned	100	100	100
	Percentage of issues identified actioned arising from: <ul style="list-style-type: none"> internal audits 	100	100	64 ¹
Training	Percentage of managers and staff that have received OHS training: <ul style="list-style-type: none"> induction 	66	70	67
	Percentage of health and safety representatives trained: <ul style="list-style-type: none"> acceptance of role 	77	86	73

¹ This number 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). In this program, schools have up to nine months to complete their corrective actions and this is the first financial year where the new data is available).

Comparative workforce data

The following tables disclose the head count and full-time staff equivalent (FTE) of all active public service employees of the Department ^{1, 2, 3}

Table 18 – Victorian Public Service staff employment levels June 2017 and 2018

Victorian Public Service		June 2018							June 2017						
		All employees		Ongoing			Fixed term and casual employees		All employees		Ongoing			Fixed term and casual employees	
		Headcount	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Headcount	FTE	Headcount	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Headcount	FTE
Demographic data	Gender														
	Female	3,031	2,676.2	1,568	807	2,094.5	656	581.7	2,596	2,265.2	1,351	755	1,838.1	490	427.1
	Male	951	922.4	701	54	737.8	196	184.6	807	781.7	630	51	665.0	126	116.7
	Self-described	2	2.0	1	-	1.0	1	1.0	-	-	-	-	-	-	-
	Age														
	Under 25	81	75.4	32	1	32.5	48	42.9	66	59.3	27	1	27.6	38	31.7
	25–34	881	821.7	460	94	518.8	327	302.9	662	613.3	352	76	399.5	234	213.8
	35–44	1,110	976.7	548	329	766.6	233	210.1	930	808.8	475	289	660.8	166	148.0
	45–54	912	840.6	603	178	724.4	131	116.2	815	747.8	534	180	657.2	101	90.6
	55–64	847	758.3	542	202	669.4	103	89.0	795	710.4	525	209	659.5	61	50.8
	Over 64	153	127.9	85	57	121.7	11	6.2	135	107.4	68	51	98.5	16	8.9
Classification data	VPSG1–6	2,960	2,777.3	1,853	418	2,144.7	689	632.6	2,444	2,288.3	1,617	360	1,866.9	467	421.3
	VPSG1	7	7.0	-	-	-	7	7.0	1	0.9	-	-	-	1	0.9
	VPSG2 ⁴	135	117.3	82	25	98.0	28	19.3	130	112.8	84	28	103.0	18	9.8
	VPSG3	413	375.2	248	65	290.2	100	85.0	380	348.5	254	54	289.6	72	58.9
	VPSG4	597	569.4	370	66	416.3	161	153.1	489	463.0	327	62	370.1	100	92.9
	VPSG5	1,233	1,156.2	763	189	894.5	281	261.7	978	912.9	605	168	722.0	205	190.9
	VPSG6	575	552.1	390	73	445.5	112	106.6	466	450.3	347	48	382.3	71	68.0

Victorian Public Service		June 2018							June 2017						
Classification data		All employees		Ongoing			Fixed term and casual employees		All employees		Ongoing			Fixed term and casual employees	
		Headcount	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Headcount	FTE	Headcount	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Headcount	FTE
	Senior employees	118	115.8	105	10	112.8	3	3.0	118	115.9	105	10	113.1	3	2.8
	STS	26	25.3	19	4	22.3	3	3.0	28	27.3	22	3	24.5	3	2.8
	Executive Officers	92	90.5	86	6	90.5	-	-	90	88.6	83	7	88.6	-	-
	SMA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other	906	707.6	312	433	575.9	161	131.7	841	642.8	259	436	523.0	146	119.7
	Allied health	645	522.4	239	267	407.5	139	114.9	571	449.6	183	267	347.8	121	101.8
	Nurses	261	185.2	73	166	168.4	22	16.8	270	193.1	76	169	175.2	25	17.9
	Total employees	3,984	3,600.6	2,270	861	2,833.4	853	767.3	3,403	3,046.9	1,981	806	2,503.1	616	543.9

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

2 '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.

3 'Age' of staff calculated as at 30 June each year.

4 The category VPSG2 includes graduate recruits.

Table 19 – Government Teaching Service staff employment levels in June 2017 and 2018

Government Teaching Service		June 2018						June 2017							
		All employees		Ongoing		Fixed term and casual employees		All employees		Ongoing		Fixed term and casual employees			
				Full-time (Head count)	Part-time (Head count)					Full-time (Head count)	Part-time (Head count)				
		Headcount	FTE			FTE	Headcount	FTE	Headcount	FTE	Full-time (Head count)	Part-time (Head count)	FTE	Headcount	FTE
Demographic data	Gender														
	Female	56,141	46,993.7	25,563	21,378	39,184.7	9,200	7,809.1	53,458	44,705.7	22,730	14,397	31,897.8	16,331	12,807.9
	Male	16,690	15,501.6	11,333	2,481	12,979.8	2,876	2,521.8	16,093	14,939.8	10,334	1,798	11,526.4	3,961	3,413.4
	Self-described	2	2.0	1	-	1.0	1	1.0	-	-	-	-	-	-	-
	Age														
	Under 25	3,414	3,075.3	831	510	1,170.7	2,073	1,904.6	3,038	2,785.8	482	55	520.1	2,501	2,265.7
	25–34	19,153	17,653.2	11,439	2,791	13,122.2	4,923	4,531.1	17,901	16,462.3	9,347	1,940	10,466.5	6,614	5,995.8
	35–44	16,759	13,883.9	8,085	6,281	11,990.9	2,393	1,892.9	15,646	12,933.8	7,261	4,059	9,739.7	4,326	3,194.0
	45–54	17,206	14,446.4	8,482	7,033	13,147.0	1,691	1,299.4	16,833	14,126.6	8,024	4,313	10,947.4	4,496	3,179.2
	55–64	14,155	11,828.1	7,212	6,095	11,207.5	848	620.6	14,235	11,923.4	7,221	4,910	10,476.8	2,104	1,446.6
Over 64	2,146	1,610.5	848	1,149	1,527.1	149	83.4	1,898	1,413.6	729	918	1,273.7	251	140.0	
Classification data	Executive Class	141	139.9	128	3	129.9	10	10.0	117	116.0	106	2	107.0	9	9.0
	Principal Class ¹	3,135	3,108.6	3,044	91	3,108.6	-	-	3,071	3,051.6	2,997	74	3,051.6	-	-
	Teacher Class ²	47,445	42,686.8	27,860	10,629	34,490.0	8,956	8,196.8	45,717	41,050.7	25,055	10,038	31,319.5	10,624	9,731.2
	Education Support Class	22,112	16,562.1	5,865	13,136	14,437.0	3,111	2,125.1	20,646	15,427.2	4,906	6,081	8,946.2	9,659	6,481.1
	Total employees	72,833	62,497.3	36,897	23,859	52,165.4	12,077	10,331.9	69,551	59,645.4	33,064	16,195	43,424.2	20,292	16,221.3

¹ Principal class includes Principals, Assistant Principals and Liaison Principals.

² Teacher Class includes Classroom Teachers and Paraprofessionals.

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

Table 20 — 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	2 ¹					
\$160,000 – \$179,999	30 ^{3,4}	13 ^{2,3}				
\$180,000 – \$199,999	8 ⁴	11 ^{2,3}				
\$200,000 – \$219,999	19 ⁴	2				
\$220,000 – \$239,999	8					
\$240,000 – \$259,999	9 ³					
\$260,000 – \$279,999	7 ³					
\$280,000 – \$299,999	4					
\$300,000 – \$319,999	4					
\$320,000 – \$339,999						
\$340,000 – \$359,999	1					
\$360,000 – \$379,999						
\$380,000 – \$399,999						
\$400,000 – \$419,999						
\$420,000 – \$439,999						
\$440,000 – \$459,999						
\$460,000 – \$479,999						
\$480,000 – \$499,999						
Total	92	26	0	0	0	0

Notes:

The salaries reported above are for the full financial year, at a 1-FTE rate, and excludes superannuation.

¹ Executive <\$160K = one employee at 44/52 and one employee at 50/52 employment mode.

² This employee was employed on a part-time basis at a 0.8 FTE rate.

³ This employee was employed on a part-time basis at a 0.9 FTE rate.

⁴ This employee was employed on a part-time basis at a 0.6 FTE rate.

Workforce diversity and inclusion

The Department is committed to supporting and developing a diverse and inclusive workforce. It adheres to the principles of access, equity and equal opportunity. The Department's policies and practices also encourage people of all backgrounds to pursue challenging and rewarding public sector careers at all levels.

The Department's *VPS Workforce Diversity and Inclusion Strategy 2017–2020* outlines our commitment to a corporate workplace culture that is grounded in respect, fosters inclusion, promotes diversity and embraces all our people's unique skills and qualities. This commitment is supported by evidence-based actions to raise awareness, provide guidance and support, and build skills and capabilities to address specific workforce challenges and achieve inclusive workplaces. It aims to build a workforce profile that reflects the diversity of our Victorian community. This includes workforce actions consistent with the Department's *Cultural Diversity Plan* and *Disability Action Plan*, and that aim to ensure diversity of thought and perspective. Flexible work, gender equality, generational diversity, LGBTI, and Koorie workforce inclusion actions are also set out in the annual workplan for this Strategy along with actions to continue to build inclusive leadership and to tackle systems and processes that can sometimes be barriers.

The Strategy supports other work underway to build safe and inclusive workplaces outlined in the *Investing in Our People Strategy*. For example, the Department is working towards a new *Aboriginal Inclusion Action Plan*, to improve attraction and retention of Koorie employees, and is working with other departments to deliver *Barring Djinang*, the VPS Aboriginal employment strategy.

The Department values staff with non-binary gender identities at all levels from VPS officers through to executives. The Department acknowledges that historic and current barriers to disclosing non-binary gender identities prevent many staff from disclosing this information.

Industrial relations

Department employees, other than executive officers, are covered by industrial agreements. Industrial action is not permitted on matters within 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 applies to employees in the Government teaching service (executive, principal, teacher, paraprofessional and education support).

The *Victorian Public Service Agreement 2016* came into effect on 18 May 2016 and will not expire until 31 December 2019.

The *Nurses (Department of Education and Training) Agreement* came into effect on 28 December 2016 and will not expire until 31 December 2019.

No time was lost due to industrial action during 2017–18.

Executive officer data

The following tables disclose the executive officers of the Department and its portfolio agencies for 30 June 2018.

Table 21 — Total number of executive officers (FTE) for the Department by gender

Class	All		Male		Female		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
EO-1	4	-1	2	-	2	-1	-	-
EO-2	44	+3	21.9	+1	22.1	+2	-	-
EO-3	36.5	+1.9	16	-	20.5	+1.9	-	-
Total	84.5	+3.9	39.9	+1	44.6	+2.9	-	-

Table 22 — Reconciliation of executive officer numbers (headcount) excluding statutory authorities

		2018	2017
	Executives	94	99
	Accountable officer (Secretary)	1	1
Less	Separations	(8)	(17)
	Total executive numbers at 30 June	87	83

Table 23 — Number of executive officers for the Department's portfolio agencies

Portfolio Agency	Total		Male		Female		Self-described	
	Number	Variance	Number	Variance	Number	Variance	Number	Variance
VCAA	3	-2	2	-	1	-2	-	-
VRQA	2	-	1	-	1	-	-	-
Total	5	-2	3	-	2	-2	-	-

Table 24 — Number of executive officers for the Department's portfolio entities as at 30 June 2018

Portfolio agency	2018				2017				Change			
	Female	Male	Self-described	Total	Female	Male	Self-described	Total	Female	Male	Self-described	Total
AMES Australia	5	3	0	8	6	3	0	9	-1	0	0	-1
Bendigo Kangan Institute	6	6	0	12	3	3	0	6	3	3	0	6
Box Hill Institute	9	6	0	15	6	5	0	11	3	1	0	4
Chisholm Institute	8	9	0	17	7	7	0	14	1	2	0	3
Federation Training Institute	0	1	0	1	1	4	0	5	-1	-3	0	-4
Gordon Institute of TAFE	5	4	0	9	5	2	0	7	0	2	0	2
Goulburn Ovens Institute of TAFE	6	2	0	8	4	3	0	7	2	-1	0	1
Holmesglen Institute	11	8	0	19	11	8	0	19	0	0	0	0
Melbourne Polytechnic	10	13	0	23	9	16	0	25	1	-3	0	-2
South West Institute of TAFE	1	3	0	4	1	3	0	4	0	0	0	0
Sunraysia Institute of TAFE	0	1	0	1	0	1	0	1	0	0	0	0
VET Development Centre	0	1	0	1	0	1	0	1	0	0	0	0
Victorian Institute of Teaching	0	1	0	1	1	0	0	1	-1	1	0	0
William Angliss Institute of TAFE	0	4	0	4	0	5	0	5	0	-1	0	-1
Wodonga Institute of TAFE	2	4	0	6	1	3	0	4	1	1	0	2
Total	63	66	0	129	55	64	0	119	8	2	0	10

For the purpose of this table, executive officers are defined as employees who have significant management responsibility AND receive a total remuneration package of \$159,501 or more.

Excluded are those on leave without pay or absent on secondment, external contractors, consultants and temporary staff employed by employment agencies.

The Centre for Adult Education reported that it had no personnel meeting executive criteria.

Most TAFEs report by the calendar year instead of the financial year in their annual report, hence the numbers reported in TAFE annual reports will differ from the above.

Pecuniary interests

Declarations of pecuniary interests have been duly completed by all relevant officers.

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

Victorian industry participation policy

During 2017–18, the Department commenced and completed contracts under the State Capital Works Program. The VIPP applied to 173 contracts totalling \$1.021 billion: 102 metropolitan contracts totalling \$694.9 million and 71 regional contracts totalling \$362.3 million.

The commitments under the VIPP policy included:

- an average level of local content of 88 per cent across the contracts
- 5,887 continuing and new full-time equivalent jobs and 1,125 continuing and new full-time equivalent apprenticeships or traineeships
- benefits to the Victorian economy through: developing and implementing technology in schools; staff professional development; skills development through work on infrastructure projects; and participation in related training in occupational health and safety and trades.

Government advertising expenditure

Table 25 – Campaigns with a media spend of \$100,000 or greater 2017–18 (excluding GST)

Campaign	Summary	Start/ end	Advertising (media)	Creative and campaign development	Research and evaluation	Print and collateral	Other	Total
Never Leave Kids in Cars	Raised awareness of the dangers of leaving children unattended in cars on hot days, and the speed the temperature doubles inside a parked car. Campaign was in partnership with the Department of Health and Human Services, Ambulance Victoria and KidSafe.	December 2017 to March 2018	\$119,469.19	0	0	0	\$21,380.95	\$140,850.14
Look Before You Lock	Raised awareness of the factors that lead to accidentally leaving children in a car, which can be fatal. It promoted strategies to lower the risk of inadvertently leaving a child in a car.	13 February 2018 to 22 March 2018	\$177,950.34	\$50,000	\$48,800	\$9,250.99	6,281.08	\$292,282.41
TAFE Victoria	Positioned TAFE as a market leader and the trusted choice for vocational education to ultimately increase enrolments.	1 July 2017 to 30 June 2018	\$2,726,562	\$32,297	\$67,900	\$33,110	\$134,113	\$2,993,982.00
Free TAFE Victoria	To encourage prospective Victorian students to enrol in free TAFE courses.	1 May 2018 to 30 June 2018	0	\$813,206	0	0	0	\$813,206

Consultancy expenditure

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

In 2017–18, there were 56 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2017–18 in relation to these consultancies was \$7.26 million (excluding GST).

A list of consultancies \$10,000 or greater is published in the *Department of Education and Training Annual Report 2017–18: Additional Information* available at www.education.vic.gov.au.

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

In 2017–18, there were no consultancies where the consultant's total fees were less than \$10,000.

Information and Communication Technology (ICT) expenditure

In accordance with the Victorian Public Service ICT Reporting Standard, the Department's ICT expenditure is reported in the table below.

Table 26 – ICT expenditure

	\$m
Business as Usual (BAU) ICT expenditure	299,627
Non-Business as Usual (non-BAU) ICT expenditure	
Operating expenditure	6,664
Capital expenditure	34,936
Total ICT non-BAU expenditure	41,600
Total ICT expenditure	341,227

Disclosure of major contracts

The Department disclosed, in accordance with the requirements of government policy and accompanying guidelines, all contracts greater than \$10 million in value it entered into during the year ended 30 June 2018. 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 those contracts for which disclosure is exempted under the *Freedom of Information Act 1982* (the Act), and/or government guidelines.

Freedom of information

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

An applicant has a right to apply for access to documents held by a department. This comprises documents both created by the Department or supplied to the Department by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes.

Information about the type of material produced by the Department is available on the Department's website.

The Act allows a Department to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed 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; and information provided to a Department in-confidence.

From 1 September 2017, the Act has been amended to reduce the FOI processing time for requests received from 45 to 30 days.

If an applicant is not satisfied by a decision made by the Department, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

FOI Statistics

During 2017–18, the Department received 458 applications. Of these, 371 were from individuals seeking access to their own records, 25 were requests from members of parliament, 21 from media organisations, and 41 from members of the public seeking access to policy-related and other miscellaneous documents.

In most instances, the Department provided full or partial access to the requested documents. Thirty-four decisions went to OVIC for review and seven went on appeal to the Victorian Civil and Administrative Tribunal.

The information required to be published pursuant to section 7 of the Act is contained elsewhere in this report and at:

<http://www.education.vic.gov.au/about/working/Pages/foi.aspx>.

Making a request

Access to documents is via written request to the Department's Freedom of Information unit as detailed in section 17 of the Act. In summary, 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).

Table 27 – 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@edumail.vic.gov.au	(03) 9637 2670
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

Agency	Postal address	Email	Telephone
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 freedom of information can be found at www.foi.vic.gov.au.

Access charges may apply once documents have been processed and a decision is made on access; for example, for photocopying, and search and retrieval charges.

Compliance with DataVic Access policy

Consistent with the DataVic Access policy issued by the Victorian Government in 2012, the Department made 19 data sets available on the DataVic website in 2017–18. 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 occupational health and safety and workers compensation management measures
- Comparative workforce data
- Executive officers' data
- Government advertising expenditure
- Financial statements (key financial information)
- Appendix 2 Budget portfolio outcomes.

Compliance with the *Building Act 1993*

Mechanisms to ensure that 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 (greater than \$50,000)

For details of all such projects, see 2017–18 Budget Paper No. 4: State Capital Program.

During 2017–18, major works (greater than \$50,000) not subject to certification of plans, mandatory inspections of the works, and issue of occupancy permits or certificates of final inspection, were undertaken at the following schools:

Altona P-9 College	Mooroolbark College
Ardeer South PS	Mount Duneed Regional PS
Bellaire PS	Mount Macedon PS
Belle Vue Park PS	Oberon PS
Beverley Hills PS	Osborne PS
Big Hill PS	Outdoor School
Birrilee PS	Panton Hill PS
Briar Hill PS	Park Orchards PS
Bright P-12 College	Portland North PS
Broadford PS	Pyramid Hill College
Caledonian PS	Raywood PS
California Gully PS	Reservoir High School
Campbellfield Heights PS	Rollins PS
Campbells Creek PS	Romsey PS
Carisbrook PS	Roxburgh Homestead PS
Castlemaine North PS	Roxburgh Park PS
Castlemaine PS	Roxburgh Rise PS
Chaffey SC	San Remo PS
Coburg West PS	Southmoor PS
Colac West PS	St Andrews PS
Derrinallum P-12 College	Staughton College
Dunolly PS	Sunbury Downs SC
Epping SC	Sunbury PS
Fitzroy North PS	Sunbury West PS
Fitzroy PS	Sunshine Harvester PS
Glenroy SC	Surfside PS
Grovedale PS	Syndal South PS
Grovedale West PS	Tallarook PS
Horsham PS	Tarwin Valley PS
Horsham West and Haven PS	Tatura PS
Kangaroo Flat PS	Thomastown West PS
Killara PS	Thomastown PS
Kingsville PS	Tooborac PS
Lalor North PS	Tylden PS
Lancefield PS	Waaia Yalca South PS
Lilydale Heights College	Wales Street PS
Lismore PS	Wallan PS
Longwarry PS	Wallington PS
Lorne - Aireys Inlet P-12 College	Wandong PS
Macarthur PS	Warragul North PS
Macedon PS	Warrandyte HS
Maiden Gully PS	Warrandyte PS
Manangatang P-12 College	Warrnambool West PS
Mandama PS	Wedderburn College
Mickleham PS	Westgarth PS
Mildura West PS	Willmott Park PS
Moe (Albert Street) PS	Wunghnu PS
Moe (South Street) PS	Yarra Hills SC
Moomba Park PS	

PS – Primary School, SC – Secondary College,

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

The Department engages compliance program managers to carry out inspections, reporting, scheduling, and rectification works designed to bring existing buildings into compliance with current building regulations. Compliance programs cover areas such as asbestos removal, fire service upgrades, integration (disability access), environmental (such as the removal of underground petroleum storage systems) and works aimed at preventing falls. The Department also operates an emergency maintenance program to respond to any unforeseen issues that pose an immediate and serious health and safety risk.

Competitive neutrality policy

Competitive neutrality requires government businesses to ensure, where services compete or potentially compete with the private sector, any advantage arising solely from their government ownership be removed, if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

The Department continues to comply with the National Competition Policy. All new legislation and regulations enacted within the portfolio during 2017–18 were subject to a regulatory burden assessment, which included consideration of the principles contained in the National Competition Policy, including the principle of competitive neutrality.

Compliance with the Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectification action taken.

The Department does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety, or the environment.

The Department will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it 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
- Protected Disclosure Coordinator or Protected Disclosure Officer
- manager or supervisor of the disclosure
- manager or supervisor of the person who is the subject of the disclosure.

Alternatively, disclosures may 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 Protected Disclosures Act:

<http://www.education.vic.gov.au/about/contact/Pages/reportingfraud.aspx>

Table 28 – Disclosures under the Protected Disclosure Act 2012

Disclosures under the <i>Protected Disclosure Act 2012</i>	2017—18	2016—17	2015—16	2014—15
The number of disclosures made by an individual to the Department and notified to the Independent Broad-based Anti-corruption Commission—assessable disclosures	9	6	3	9

Compliance with Disability Act 2006

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

The Act requires that public sector bodies (including all government departments) prepare a disability action plan and report on its implementation in their annual report. The Department's next disability action plan is currently under development.

A disability action plan is a strategic document that helps an organisation remove barriers that prevent people with a disability from using the organisation's goods, services and facilities, and from gaining and keeping employment. Disability action planning also strives to promote inclusion and participation in the community and achieve changes in attitudes and practices that may result in discrimination.

Absolutely everyone: state disability plan for 2017–2020 is the Victorian Government's framework for enabling people with a disability to participate in and contribute to, the social, economic and civic life of their community. Over time the Government will consider ways to align disability action plans to the State plan.

Compliance with Carers Recognition Act 2012

The Department is committed to ensuring that the rights and interests articulated in the *Carers Recognition Act 2012* are considered in the delivery of its services to clients who are in a care relationship and has taken all practical measures to comply with its obligations under the Act.

Office-based environmental impacts

The Department's environmental management system provides a structured approach to planning and implementing environment protection measures in the Department's office-based activities. In line with government directives, the Department reports on energy and water consumption, transportation, waste generation, paper purchasing, green procurement and greenhouse gas emissions for all 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 through behaviour change
- communicating environmental performance through regular reporting
- adopting an environmental management system based on ISO14001 to drive continual environment improvement across the Department.

Unless otherwise stated, all consumption data is for 1 April 2017–31 March 2018 to allow for a full reporting year and provide greater accuracy for the annual report.

Energy

The data presented below was collected through energy retailer billing information and represents 95 per cent of FTE staff and 78 per cent of sites, including all buildings in the Treasury Place Precinct.

Table 29 – Energy consumption

Indicator	2017–18	2016–17	2015–16
Total energy usage segmented by primary source (MJ)	34,468,860	29,717,864	27,769,722
Electricity (MJ) – excluding Green Power	22,059,165	21,900,076	20,910,815
Natural gas (MJ)	12,409,695	7,817,788	6,858,907
Green Power (MJ)	0	0	0
LPG (MJ)	0	0	0
Total greenhouse gas emissions from energy consumption (tonnes CO₂-e)	7,918	7,672	7,699
Electricity (tonnes CO ₂ -e) – excluding Green Power	7,231	7,239	7,319
Natural gas (tonnes CO ₂ -e)	688	433	380
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)	8,848	11,011	12,823
Units of office energy used per office area (MJ/m²)	704	709	736

Note: During 2017–18 the Department of Treasury and Finance appointed a new shared services contractor to manage Government owned and leased properties. The Shared Services Provider manages electricity and natural gas providers for Government Departments.

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 for 10 years.

Assessment against target

Electricity and gas consumption has increased since 2016–17 to a 16 per cent increase in total energy use. However, the reduction in energy used per square metre in 2016–17 was a one per cent drop from last year. It also represents an overall downward trend, where energy use per FTE is twenty per cent lower than 2016–17, and is on track to meeting the Department's targets. The Department will continue to contribute to this downward trend through ongoing diligence in managing its energy consumption.

Explanatory notes

All central and some regional offices share energy meters with other non-Departmental buildings. The data presented is based on a percentage of the net leased area held by the Department's buildings.

Waste and recycling

The Department continues to address waste generation through a variety of re-use and recycling methods. The data below is based on collections at the central office at 2 Treasury Place, East Melbourne. This represents about 33 per cent of all reportable FTE.

Table 30 – Waste and recycling

Indicator	2017–18	2016–17	2015–16
Total units of waste disposed of by destination (kg/yr)	279,214	113,714	81,661
Landfill (kg)	62,908	24,489	24,343
Comingled recycling (kg)	10,945	9,755	8,734
Paper and card (kg)	42,833	67,565	35,144
Secure documents (kg)	-	-	-
Organics (kg)	34,846	11,905	13,440
Total units of waste disposed of per FTE (kg/FTE)	117	85	11
Landfill (kg/FTE)	48	18	20
Comingled recycling (kg/FTE)	8	7	7
Paper and card (kg/FTE)	33	51	29
Secure documents (kg/FTE)	-	-	-
Organics (kg/FTE)	27	9	11
Recycling rate (%)	59	79	71
Greenhouse gas emissions associated with waste (tonnes CO₂-e)	76	34	29

Note: During 2017–18 the Department of Treasury and Finance appointed a new shared services contractor to manage Government owned and leased properties. The Shared Services Provider manages waste and recycling contractors for Government Departments.

Target

Increase recycling rate to a minimum of 85 per cent by 31 March 2018.

Assessment against target

The recycling rate fell from 79 per cent in 2016–17 to 59 per cent of total waste.

Explanatory notes

There has been a significant increase in the landfill waste generation due to an increase in net FTE.

All types of recycled waste generation either increased in per capita terms or remained neutral from 2016–17 levels, except for a decrease in paper. This can be attributed to lower usage of paper usage per FTE.

Paper

The data presented below was collected through stationery suppliers and represents 100 per cent of sites and 100 per cent of FTE staff.

Table 31 – Paper purchasing and usage

Indicator	2017–18	2016–17	2015–16
Total units of A4 equivalent copy paper used (reams)	42,722	35,175	33,185
Units of A4 equivalent copy paper used per FTE (reams/FTE)	10.7	13	15
Percentage of 75–100% recycled content copy paper purchased (%)	98	67	74
Percentage of 50–74% recycled content copy paper purchased (%)	2	0	5
Percentage of 0–49% recycled content copy paper purchased (%)	0	33	21

Target

Reduce copy paper consumption to 12 A4 reams per FTE by 31 March 2018.

Increase the amount of copy paper purchased with 75–100 per cent recycled content to a minimum of 75 per cent by 31 March 2018.

Assessment against target

Total paper consumption in 2017–18 saw a 21 per cent increase on 2016–17 levels. However, the consumption increase is less than the past year's staff growth, evidenced by a fall in copy paper used per FTE to its lowest recorded result of 10.7 reams per FTE.

The proportion of paper with the highest recycled content grew to 98 per cent from 67 per cent in 2016–17. There was a corresponding decrease in copy paper with lower amounts of recycled content.

Water

The data in the table below is based on water meter readings at 80 per cent of office sites covering 88 per cent of FTEs.

Table 32 – Water consumption

Indicator	2017–18	2016–17	2015–16
Total water consumption (kilolitres)	19,706	18,556	18,013
Units of office water used per FTE (kilolitres/FTE)	5.18	7.74	9.69
Units of office water used per office area (kilolitres/m2)	0.43	0.53	0.55
Total greenhouse gas emissions from water consumption (tonnes CO ₂ -e)	27	25	25

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 for 10 years.

Assessment against target

Compared to the target's 2016-17 baseline year, the Department has achieved a more than 33 per cent decrease in water consumption per FTE. Over the period, total water consumption increased slightly, but total FTEs grew significantly, resulting in a lower water consumption per FTE.

Explanatory notes

All central and some regional offices share a water meter with other non-Departmental buildings. The data presented is therefore based on a percentage of the buildings' net leased area held by the Department. Water consumption data for some regional offices is unavailable due to the offices being shared facilities.

Transport

The Department-owned operational fleet comprises 416 vehicles. Of these, 40 per cent are hybrid electric vehicles, one per cent are LPG-fuelled, 58 per cent are petrol-fuelled, and one per cent are diesel-fuelled.

The data in Table 33 measures the kilometres, energy consumption and associated emissions for work-related travel by corporate employees, segmented by transport type, excluding public transport. This excludes executive vehicles.

Table 33 – Energy consumption of operational vehicles

Indicator	2017–18	2016–17	2015–16
Total energy usage consumption by fleet vehicles (MJ)	14,320,217	11,306,399	10,934,293
Diesel	352,974	460,986	963,027
LPG	10,427	251,198	609,523
Unleaded	9,780,106	8,146,226	5,702,249
Hybrid	4,176,710	2,447,989	3,659,494
Total distance travelled by fleet vehicles (km)	6,018,632	4,607,490	4,657,567
Diesel	102,737	155,821	357,327
LPG	4,503	80,490	195,262
Unleaded	3,870,641	2,994,667	2,053,244
Hybrid	2,040,751	1,376,512	2,051,734
Total greenhouse gas emissions from fleet vehicles (tonnes CO₂-e)	1,022	804	777
Diesel	27	34	71
LPG	1	16	39
Unleaded	696	580	406
Hybrid	298	174	261
Greenhouse gas emissions from fleet vehicles per 1,000km (tonnes CO₂-e)			
Diesel	0.52	0.22	0.20
LPG	0.35	0.20	0.20
Unleaded	0.37	0.19	0.20
Hybrid	0.27	0.13	0.13
Total distance travelled by air (km)	2,820,429	1,308,613	1,135,408
Percentage using sustainable transport to get to and from work by locality			
CBD	96	95	93
Regional	30	80	0
Optional indicators			
Number of petrol hybrid, electric and plug-in hybrid electric vehicles	166		

Target

Reduce by five per cent of 2016–17 levels the total kilometres travelled by operational vehicles by 31 March 2018.

Assessment against target

Total kilometres travelled by the operational vehicle fleet increased by 31 per cent from 2016–17. This led to a corresponding rise in the energy consumed and a commensurate net emissions increase of 27 per cent from 2016–17 levels.

Explanatory notes

The Department-owned operational fleet increase of 144 vehicles (53 per cent from 2016–17) and the number of kilometres travelled is associated with a staffing increase of approximately 690 in regional based areas.

Vehicles are distributed across Victoria in regional locations to support and enable staff to deliver the Department's front-line services.

The Department has increased the number of hybrid vehicles leased from 125 to 166. This represents a 33 per cent increase to hybrid vehicles for the 2017–18 financial year. The Department has also decreased the number of diesel fuelled vehicles by 45 per cent for the same financial year.

Sustainable commuting figures are obtained via staff survey and can be affected by response rates.

Greenhouse gas emissions

The emissions disclosed in the section below are taken from the previous sections and brought together here to show the Department's greenhouse footprint.

Table 34 – Department emissions

Indicator	2017–18	2016–17	2015–16
Total greenhouse gas emissions from energy use (tonnes CO ₂ -e)	8,908	7,673	7,699
Total greenhouse gas emissions from vehicle fleet (tonnes CO ₂ -e)	840	805	777
Total greenhouse gas emissions from air travel (tonnes CO ₂ -e)	645	284	251
Total greenhouse gas emissions from waste disposal (tonnes CO ₂ -e)	76	34	29
Optional Indicators			
Total greenhouse gas emissions from water consumption (tonnes CO ₂ -e)	27	25	25
Grand total greenhouse gas emissions created by the Department	10,496	8,821	8,781

Note: The Department has estimated the 2017–18 emissions from air travel based on the distance travelled, the seating class used by the passenger, and the emissions factors specified within the Australian Government's National Carbon Offset Standard (NCOS) for Organisations (Section 1.1.3 Emission Factors, pg. 40).

Target

Reduce by 15 per cent of 2013–14 levels the Department's office-based greenhouse gas emissions by 31 March 2024, averaging an incremental reduction of 1.5 per cent each year for 10 years.

Assessment against target

Total greenhouse gas emissions saw an increase from 2016–17 by 17 per cent. This is a result of increased emissions from energy use and air travel due to higher FTE numbers than previous years.

Greener procurement

The Department continues to promote the purchase of environmentally friendly products, specifically stationery/office products. This is achieved by incorporating more environmentally friendly items listed as 'preferred product options'. Before purchasing new stationery items, business units are also encouraged to visit the Department's swap shop – a stationery re-use system.

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 Procurement Division encourages procurement evaluation panels to add environmental commitments into the Invitation to Supply (ITS) template. This ITS template is available on request to all business units.

Infrastructure project tenders are 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 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 material 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 2017–18* or the *Department's Annual Report 2017–18 Additional Information Report*.

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 occupational health and safety 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 2017–18 Additional Information Report* available from the Department's website at 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, Gill Callister, certify that the Department of Education and Training has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions except for the following Material Compliance Deficiency in relation to Direction 4.2.3, the Asset Management Accountability Framework.

The Department has established solid foundations for its framework to manage the school asset portfolio, including policies, and corporate systems and processes. Some components are being finalised however the deficiency relates primarily to deployment of the framework for individual schools.

A comprehensive program of activity has been developed to address the deficiency and the Department has commenced delivery of this program, which is being 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.



Gill Callister

Secretary

Department of Education and Training

Melbourne

16 August 2018

Details of publications about the Department

Table 35 – Publications published by the Department about itself during 2017–18

Publication	Date produced	How to obtain a copy
<i>The Department's 2017–2021 Strategic Plan</i>	July 2017	www.education.vic.gov.au/about/department/Pages/stratplan.aspx
<i>The Department's Annual Report 2016–17</i>	September 2017	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 that the Department has to 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 of Education and Training as an individual entity.

The Department of Education and Training 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 in the Report of Operations.

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

The attached financial statements for the Department of Education and Training have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards 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 in all material respects the financial transactions during the year ended 30 June 2018 and financial position of the Department as at 30 June 2018.

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

We authorise the attached financial statements for issue on 16 August 2018.



G. Callister
Secretary
Department of Education and Training

Melbourne
16 August 2018



G. Lahiff
Chief Finance Officer
Department of Education and Training

Melbourne
16 August 2018

Auditor-General's independent auditor's report



Victorian Auditor-General's Office

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 2018• 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 2018 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>
Key audit matters	<p>Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.</p>

Key audit matter	How I addressed the matter
Employee benefits provision <i>Refer to Note 3.1.1(b) of the financial report</i>	
<p>Employee related provisions of \$1 472.8 million comprising:</p> <ul style="list-style-type: none"> • annual leave \$117.0 million • long service leave \$1 352.0 million • other provisions \$3.8 million <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> • the balances are financially significant • there are a large number of employees working at the department and approximately 1 500 schools • staff are employed under a number of different awards and conditions • the process to value employee entitlement provisions is complex and includes a number of different inputs • the total employee benefits provision is very sensitive to small changes in the judgements and assumptions used by management. 	<p>My key procedures included:</p> <ul style="list-style-type: none"> • identifying and testing on a sample basis, the design and operating effectiveness of key controls over payroll • obtaining personnel records for a sample of employees and agreeing their recorded employment commencement dates and salary details to the employee entitlements model used for calculating the provisions • assessing the reasonableness and consistency of key management judgements and assumptions used in the employee entitlements model, namely the discount rate, expected growth in salaries and probability that staff will remain with the department to become entitled to long service leave • assessing and challenging the reasonableness of the key assumptions (as listed above) to independent sources and for consistency with relevant internal data (including resignation and staff movement information) • assessing the completeness and adequacy of the financial report disclosures against the requirements of the Australian Accounting Standards.
Revaluation of land and buildings <i>Refer to Note 5.1.2 of the financial report</i>	
<p>Land and buildings includes land of \$11 895.4 million and buildings of \$11 670.2 million.</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> • the balances are financially significant • land and buildings were required to be formally revalued this year • there are a large number of sites and buildings across the department at approximately 1 500 schools • the process to value land and buildings is complex and involves significant subjectivity to determine the appropriate inputs 	<p>My key procedures included:</p> <ul style="list-style-type: none"> • obtaining an understanding of the scope, methodology and assumptions adopted by management in undertaking the revaluation • assessed the reasonableness and consistency of key assumptions adopted in the revaluation, namely the valuation technique, community service obligation rate, remaining useful life and rate per square meter • assessed and challenged the reasonableness of the key assumptions (as listed above) to independent sources and for consistency with relevant internal data • reconciling the source revaluation data to the financial statements

Key audit matter	How I addressed the matter
<ul style="list-style-type: none"> a significant degree of management judgement is required to determine key assumptions used in calculating the valuations a small adjustment to an assumption or input may have a significant effect on the total value of land and buildings management engaged an expert to assist with the valuation 	<ul style="list-style-type: none"> reviewing the qualifications and experience of management's experts in assessing whether their work is suitable for reliance retested the revaluation adjustments recorded by management assessed if the department's adopted disclosure met the requirements of applicable Australian Accounting Standards and Financial Reporting Directions.
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 our 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


**Auditor's
responsibilities
for the audit
of the financial
report—
continued**

- 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.

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.

From the matters communicated with the Secretary, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. I describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

MELBOURNE
21 August 2018



Andrew Greaves
Auditor General

Comprehensive operating statement for the financial year ended 30 June 2018

	Note	2018 \$m	2017 \$m
Continuing operations			
Income from transactions			
Output appropriations	2.3.1	12,816.0	12,184.3
Special appropriations	2.3.2	10.5	13.0
Grants	2.4.1	60.3	13.5
Sales of goods and services	2.4.2	135.7	138.8
Other Income	2.4.3	628.2	598.8
Total income from transactions		13,650.7	12,948.4
Expenses from transactions			
Employee expenses	3.1.1	(6,550.9)	(6,107.7)
Depreciation and amortisation	5.1.1	(368.3)	(355.7)
Grant and other payments	3.1.2	(1,953.3)	(1,812.4)
Capital asset charge	3.1.3	(1,495.2)	(1,467.4)
Supplies and services	3.1.4	(2,787.6)	(2,689.2)
Other operating expenses	3.1.5/9.7	(173.2)	(193.8)
Total expenses from transactions		(13,328.5)	(12,626.2)
Net result from transactions (net operating balance)		322.2	322.2
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	9.2	0.3	0.7
Net gain/(loss) on financial instruments	9.2	(12.7)	(1.9)
Other gains/(losses) from other economic flows	9.2	2.1	87.2
Total other economic flows included in net result		(10.3)	86.0
Net result		311.9	408.2
Other economic flows—other comprehensive income items that will not be classified to net result			
Changes in physical asset revaluation surplus	9.6	3,188.5	(0.1)
Total other economic flows—other comprehensive income		3,188.5	(0.1)
Comprehensive result		3,500.4	408.1

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

Balance sheet as at 30 June 2018

	Note	2018 \$m	2017 \$m
Assets			
Financial assets			
Cash and deposits	7.3	717.0	740.8
Receivables	6.1	2,174.3	2,280.7
Other financial assets	5.3	310.0	296.3
Total financial assets		3,201.3	3,317.8
Non-financial assets			
Intangible assets	5.2	49.5	59.4
Property, plant and equipment	5.1	24,469.5	20,393.5
Other non-financial assets	6.2	51.4	47.9
Total non-financial assets		24,570.4	20,500.8
Total assets		27,771.7	23,818.6
Liabilities			
Payables	6.3	687.6	685.8
Borrowings	7.1	581.7	457.0
Provisions	3.1.1(b)	1,472.8	1,415.8
Unearned income		67.2	48.5
Total liabilities		2,809.3	2,607.1
Net assets		24,962.4	21,211.5
Equity			
Accumulated surplus/(deficit)		2,430.8	2,117.9
Physical asset revaluation surplus	9.6	13,589.2	10,400.6
Contributed capital		8,942.4	8,693.0
Net worth		24,962.4	21,211.5
Contingent assets and contingent liabilities	8.3		
Commitments for expenditure	7.5		

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 2018

	Physical asset revaluation surplus \$m	Accumulated surplus/ (deficit) \$m	Contributed capital \$m	Total equity \$m
Balance at 1 July 2016	10,400.7	1,710.8	8,677.1	20,788.6
Net result for the year	-	408.2	-	408.2
Prior year adjustments	-	(1.1)	-	(1.1)
Other comprehensive income for the year	(0.1)	-	-	(0.1)
Capital appropriations	-	-	33.8	33.8
Contributed capital transfers in	-	-	7.2	7.2
Contributed capital transfers (out)	-	-	(25.1)	(25.1)
Balance at 30 June 2017	10,400.6	2,117.9	8,693.0	21,211.5
Net result for the year	-	311.9	-	311.9
Prior year adjustments	-	1.1	-	1.1
Other comprehensive income for the year	3,188.5	-	-	3,188.5
Capital appropriations	-	-	327.5	327.5
Contributed capital transfers in	-	-	-	-
Contributed capital transfers (out)	-	-	(78.1)	(78.1)
Balance at 30 June 2018	13,589.1	2,430.9	8,942.4	24,962.4

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 2018

	Note	2018 \$m	2017 \$m
Cash flows from operating activities			
<i>Receipts</i>			
Receipts from government		12,956.8	11,916.6
Receipts from other entities		814.3	756.9
Goods and Services Tax recovered from the ATO		364.8	333.5
Interest received		17.4	15.8
Total receipts		14,153.3	13,022.8
<i>Payments</i>			
Payments of grants and other transfers		(1,981.8)	(1,759.3)
Payments to suppliers and employees		(9,841.1)	(9,129.8)
Goods and Services Tax paid to the ATO		(15.6)	(8.1)
Capital asset charge payments		(1,495.2)	(1,467.4)
Interest and other costs of finance paid		(29.6)	(19.7)
Total payments		(13,363.3)	(12,384.3)
Net cash flows from/(used in) operating activities	7.3.1	790.0	638.5
Cash flows from investing activities			
Purchases of non-financial assets		(1,106.3)	(586.9)
Proceeds from investments		63.6	55.7
Payments for investments		(82.7)	(77.9)
Sales of plant and equipment		4.5	4.6
Proceeds from loan and advances		6.5	8.2
Payment of loan and advances		(16.1)	(24.1)
Other adjustments		6.5	(0.2)
Net cash flows from/(used in) investing activities		(1,124.0)	(620.7)
Cash flows from financing activities			
Owner contributions received from State Government		327.5	33.8
Proceeds from borrowings		-	0.2
Repayment of borrowings and finance leases		(17.4)	(14.3)
Net cash flows from/(used in) financing activities		310.1	19.7
Net increase/(decrease) in cash and deposits		(23.8)	37.5
Cash and deposits at the beginning of the financial		740.8	703.3
Cash and deposits at the end of the financial year	7.3	717.0	740.8

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 of Education and Training (the Department) for the year ended 30 June 2018. 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 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).

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 of Education and Training as an individual reporting entity and include all the controlled activities of the Department.

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 AASs. 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 1994* (FM Act) and applicable Australian accounting standards (AAS) 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*.

Where appropriate, those AASs 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 16 August 2018.

Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises three components, being:

- 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 9.9—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 Families and Children, 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 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
 - 2.3.2 Summary of compliance with special appropriations
- 2.4 Income from transactions
 - 2.4.1 Grants income
 - 2.4.2 Sales of goods and services
 - 2.4.3 Other income

2.1. Summary of income that funds the delivery of our services:

	Note	2018 \$m	2017 \$m
Income from transactions			
Output appropriations	2.3.1	12,816.0	12,184.3
Special appropriations	2.3.2	10.5	13.0
Grants	2.4.1	60.3	13.5
Sales of goods and services	2.4.2	135.7	138.8
Other income	2.4.3	628.2	598.8
Total income from transactions		13,650.7	12,948.4

Income is recognised to the extent that it is probable that the economic benefits will flow to the Department and the income can be reliably measured.

Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes. All amounts of income over which the Department does not have control are disclosed as administered income in the schedule of administered income and expenses (Note 4.2).

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 *Financial Management Act 1994*, income related to Commonwealth national partnerships funding are recognised when the amount appropriated for that purpose has been incurred by the Department.

Under Section 33 of the *Financial Management Act 1994*, 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.

Appropriation Act			Financial Management Act 1994					Total parliamentary authority \$m	Appropriations applied \$m	Variance ² \$m
Annual appropriation \$m	Advance from Treasurer \$m	Section 3(2) \$m	Section 29 \$m	Section 30 ¹ \$m	Section 32 \$m	Section 35 advances \$m				
2018										
Controlled										
Provision for outputs	12,021.1	213.7	-	594.7	(41.1)	136.0	-	12,924.4	12,816.0	108.4
Additions to net assets	326.3	-	-	8.5	41.1	52.5	-	428.4	320.7	107.7
Total	12,347.4	213.7	-	603.2	-	188.5	-	13,352.8	13,136.7	216.1
Annual appropriation \$m	Advance from Treasurer \$m	Section 3(2) \$m	Section 29 \$m	Section 30 ³ \$m	Section 32 \$m	Section 35 advances \$m	Total parliamentary authority \$m	Appropriations applied \$m	Variance ⁴ \$m	
2017										
Controlled										
Provision for outputs	11,456.6	300.7	-	569.9	20.5	246.0	-	12,593.7	12,184.3	409.4
Additions to net assets	209.3	-	-	2.6	(20.5)	18.0	20.0	229.5	33.8	195.6
Total	11,666.0	300.7	-	572.5	-	264.0	20.0	12,823.2	12,218.1	605.1

¹ The \$41.1 million appropriation transfer from provision for outputs to additions to net assets primarily comprises of a \$17.9 million transfer of depreciation equivalent to additions to the net asset base funding required as a result of delayed capitalisation to ensure 2017-18 capital program is sufficiently funded, \$15.4 million for relocatable building contributions, \$9.7 million for the *Bushfire Compliance* works and \$7.7 million for planned maintenance works to matched revised implementation from operating to capital delivery. This is offset by a transfer from output to capital of \$11.7 million, which mainly relates to the *Schools Private Public Partnerships* and *New Schools* programs to match revised implementation from capital works to operating delivery.

² The provision for outputs variance of \$108.4 million mainly comprises: \$100.7 million of carryover requested into 2018-19 across State (\$85.8 million) and Commonwealth (\$12.0 million) initiatives. State initiatives include \$45.4 million for School Education - primary and secondary and \$18.0m for early childhood development programs. In addition, \$65.2 million was re-phased into future years to reflect revised implementation timelines for programs including training, higher education and workforce (\$30.0 million) and *Technical Schools* (\$12.6 million). These underspends are offset by \$65.5 million in additional approvals, including \$13.7 million for school building reinstatement and minor works to address damage from adverse weather events and vandalism, and \$10.7 million to ensure the timely delivery of the planned maintenance program. The additions to net assets variance of \$107.7 million comprises: \$104.0 million of carryover requested into 2018-19, including \$43.1 million for school upgrades, comprising \$20.8 million in rural and regional areas, \$15.5 million in metropolitan areas and \$6.8 million for special schools as well as \$40.9 million for land acquisition. In addition, there are \$29.8 million in capital funds sourced from the Department of Environment, Land, Water and Planning's Building New Communities Fund to fund half the land purchase cost for eight schools in six growth areas and \$5.2 million re-phased into future years for corporate IT projects. These underspends are offset by \$31.3 million in additional funding, including \$12.9 million for the School Capital Priorities program, \$11.5 million for unforeseen pressures in the school building reinstatement program primarily due to adverse weather events and vandalism and \$6.9 million for Melbourne Cricket Club's contribution for two ovals, a pavilion and a multipurpose pitch at Beaumaris Secondary College.

³ The \$20.5 million appropriation transfer from additions to net assets to provision for outputs comprises of \$47.2 million for the *Technical Schools* program, \$6.4 million for the relocation of Orchestra Victoria and the Parks Victoria office from the South Melbourne Park Primary School site and \$4.0 million in streetscape works associated with the South Melbourne Ferrars Street Primary School. This is offset by a transfer from output to capital of \$37.1 million, which mainly relates to the construction of relocatable buildings, bushfire compliance works and relocatable refurbishments.

⁴ The provision for outputs variance of \$409.4 million comprises: \$136.0 million in carryover into 2017-18 related to initiatives including \$20.3 million for realignment of cash flows for *Early Childhood Capital Grants*, \$19.2 million for the *Workforce Training and Innovation Fund* and \$16.9 million for *Technical Schools* and \$273.4 million in lapsed funding, re-phasing and other foreseen adjustments.

2.3.1. (b) Annotated income agreements

The Department is permitted under section 29 of the FMA 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 *Financial Management Act 1994* section 29 annotated income agreements approved by the Treasurer:

	Note	2018 \$m	2017 \$m
Sales of goods and services			
Alarms		0.1	0.1
Overseas student program fee		69.6	68.7
Housing rent		1.0	1.0
National Disability Insurance Agency – Specialist Children Services		0.3	-
VCE offshore		0.3	-
Total		71.3	69.8
Asset sales			
Sale of land		-	-
Receipts from Commonwealth			
Receipts from Commonwealth – School capital program		-	0.1
Revenue from municipal councils			
Receipts from municipal councils – School capital program		8.5	2.5
Total		8.5	2.6
Commonwealth specific purpose payments			
National skills and workforce development		391.5	372.7
Universal access to early education		108.2	101.7
National Quality Agenda for early childhood education and care		5.4	8.3
MoneySmart teaching		-	0.3
Independent public schools		4.5	3.3
National school chaplaincy program		12.6	12.6
National occasional care program		1.2	1.2
Total		523.4	500.1
Total annotated income agreements	2.3.1(a)	603.2	572.5

2.3.2. Summary of compliance with special appropriations

Authority controlled	Purpose	Appropriations applied	
		2018 \$m	2017 \$m
Section 5.6.8 of the <i>Education and Training Reform Act 2006</i>	Volunteers workers' compensation	0.1	0.2
Section 10 of the <i>Financial Management Act 1994</i>	Digital education revolution	5.9	11.7
Section 10 of the <i>Financial Management Act 1994</i>	Support for students with a disability	3.6	1.0
Section 10 of the <i>Financial Management Act 1994</i>	Independent public schools	0.9	-
Operating special appropriation total		10.5	13.0
Section 33 of the <i>Financial Management Act 1994</i>	Funding the asset program	274.3	187.1
Section 10 of the <i>Financial Management Act 1994</i>	Trade trading centres	6.8	-
Other total¹		281.1	187.1

¹ Funding the capital program: Funding from the prior year depreciation equivalent surplus to ensure state capital program is sufficiently funded. \$6.8m Trade Training Centres: Capital Commonwealth funding to help secondary students successfully move to further education, training or work. These subtotals reflect special appropriations for assets and therefore, are excluded from the Comprehensive Operating Statement.

2.4. Income from transactions

2.4.1. Grants income

	2018 \$m	2017 \$m
Grants		
Commonwealth	15.1	10.3
Other public bodies	45.2	3.2
Total grants	60.3	13.5

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 receivable or received.

2.4.2. Sales of goods and services

	2018 \$m	2017 \$m
Sales of goods and services		
Schools revenue – including sales of classroom material, before and after school care, and other trading operations	132.0	133.6
Provision of services	3.7	5.2
Total sales of goods and services	135.7	138.8

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
- cash received in schools is recognised upon receipt by the school and is processed in accordance with controls established by the school's council.

2.4.3. Other income

	2018 \$m	2017 \$m
Other income		
Schools revenue – including parents' voluntary contributions and other locally raised funds	604.2	572.9
Other revenue	20.4	25.9
Land received free of charge	3.6	-
Total other income	628.2	598.8

Cash received in schools is recognised upon receipt by the school and is processed in accordance with controls established by the school's council.

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 3.1.2 Grants and other payments 3.1.3 Capital asset charge 3.1.4 Supplies and services 3.1.5 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.

	Note	2018 \$m	2017 \$m
Expenses from transactions			
Employee expenses	3.1.1	6,550.9	6,107.7
Grants and other payments	3.1.2	1,953.3	1,812.4
Capital asset charge	3.1.3	1,495.2	1,467.4
Supplies and services	3.1.4	2,787.6	2,689.2
Other operating expenses	3.1.5	167.4	186.0 ¹
Total expenses incurred in delivery of services		12,954.4	12,262.7

¹ Due to inclusion of new Note 9.7 Remuneration of auditors, audit remuneration (\$7.8 million in FY2016–17) has now been excluded in Note 3.1.5 Other operating expenses

3.1.1. (a) Employee benefits comprehensive operating statement

	2018 \$m	2017 \$m
Employee expenses		
Salaries and wages	5,339.5	4,954.9
Superannuation	532.9	494.7
Annual leave and long service leave expense	325.5	328.3
Other on-costs (fringe benefits tax, payroll tax and WorkCover levy)	353.0	329.8
Total employee expenses	6,550.9	6,107.7

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, Department of Treasury and Finance 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.

	2018 \$m	2017 \$m
Current provisions		
Employee benefits¹—annual leave		
Unconditional and expected to be settled within 12 months	98.2	86.3
Unconditional and expected to be settled after 12 months	9.8	9.2
Employee benefits¹—long service leave		
Unconditional and expected to be settled within 12 months	144.5	141.0
Unconditional and expected to be settled after 12 months	830.7	808.7
Employee benefits¹—other		
Unconditional and expected to be settled within 12 months	-	-
Other provisions	1.1	0.9
Total	1,084.3	1,046.1
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months	36.5	34.1
Unconditional and expected to be settled after 12 months	137.8	134.1
Total	174.3	168.2
Other – make good²	0.2	0.3
Total current provisions	1,258.8	1,214.6
Non-current provisions		
Employee benefits ¹	181.8	172.5
Other on-costs related to employee benefits	29.8	28.3
Other provisions	2.5	0.4
Total non-current provisions	214.1	201.2
Total Provisions	1,472.8	1,415.8

¹ Provisions for employee benefits consist of amounts for annual leave, long service leave and other employee benefits accrued by employees, not including on-costs.

² 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

2018	Total \$m
Opening balance	196.5
Additional provisions recognised	49.1
Reductions arising from payments/other sacrifices of future economic benefits	(44.9)
Reductions resulting from re-measurement	-
Unwind of discount and effect of changes in the discount rate	3.4
Closing balance	204.1
Current	174.3
Non-current	29.8

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 benefits accrued in the future. 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 Department of Treasury and Finance 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 2018 \$m	Paid contributions for the year 2017 \$m
Defined benefit plans		
State superannuation schemes	84.6	90.9
Other—state employees retirement benefits scheme	2.0	2.2
Defined contribution plans		
Vic Super	348.2	318.0
Other	98.1	83.6
Total	532.9	494.7

There are no contributions outstanding as at June 2018 and June 2017.

3.1.2 Grants and other payments

	2018 \$m	2017 \$m
Grants and other payments		
Grants to Victorian Curriculum and Assessment Authority	69.0	52.1
Grants to Victorian Registration and Qualifications Authority	11.2	10.8
Grants to Technical and Further Education	701.7	690.5
Grants to Adult, Community and Further Education Board	28.2	28.0
Grants to non-government schools	774.4	716.8
Grants to external organisations	340.0	285.7
Other payments	28.8	28.5
Total grants and other payments	1,953.3	1,812.4

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

	2018 \$m	2017 \$m
Capital asset charge	1,495.2	1,467.4

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 Supplies and services

	2018 \$m	2017 \$m
<i>Supplies and services</i>		
Administration	355.2	336.6
Maintenance	261.8	239.0
School requisites	995.1	945.7
Service agreement payments	1,027.0	1,028.7
Other	148.5	139.2
Total supplies and services	2,787.6	2,689.2

Supplies and services generally represent 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.

3.1.5 Other operating expenses

	2018 \$m	2017 \$m
Other expenses¹	39.7	29.9
Other IT related expenses	127.7	156.1
Total other operating expenses	167.4	186.0

¹ The Department has elected to reclassify audit fees in the financial statements for the year ended 30 June 2018 to appropriately reflect the nature of transactions. This has had an impact on the comparative information presented in the financial statements.

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 2018 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 output

4.1.1 Descriptions and objectives

4.1.2 Controlled income and expenses

4.1.3 Controlled assets and liabilities

4.2 Administered items

4.1. Department output

4.1.1 Descriptions and objectives

A description of departmental outputs achieved during the year ended 30 June 2018, and the objectives of these outputs are summarised below.

Strategy, review and regulation

The strategy, review and regulation output group develops, plans and monitors 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 supports regulation that ensures quality education and training is delivered and contributes to all the Department's objectives of achievement, engagement, wellbeing and productivity.

Early childhood development

The early childhood development output group provides funding for a range of services that support children in the early years, including kindergarten and children's services, maternal and child health, and early intervention services for children with a disability. These outputs make a significant contribution to the Government's key outcomes in early childhood services. This output group and its outputs 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. 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 delivers services to consolidate 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 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

This output 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.

School education—secondary

This output involves provision of education and other associated services designed to improve the quality of student learning and transition of students in Year 7 to 12 in government and non-government schools. It also covers the provision of cross-sectoral services to improve the transition to further education, training and employment.

Higher education and skills

The higher education and skills output supports Victorians to gain the skills and capabilities essential for a rewarding life and helps create a globally competitive workforce. This output includes the functions of system design, market facilitation, and consumer information, contracting and monitoring of vocational education and training services. It also involves the development and implementation of effective strategies for accredited and pre-accredited vocational education and training through 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 covers the regional support group and provides student welfare and support, education maintenance allowance, student transport (excluding transport for special needs students) and health services. This output group contributes towards 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 for special need students and 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 2018

	Strategy, review and regulation	Early childhood develop- ment	School education	Higher education and skills	Support services delivery	Support for students with disabilities	Depart- mental total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Income from transactions							
Output appropriations	108.5	626.4	8,929.0	1,808.5	346.4	997.3	12,816.1
Special appropriations	-	-	6.9	-	-	3.6	10.5
Grants	-	4.0	52.8	1.8	1.7	-	60.3
Sales of goods and services	-	0.2	134.0	0.2	0.2	1.0	135.6
Other income	-	-	627.6	0.1	-	0.5	628.2
Total income from transactions	108.5	630.6	9,750.3	1,810.6	348.3	1,002.4	13,650.7
Expenses from transactions							
Employee expenses	(66.9)	(41.3)	(5,369.7)	(60.3)	(214.9)	(797.8)	(6,550.9)
Depreciation and amortisation	(7.4)	(5.4)	(332.6)	(4.4)	(2.5)	(16.0)	(368.3)
Grants and other payments	(18.1)	(34.0)	(887.7)	(919.7)	(76.0)	(17.8)	(1,953.3)
Capital asset charge	(0.6)	(5.7)	(1,217.6)	(216.7)	(0.2)	(54.4)	(1,495.2)
Supplies and services	(15.3)	(543.6)	(1,525.3)	(558.5)	(45.8)	(99.1)	(2,787.6)
Other operating expenses	(0.2)	(0.6)	(141.6)	(4.6)	(8.9)	(17.3)	(173.2)
Total expenses from transactions	(108.5)	(630.6)	(9,474.6)	(1,764.2)	(348.3)	(1,002.4)	(13,328.5)
Net result from transactions (net operating balance)	-	-	275.7	46.4	-	-	322.2
Other economic flows included in net result							
Net gain/(loss) on non-financial assets	-	-	0.3	-	-	-	0.3
Net gain/(loss) on financial instruments	-	-	(12.7)	-	-	-	(12.7)
Other gains/(losses) from other economic flows	-	-	1.7	-	0.2	0.3	2.2
Total other economic flows included in net result	-	-	(10.7)	-	0.2	0.3	(10.2)
Net result	-	-	265.0	46.4	0.2	0.3	311.9
Other economic flows—other comprehensive income							
Changes in physical asset revaluation surplus	-	-	2,855.8	-	4.3	328.4	3,188.5
Total other economic flows—other comprehensive income	-	-	2,855.8	-	4.3	328.4	3,188.5
Comprehensive result	-	-	3,120.8	46.4	4.5	328.7	3,500.4

4.1.2. (b) Departmental outputs: Controlled income and expenses for the year ended 30 June 2017

	Strategy, review and regulation	Early childhood development	School education	Higher education and skills	Support services delivery	Support for students with disabilities	Departmental total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Income from transactions							
Output appropriations	102.3	569.1	8,464.7	1,775.9	353.3	919.0	12,184.3
Special appropriations	-	-	11.9	-	-	1.0	13.0
Grants	-	1.1	10.3	-	2.1	-	13.5
Sales of goods and services	-	2.1	135.6	0.2	-	0.7	138.8
Other income	-	0.2	590.6	0.5	7.2	0.3	598.8
Total income from transactions	102.3	572.5	9,213.2	1,776.7	362.7	921.0	12,948.4
Expenses from transactions							
Employee expenses	(58.4)	(37.0)	(5,000.7)	(50.1)	(231.0)	(730.6)	(6,107.7)
Depreciation and amortisation	(7.7)	(5.5)	(321.3)	(4.2)	(1.4)	(15.6)	(355.7)
Grants and other payments	(18.5)	(2.4)	(810.3)	(894.9)	(76.5)	(9.8)	(1,812.4)
Capital asset charge	(0.7)	(5.7)	(1,191.1)	(216.6)	(0.1)	(53.2)	(1,467.4)
Supplies and services	(16.5)	(521.5)	(1,407.7)	(601.6)	(44.9)	(97.0)	(2,689.2)
Other operating expenses	(0.4)	(0.5)	(164.9)	(4.4)	(8.7)	(14.8)	(193.8)
Total expenses from transactions	(102.3)	(572.5)	(8,896.0)	(1,771.8)	(362.7)	(921.0)	(12,626.2)
Net result from transactions (net operating balance)	0.0	(0.0)	317.3	4.9	(0.0)	0.0	322.2
Other economic flows included in net result							
Net gain/(loss) on non-financial assets	-	-	0.6	-	-	0.1	0.6
Net gain/(loss) on financial instruments	-	-	0.7	(2.6)	-	-	(1.9)
Other gains/(losses) from other economic flows	0.8	0.5	71.4	0.7	3.3	10.4	87.2
Total other economic flows included in net result	0.8	0.5	72.7	(1.9)	3.3	10.5	86.0
Net result	0.8	0.5	390.0	3.1	3.3	10.5	408.1
Other economic flows—other comprehensive income							
Changes in physical asset revaluation surplus	-	-	(0.1)	-	-	-	(0.1)
Total other economic flows—other comprehensive income	-	-	(0.1)	-	-	-	(0.1)
Comprehensive result	0.8	0.5	389.9	3.1	3.3	10.5	408.0

4.1.3 (a) Departmental outputs: Controlled assets and liabilities as at 30 June 2018

	Strategy, review and regulation	Early childhood develop- ment	School education	Higher education and skills	Support services delivery	Support for students with disabilities	Depart- mental total
Assets and liabilities	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Assets							
Financial assets	19.7	87.7	2,457.2	280.5	92.6	263.7	3,201.4
Non-financial assets	15.3	190.4	21,972.5	8.9	133.5	2,249.7	24,570.3
Total assets	35.0	278.1	24,429.7	289.4	226.1	2,513.4	27,771.7
Liabilities							
Liabilities	25.2	26.4	2,260.6	106.8	90.3	300.0	2,809.3
Total liabilities	25.2	26.4	2,260.6	106.8	90.3	300.0	2,809.3
Net assets/(liabilities)	9.8	251.7	22,169.1	182.6	135.8	2,213.4	24,962.4

4.1.3 (b) Departmental outputs: Controlled assets and liabilities as at 30 June 2017

	Strategy, review and regulation	Early childhood develop- ment	School education	Higher education and skills	Support services delivery	Support for students with disabilities	Depart- mental total
Assets and liabilities	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Assets							
Financial assets	20.5	89.3	2,519.9	334.4	105.1	264.3	3,333.5
Non-financial assets	15.0	162.7	18,353.1	8.3	128.1	1,833.5	20,500.8
Total assets	35.5	252.0	20,873.0	342.7	233.2	2,097.9	23,834.3
Liabilities							
Liabilities	18.7	21.7	2,122.2	89.9	94.3	275.9	2,622.8
Total liabilities	18.7	21.7	2,122.2	89.9	94.3	275.9	2,622.8
Net assets/(liabilities)	16.7	230.3	18,750.8	252.8	138.9	1,821.9	21,211.5

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 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.

	Departmental total	
	2018 \$m	2017 \$m
Administered income from transactions		
<i>Commonwealth on-passing to non-government schools</i>		
General recurrent grants	3,187.2	2,975.3
Other	50.1	54.5
Other income	99.5	75.6
Amounts received via Consolidated Fund	-	-
Total administered income from transactions	3,336.8	3,105.4
Administered expenses from transactions		
<i>Commonwealth on-passing to non-government schools</i>		
General recurrent grants	(3,187.2)	(2,975.3)
Other	(50.1)	(54.5)
Other	(1.3)	(1.0)
Administered paid via Consolidated Fund	(84.9)	(80.0)
Total administered expenses from transactions	(3,323.5)	(3,110.8)
Total administered net result from transactions (net operating balance)	13.3	(5.4)
Administered other economic flows included in the administered net result		
Net gain/(loss) on non-financial assets	(3.7)	8.1
Total administered other economic flows	(3.7)	8.1
Administered net result	9.6	2.7
Total administered comprehensive result	9.6	2.7
Administered financial assets		
Receivables	25.9	16.2
Investments	1.3	1.3
Total administered assets	27.2	17.6

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.

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. These grants are distributed to the recipients for operational and capital purposes.

Note 5 Key assets available to support output delivery

Introduction	Structure
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.	5.1 Property, plant and equipment: carrying amount
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.	5.1.1 Depreciation and amortisation
	5.1.2 Reconciliation of movements in carrying value of property, plant and equipment
	5.2 Intangible assets
	5.3 Other financial assets

5.1. Property, plant and equipment – education purpose group¹

	2018 ² \$m	2017 \$m
Land		
At fair value	11,895.4	9,409.6
Buildings		
At fair value	11,033.0	10,261.4
Less accumulated depreciation	-	(300.8)
Total buildings	11,033.0	9,960.5
Heritage buildings		
At fair value	104.5	106.8
Less accumulated depreciation	-	(3.7)
Total heritage buildings	104.5	103.1
Leasehold buildings		
Leasehold buildings at fair value	526.2	388.6
Less accumulated depreciation	-	(5.3)
Total leasehold buildings	526.2	383.3
Leasehold improvements		
Leasehold improvements - at fair value	14.4	10.1
Less accumulated depreciation	(8.0)	(7.2)
Total leasehold improvements	6.4	2.9

¹ Property, plant and equipment are classified primarily by the 'purpose' for which the assets are used, according to one of six 'Purpose Groups' based upon government purpose classifications (GPC). All assets within a purpose group are further sub-categorised according to the asset's 'nature' (that is, buildings, plant and equipment, and so forth), with each sub-category being classified as a separate class of asset for financial reporting purposes.

² 2018 was a "Formal" revaluation year for the Department in accordance with the FRD 103G Non-financial physical assets. The Department land and building assets revaluation was conducted by the Valuer General Victoria (VGV).

	2018 ² \$m	2017 \$m
Plant and equipment		
At fair value	587.6	573.0
Less accumulated depreciation	(524.5)	(508.1)
	63.1	64.9
Plant and equipment under finance lease	42.6	31.0
Less accumulated depreciation	(9.7)	(8.2)
	32.9	22.8
Total plant and equipment	96.0	87.7
Work in progress		
Buildings at cost	799.2	436.2
Plant and equipment at cost	8.8	10.1
Total work in progress	808.0	446.3
Total property, plant and equipment	24,469.5	20,393.5

Initial recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal consideration, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

The initial cost for non-financial physical assets under a finance lease (Note 7.2) 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. Also note that certain assets are acquired under finance leases, which may form part of a service concession arrangement (Public Private Partnership).

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.

Specialised land and specialised buildings

Land and buildings of the Department are considered specialised land and buildings.

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.

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 depreciated replacement cost.

Leasehold buildings

Certain assets are acquired under finance leases, which may form part of a service concession arrangement (i.e. public private partnership). Refer to Notes 7.2 Leases and 7.5 Commitments 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.

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

	2018 \$m	2017 \$m
Depreciation		
Buildings	306.5	301.0
Heritage buildings	3.7	3.7
Leasehold buildings	8.3	5.3
Leasehold improvements	0.8	0.8
Plant and equipment	32.1	32.1
Total depreciation	351.4	342.9
Amortisation		
Software	16.9	12.8
Total amortisation	16.9	12.8
Total depreciation and amortisation	368.3	355.7

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.

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, i.e. 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 depreciated replacement cost and fair value less costs to sell.

5.1.2 Reconciliation of movements in carrying amount of property, plant and equipment

2018	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	9,409.6	9,960.5	103.1	383.2	2.9	87.7	446.1	20,393.1
Prior year adjustments								
Additions	153.8	-	-	131.6	0.9	37.6	978.1	1,302.0
Fair value of assets received free of charge or for nominal considerations	3.6	-	-	-	-	-	-	3.6
Transfers to completed assets	-	594.6	-	-	3.4	6.9	(604.9)	-
Disposals	(48.6)	(29.5)	-	-	-	(4.0)	-	(82.1)
Revaluation increments/(decrements)	2,362.2	813.8	5.1	19.7	-	-	(11.3)	3,189.5
Impairment	-	-	-	-	-	-	-	-
Transfer (to)/from assets held for sale	14.8	-	-	-	-	-	-	14.8
Depreciation	-	(306.4)	(3.7)	(8.3)	(0.8)	(32.2)	-	(351.4)
Closing balance	11,895.40	11,033.0	104.5	526.2	6.4	96.0	808.0	24,469.5

2017	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	9,367.6	10,014.0	104.1	145.0	3.7	84.5	150.9	19,869.9
Prior year adjustments	-	(37.0)	-	37.0	-	-	-	-
Additions	70.6	-	2.7	206.5	-	32.0	588.1	899.9
Fair value of assets received free of charge or for nominal considerations	-	-	-	-	-	-	-	-
Transfers to completed assets	-	281.4	-	-	-	7.0	(288.4)	-
Disposals	(13.6)	(6.4)	-	-	-	(3.4)	-	(23.4)
Revaluation increments/(decrements)	-	9.5	-	-	-	-	(4.6)	4.9
Impairment	-	-	-	-	-	-	-	-
Transfer (to)/from assets held for sale	(15.0)	(0.1)	-	-	-	(0.2)	-	(15.3)
Depreciation	-	(300.9)	(3.7)	(5.3)	(0.8)	(32.0)	-	(342.7)
Closing balance	9,409.6	9,960.5	103.1	383.2	2.9	87.7	446.1	20,393.1

5.2 Intangible assets

2018	Software at cost \$m	Software work in progress \$m	Total \$m
Opening balance	149.4	25.8	175.2
Additions	1.4	6.8	8.2
Disposals	(1.3)	(0.4)	(1.7)
Transfer to completed assets	16.4	(16.4)	-
Closing balance	165.9	15.8	181.7
Accumulated amortisation			
Opening balance	(115.8)	-	(115.8)
Amortisation expense	(16.9)	-	(16.9)
Write back due to disposals	0.5	-	0.5
Closing balance	(132.2)	-	(132.2)
Net book value at end of financial year	33.7	15.8	49.5

2017	Software at cost \$m	Software work in progress \$m	Total \$m
Opening balance	139.6	31.5	171.1
Additions	0.7	11.9	12.6
Disposals	(0.5)	(7.9)	(8.4)
Transfer to completed assets	9.7	(9.7)	-
Closing balance	149.4	25.8	175.2
Accumulated amortisation			
Opening balance	(103.3)	-	(103.3)
Amortisation expense	(12.8)	-	(12.8)
Write back due to disposals	0.4	-	0.4
Closing balance	(115.7)	-	(115.7)
Net book value at end of financial year	33.7	25.8	59.5

Initial recognition

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 section 5.1.1.

5.3 Other financial assets

	2018 \$m	2017 \$m
Term deposit held by schools	310.0	296.3

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

2018	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
Term deposits	310.0	310.0	-	-	-	-
Total	310.0	310.0	-	-	-	-

2017	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
Term deposits	296.3	296.3	-	-	-	-
Total	296.3	296.3	-	-	-	-

Note 6 Other assets and liabilities

Introduction

This section sets out those assets and liabilities that arose from the Department's operations.

6.2 Other non-financial assets

6.3 Payables

6.3.1 Ageing analysis of contractual payables

Structure

6.1 Receivables

- 6.1.1 Movement in the provision for doubtful debt
- 6.1.2 Ageing analysis of contractual receivables

6.1 Receivables

	2018 \$m	2017 \$m
Current Receivables		
Statutory		
Amounts owing from Victorian Government	1,770.4	1,911.4
GST receivables	68.0	64.4
Total	1,838.4	1,975.8
Contractual		
Other debtors ^{1,2}	76.1	55.3
Loan receivables	26.5	44.4
Total	102.6	99.7
Allowance for doubtful debts ¹	(42.7)	(32.5)
Total current receivables	1,898.3	2,043.0
Non-current Receivables		
Statutory		
Amounts owing from Victorian Government	211.6	200.8
Contractual		
Loan receivables	64.4	36.9
Total non-current receivables	276.0	237.7

¹ 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.

² 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 goods and services tax (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 'loans and receivables'. 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 (except for impairment), but are not classified as financial instruments because they do not arise from a contract. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

6.1.1 Movement in the provision for doubtful debts

	2018 \$m	2017 \$m
Balance at beginning of the year	(32.5)	(32.0)
Reversal of unused provision recognised in the net result	0.3	4.6
Increase in provision recognised in the net result	(12.7)	(6.5)
Reversal of provision of receivables written off during the year as uncollectable	2.2	(1.4)
Balance at end of the year	(42.7)	(32.5)

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

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 other economic flows in the net result.

6.1.2 Ageing analysis of contractual receivables

2018	Carrying amount \$m	Not past due and not impaired \$m	Past due but not impaired			
			Less than 1-month \$m	1–3 months \$m	3 months–1 year \$m	Over 1-year \$m
Receivables	124.3	16.6	1.4	2.2	34.1	70.0
Total	124.3	16.6	1.4	2.2	34.1	70.0

2017	Carrying amount \$m	Not past due and not impaired \$m	Past due but not impaired			
			Less than 1-month \$m	1–3 months \$m	3 months–1 year \$m	Over 1-year \$m
Receivables	104.2	8.5	0.3	1.4	54.6	39.4
Total	104.2	8.5	0.3	1.4	54.6	39.4

6.2 Other non-financial assets

	2018 \$m	2017 \$m
Prepayment	28.5	24.7
Non-financial assets held for sale	19.9	17.9
Other	3.0	5.3
Total other non-financial assets	51.4	47.9

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, and
- the 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

	2018 \$m	2017 \$m
Current payables		
Contractual		
Salaries, wages and on-costs	126.7	166.7
Accrued grants and transfer payments	73.3	101.7
Other accruals	8.2	9.8
Schools creditors	21.1	11.4
Capital expenditure	197.4	117.8
Operating expenditure	202.5	217.8
Total	629.2	625.2
Statutory		
Taxes payable	23.3	25.7
Advance payable to public account	35.1	34.9
Total	58.4	60.6
Total current payables	687.6	685.8
Total payables	687.6	685.8

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, and
- 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

2018	Maturity dates						
	Carrying amount \$m	Nominal amount \$m	Less than 1 month \$m	1–3 months \$m	3 months–1 year \$m	Over 1-year \$m	> 5 years \$m
Payables	629.2	629.2	599.7	21.0	6.6	1.9	-
Total	629.2	629.2	599.7	21.0	6.6	1.9	-

2017	Maturity dates						
	Carrying amount \$m	Nominal amount \$m	Less than 1 month \$m	1–3 months \$m	3 months–1 year \$m	Over 1-year \$m	> 5 years \$m
Payables	625.2	625.2	620.0	6.8	0.1	(1.2)	(0.5)
Total	625.2	625.2	620.0	6.8	0.1	(1.2)	(0.5)

Note 7 Financing our operations

Introduction	7.2 Leases
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.	7.2.1. Finance lease liabilities – Department as lessee
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.	7.2.2. Operating leases – Department as lessee
Structure	7.3 Cash flow information and balances
7.1 Borrowings	7.3.1. Reconciliation of net result for the period to cash flow from operating activities
7.1.1. Maturity analysis of borrowing	7.4 Trust account balances
	7.5 Commitments for expenditure
	7.5.1. Total commitments payable
	7.5.2. Public Private Partnership commitments
	7.5.3. Commitments other than Public Private Partnerships

7.1 Borrowings

	2018 \$m	2017 \$m
Current borrowings		
Finance lease liabilities¹		
PPP related finance lease liabilities	40.4	30.8
Motor vehicles related finance lease liabilities	4.9	4.3
Advance from Public Account ²	20.6	8.4
Other current ³	1.5	1.4
Total current borrowings	67.4	44.9
Non-current borrowings		
Finance lease liabilities		
PPP related finance lease liabilities	475.2	356.4
Motor vehicles related finance lease liabilities	7.8	5.0
Advance from Public Account ²	26.1	43.7
Other non-current ³	5.2	7.0
Total non-current borrowings	514.3	412.1
Total borrowings	581.7	457.0

¹ Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Refer to Note 7.2.1 Leases for further information on finance lease liabilities.

² 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.

³ Other borrowings are made up of co-operative loans in schools.

'Borrowings' refer to interest bearing liabilities mainly raised from finance 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 Maturity analysis of borrowings

2018	Maturity dates						
	Carrying amount \$m	Nominal amount \$m	Less than 1 month \$m	1–3 months \$m	3 months– 1 year ¹ \$m	Over 1-year ¹ \$m	> 5 years \$m
Borrowings	581.7	973.2	1.9	12.4	45.6	207.5	705.8
Total	581.7	973.2	1.9	12.4	45.6	207.5	705.8

2017	Maturity dates						
	Carrying amount \$m	Nominal amount \$m	Less than 1 month \$m	1–3 months \$m	3 months– 1 year ¹ \$m	Over 1-year ¹ \$m	> 5 years \$m
Borrowings	457.0	763.8	1.4	9.3	35.7	169.1	548.4
Total	457.0	763.8	1.4	9.3	35.7	169.1	548.4

7.2. Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. For service concession arrangements, the commencement of the lease term is deemed to be the date of commissioning. All other leases are classified as operating leases.

7.2.1. Finance lease liabilities – Department as lessee

	Minimum future lease payments		Present value of minimum future lease payments	
	2018 \$m	2017 \$m	2018 \$m	2017 \$m
PPP related finance lease liabilities				
Not longer than one year	41.8	31.9	40.3	30.8
Longer than one year but not longer than five years	166.1	126.3	139.2	105.3
Longer than five years	698.7	535.4	336.1	251.1
Motor vehicles lease liabilities				
Not longer than one year	5.3	4.5	5.0	4.3
Longer than one year but not longer than five years	8.1	5.2	7.7	5.0
Minimum future lease payments	920.0	703.2	528.3	396.5
Less future finance charges	(391.6)	(306.5)	-	-
Present value of minimum lease payments	528.4	396.7	528.3	396.5
Included in the financial statements as:				
Current borrowings finance lease liabilities (Note 7.1)	-	-	45.3	35.1
Non-current borrowings finance lease liabilities (Note 7.1)	-	-	483.0	361.4
Total aggregate carrying amount of borrowings	-	-	528.3	396.5

	2018 \$m	2017 \$m
Assets pledged as security		
Motor vehicles under finance lease	13.0	9.3
Partnership Victoria in schools assets	546.0	386.6
Total assets pledged as security	559.0	395.9

The Department's leases are made up of finance leases for Public Private Partnership (PPP) arrangements and motor vehicles.

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease 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 are apportioned between reduction of the outstanding lease liability and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

PPP—Partnerships Victoria in schools

In December 2008, the State of Victoria entered into a 26-year agreement with Axiom Education Victoria Pty Ltd, under the Partnerships Victoria policy, for the financing, design, construction, and maintenance of 12 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 12 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 finance lease with related finance lease assets.

In October 2015, the State of Victoria entered into a 25-year agreement with Learning Communities Victoria under the new Schools Public-Private Partnership (PPP) Project. 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.

7.2.2 Operating leases—Department as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

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.

	2018 \$m	2017 \$m
Amounts held by schools	576.8	602.6
Bank accounts held in trust	130.9	128.9
Other bank accounts	9.3	9.3
Total cash and deposits	717.0	740.8

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

	2018 \$m	2017 \$m
Net result for the reporting period	311.9	408.1
Non-cash movements		
Net (gain)/loss on sale of non-financial assets	(0.3)	(0.6)
Depreciation and amortisation	368.3	355.7
Movements in assets and liabilities		
Decrease/(increase) in current receivables	126.7	(286.8)
Decrease/(increase) in prepayments	(3.9)	(7.1)
Decrease/(increase) in non-current receivables	(10.8)	12.8
Increase/(decrease) in current payables	(77.8)	147.7
Increase/(decrease) in other liabilities	18.8	17.7
Increase/(decrease) in current employee entitlements	44.3	3.3
Increase/(decrease) in non-current employee entitlements	12.8	(12.3)
Net cash inflow from/(used in) operating activities	790.0	638.5

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:

2018	Opening balance as at 1 July 2017 \$m	Total receipts \$m	Total payments \$m	Closing balance as at 30 June 2018 \$m
Controlled trusts				
State Treasury Trust	74.2	135.4	(150.9)	58.7
Inter-Departmental Trust	9.9	38.0	(4.8)	43.1
Commonwealth Treasury Trust	44.8	34.4	(50.1)	29.1
Total controlled trusts	128.9	207.8	(205.8)	130.9
Administered trusts				
Prizes and scholarships	1.5	0.2	(0.3)	1.4
Commuter club	(0.1)	1.0	(1.1)	(0.2)
On-passing from the Commonwealth	0.6	3,237.3	(3,237.3)	0.6
Total administered trusts	2.0	3,238.5	(3,238.7)	1.8

2017	Opening balance as at 1 July 2016 \$m	Total receipts \$m	Total payments \$m	Closing balance as at 30 June 2017 \$m
Controlled trusts				
State Treasury Trust	161.2	130.8	(217.8)	74.2
Inter-Departmental Trust	-	9.9	-	9.9
Commonwealth Treasury Trust	35.7	35.3	(26.2)	44.8
Total controlled trusts	196.9	176.0	(244.0)	128.9
Administered trusts				
Prizes and scholarships	1.5	0.2	(0.2)	1.5
Commuter club	-	0.8	(0.9)	(0.1)
On-passing from the Commonwealth	0.6	3,029.8	(3,029.8)	0.6
Total administered trusts	2.1	3,030.6	(3,030.9)	2.0

There were no trust accounts opened or closed by the Department during 2018.

The State treasury trust fund operates by virtue of Section 19 of the *Financial Management Act 1994*.

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 the Department of Treasury and Finance or provided by specific alignment.

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

2018	Less than 1 year \$m	Between 1 and 5 years \$m	Over 5-years \$m	Total \$m
Public private partnership commitments	22.0	100.1	606.0	728.1
Capital expenditure commitments payable	534.1	51.3	-	585.4
Operating and lease commitments payable	27.9	102.6	31.1	161.6
Other commitments payable	799.8	232.7	179.4	1,211.9
Total commitments (inclusive of GST)	1,383.8	486.7	816.5	2,687.0
Less GST recoverable	125.1	41.2	64.8	231.1
Total commitments (exclusive of GST)	1,258.7	445.5	751.7	2,455.9

2017	Less than 1 year \$m	Between 1 and 5 years \$m	Over 5-years \$m	Total \$m
Public private partnership commitments	24.6	139.0	859.4	1,023.1
Capital expenditure commitments payable	330.7	94.3	-	425.0
Operating and lease commitments payable	11.7	26.4	39.8	77.8
Other commitments payable	796.8	49.4	10.9	857.1
Total commitments (inclusive of GST)	1,163.7	309.2	910.1	2,383.0
Less GST recoverable	101.4	27.5	81.7	210.7
Total commitments (exclusive of GST)	1,062.3	281.6	828.3	2,172.3

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 public-private partnerships or service concession arrangements.

The Department's service concession arrangements pay 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 public-private partnership arrangement through the under 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.

The Department pays a base charge for delivery of contracted services (subject to the performance criteria set out in the agreement). Where the contract is amended to provide for additional services, such as an extension to the facilities, which are at the Department's discretion, this is charged at a rate agreed between the Department and the consortium. 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 Public-Private Partnership (PPP) Project. 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 a 25-year period. The Department retains school ownership and responsibility for delivering educational services.

The total commitments for public private partnerships are as follows:

	Other commitments		Other commitments	
	Present value	Nominal value	Present value	Nominal value
	2018 \$m	2018 \$m	2017 \$m	2017 \$m
Commissioned public private partnerships				
Partnerships Victoria in schools— Operations, maintenance and contingent rental commitments	168.3	379.5	182.6	390.1
New schools PPP	167.3	348.7	114.2	223.8
Total commitments for public private partnership	335.6	728.2	296.8	613.9

Uncommissioned public private partnership

	Minimum lease payments	Other commitments	Total commitments
	Discounted value	Present value	Nominal value
	2018 \$m	2018 \$m	2018 \$m
Uncommissioned public private partnerships			
New Schools PPP	-	-	-
Total commitments for public private partnership	-	335.6	728.2

	Minimum lease payments	Other commitments	Total commitments
	Discounted value 2017	Present value 2017	Nominal value 2017
	\$m	\$m	\$m
Uncommissioned public private partnerships			
New schools PPP	152.0	66.7	409.1
Total commitments for public private partnership	152.0	363.5	1,023.1

7.5.3. Commitments other than Public Private Partnerships

	2018 Nominal value (incl. GST) \$m	2017 Nominal value (incl. GST) \$m
Capital expenditure commitments: Plant, buildings and equipment	585.4	425.0
Operating lease commitments	161.6	77.8
Other expenditure commitments	1,211.9	857.1
Total commitments other than public private partnerships	1,958.9	1,359.9

Capital commitments

Commitments for the acquisition of buildings, plant and equipment contracted for at the reporting date but not recognised as liabilities.

Operating leases

The Department and schools lease equipment including photocopiers, computers, motor vehicles and property with varying lease terms. All operating lease contracts contain market review clauses in the event that the Department exercises its option to renew. The Department does not have a contractual option to purchase the leased assets at the expiry of the lease period.

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 Risks, 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 instruments specific disclosures

8.1.1. Financial instruments: categorisation

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

Receivables and cash

Receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. 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.

The receivables category includes cash and deposits, term deposits with maturity greater than three months, receivables (excluding statutory receivables), and other 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 (excluding statutory payables) and borrowings.

Impairment of financial assets

At the end of each reporting period, the Department assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets are subject to annual review for impairment.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using

estimates, averages and other computational methods in accordance with *AASB 136 Impairment of Assets*.

	Note	2018 \$m	2017 \$m
Contractual financial assets			
Cash and deposits—department	7.3	140.2	128.2
Cash and deposits—schools	7.3	576.8	602.6
Receivables	6.1	124.3	119.9
Term deposits	5.3	310.0	296.3
Total contractual financial assets		1,151.3	1,147.0
Contractual financial liabilities			
Payables	6.3	629.2	625.2
Borrowings	7.1	581.7	457.0
Total contractual financial liabilities		1,210.9	1,082.2

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 values 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 as follows:

- 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, and
- 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, and
- 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 community service obligation (CSO) is applied to such assets.

Fair value measurement hierarchy for assets as at 30 June 2018

2018	Fair value measurement at end of reporting period using:			
	Carrying amount as at 30 June 2018 \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m
Land at fair value				
Land	11,895.4	-	635.3	11,260.1
Total land at fair value	11,895.4	-	635.3	11,260.1
Buildings at fair value				
Buildings	11,033.0	-	-	11,033.0
Total of buildings at fair value	11,033.0	-	-	11,033.0
Heritage buildings at fair value				
Heritage buildings	104.5	-	-	104.5
Total of heritage buildings at fair value	104.5	-	-	104.5
Leasehold buildings at fair value				
Leasehold buildings	526.2	-	-	526.2
Total of leasehold buildings at fair value	526.2	-	-	526.2
Leasehold improvements at cost				
Leasehold improvements	6.4	-	-	6.4
Total of leasehold improvements at cost	6.4	-	-	6.4
Plant and equipment at fair value				
Plant and equipment	96.0	-	32.9	63.1
Total of plant and equipment at fair value	96.0	-	32.9	63.1

Revaluations of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with Financial Reporting Direction (FRD) 103G Non-financial physical assets issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. 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 is 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.

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 community service obligation (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 is 30 June 2018.

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 Depreciated Replacement Cost (DRC) method which represents the highest and best use under AASB 13 *Fair Value Measurement*.

DRC 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 depreciated replacement cost 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 depreciated replacement cost approach. The effective date of the valuation is 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 depreciated replacement cost. Existing depreciated historical cost is generally a reasonable approximation for depreciated replacement cost because of the short lives of the assets concerned.

Non-financial physical assets arising from finance leases

The initial cost for non-financial physical assets under a finance 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 finance leases, which may form part of a service concession arrangement. See Note 7.5 in relation to such assets and arrangements.

Fair value measurement hierarchy for assets as at 30 June 2017

2017	Carrying amount as at 30 June 2017 \$m	Fair value measurement at end of reporting period using:		
		Level 1 \$m	Level 2 \$m	Level 3 \$m
Land at fair value				
Land	9,409.6	-	478.2	8,931.4
Total land at fair value	9,409.6	-	478.2	8,931.4
Buildings at fair value				
Buildings	9,960.5	-	-	9,960.5
Total of buildings at fair value	9,960.5	-	-	9,960.5
Heritage buildings at fair value				
Heritage buildings	103.1	-	-	103.1
Total of heritage buildings at fair value	103.1	-	-	103.1
Leasehold buildings at fair value				
Leasehold buildings	383.2	-	-	383.2
Total of leasehold buildings at fair value	383.2	-	-	383.2
Leasehold improvements at cost				
Leasehold improvements	2.9	-	-	2.9
Total of leasehold improvements at cost	2.9	-	-	2.9
Plant and equipment at fair value				
Plant and equipment	87.7	-	22.8	64.9
Total of plant and equipment at fair value	87.7	-	22.8	64.9

Reconciliation of Level 3 fair value 30 June 2018

2018	Land \$m	Buildings \$m	Heritage buildings \$m	Leasehold buildings \$m	Leasehold improvements \$m	Plant and equipment \$m
Opening balance	8,931.4	9,960.5	103.1	383.2	2.9	64.9
Prior year adjustments	-	-	-	-	-	-
Purchases (sales)	-	-	-	131.6	1.0	20.5
Transfers to completed assets	-	594.6	-	-	3.3	6.9
Disposal	(12.1)	(31.3)	-	-	-	(1.2)
Asset revaluation movement	2,290.2	813.8	5.1	19.7	-	-
Transfer (to)/from assets held for sale	7.2	-	-	-	-	-
Depreciation	-	(304.6)	(3.7)	(8.3)	(0.8)	(28.0)
Change in land use restriction	43.4	-	-	-	-	-
Closing balance	11,260.1	11,033.0	104.5	526.2	6.4	63.1

Reconciliation of Level 3 fair value 30 June 2017

2017	Land \$m	Buildings \$m	Heritage buildings \$m	Leasehold buildings \$m	Leasehold improvements \$m	Plant and equipment \$m
Opening balance	8,948.4	10,014.0	104.1	145.0	3.7	73.2
Prior year adjustments	-	(37.0)	-	37.0	-	-
Purchases (sales)	(9.6)	(6.8)	2.6	206.5	-	13.3
Transfers to completed assets	-	281.4	-	-	-	7.0
Transfer (to)/ from assets Reval Reserve	-	9.5	-	-	-	-
Transfer (to)/from assets held for sale	(7.3)	0.3	-	-	-	-
Depreciation	-	-	(3.6)	(5.3)	(0.7)	(28.6)
Closing balance	8,931.4	9,960.5	103.1	383.2	2.9	64.9

Description of significant unobservable inputs to Level 3 valuations

2018 and 2017	Valuation technique	Significant unobservable inputs
Land	Market approach	Community Service Obligation (CSO)
Buildings	Depreciation 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	Cost per unit
		Useful life of plant and equipment

The significant unobservable inputs have remained unchanged from 2017.

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)

Quantifiable contingent assets	2018 \$m	2017 \$m
Commercial litigations	4.7	-
Total quantifiable contingent assets	4.7	-

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

Quantifiable contingent liabilities	2018 \$m	2017 \$m
Claims for damages	36.9	39.0
Total quantifiable contingent liabilities	36.9	39.0

Non-quantifiable contingent liabilities

The Department has a number of non-quantifiable contingent liabilities as follows.

Indemnities are provided by the Department to:

- Volunteer school workers and volunteer student workers: The *Education and Training Reform Act 2006* provides a specific indemnity for personal injuries 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.
- Teachers: If a teacher is named as a defendant in a student personal injury claim, any costs and damages will generally be paid by the Department provided the teacher 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.
- School councils: The *Education and Training Reform Act 2006* 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 course of their duties. The Department may decide to indemnify school councils (which are separate entities to the Department), in claims of common law negligence, and often employment disputes, for the cost of settlement and 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; and
 - the school council has insufficient funds to pay the claim.

Note 9 Other disclosures

<p>Introduction</p> <p>This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.</p> <p>Structure</p> <p>9.1 Subsequent events</p> <p>9.2 Other economic flows included in net result</p> <p>9.3 Remuneration of executives and other personnel</p> <p>9.4 Responsible persons</p>	<p>9.5 Related parties</p> <p>9.6 Reserves</p> <p>9.7 Remuneration of auditors</p> <p>9.8 Australian accounting standards and interpretation issues that are not yet effective</p> <p>9.9 Glossary of technical terms</p>
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9.1 Subsequent events

The Department has no material or significant events that have occurred since the reporting date, to the signing date of these Financial Statements that would affect significantly the figures included in them.

9.2 Other economic flows included in net result

	2018 \$m	2017 \$m
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposals of non-financial assets	0.3	0.7
Total net gain/(loss) on non-financial assets	0.3	0.7
(b) Net gain/(loss) on financial instruments		
Impairment of loans and receivables	(12.7)	(1.9)
Total net gain/(loss) on financial instruments	(12.7)	(1.9)
(c) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	2.1	87.2
Total other gains/(losses) from other economic flows	2.1	87.2

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 liabilities 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.

Remuneration	Total remuneration (\$m)	
	2018 ¹	2017
Short-term employee benefits	18.0	14.1
Post-employment benefits	1.7	1.4
Other long-term benefits	0.5	0.3
Termination benefits	0.2	0.3
Total remuneration¹	20.4	16.1
Total number of executives	103	100
Total annualised employee equivalents²	94.2	75.6

¹ The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Department under AASB124 *Related Party Disclosures* and are also reported within related parties note disclosure (Note 9.5).

² Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

9.4 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, 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 2017 to 30 June 2018
Minister for Training and Skills	The Hon. Gayle Tierney MP	1 July 2017 to 30 June 2018
Minister for Families and Children	The Hon. Jenny Mikakos MP	1 July 2017 to 15 October 2017
Minister for Early Childhood Education	The Hon. Jenny Mikakos MP	16 October 2017 to 30 June 2018
Secretary	Gill Callister	1 July 2017 to 30 June 2018

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 \$520,000–\$529,999 (2016–17 \$510,000 - \$519,999).

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	2018 (\$m)	2017 (\$m)
Short-term employee benefits	4.2	3.6
Post-employment benefits	0.4	0.3
Other long-term benefits	0.1	0.1
Termination benefits	-	0.1
Total	4.7	4.1

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 e.g. 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 2004* 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 Victorian Registration and Qualifications Authority and the Victorian Curriculum and Assessment Authority, 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 the president of The Institute of Public Administration Australia's Victorian Branch. The Institute of Public Administration Australia provides services to the Department on normal commercial terms.

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.

	2018 \$m	2017 \$m
Grants paid during the year		
Victorian Registration and Qualifications Authority	11.2	10.8
Victorian Curriculum and Assessment Authority	68.5	51.3
Rent provided free of charge during the year		
Victorian Registration and Qualifications Authority	0.5	0.6
Victorian Curriculum and Assessment Authority	2.5	2.4
Payments made during the year		
The Institute of Public Administration Australia – Victoria	0.3	0.2

9.6 Reserves

	2018 \$m	2017 \$m
Physical asset revaluation surplus		
Balance at beginning of financial year	10,400.6	10,400.7
Revaluation increment/(decrement) of land during the year	2,362.3	-
Revaluation increment/(decrement) of buildings during the year	827.3	(0.1)
Revaluation increment/(decrement) of leasehold buildings during the year	(1.0)	-
Prior year adjustments	-	-
Balance at the end of the financial year	13,589.2	10,400.6

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

	2018 \$m	2017 \$m
Audit fees – Victorian Auditor-General's Office	0.6	0.8
Audit fees – other	5.1	7.1
Total remuneration of auditors	5.7	7.9

9.8 Australian Accounting Standards and interpretation issues that are not yet effective

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Department of their applicability and early adoption where applicable.

As at 30 June 2018, the following Australian Accounting Standards have been issued by the AASB, but are not mandatory for the financial year ending 30 June 2018. The Department has not, and does not intend to, adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	Amends the measurement of trade receivables and the recognition of dividends as follows: trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition dividends are recognised in the	1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
	<p>profit and loss only when:</p> <ul style="list-style-type: none"> the entity's right to receive payment of the dividend is established it is probable that the economic benefits associated with the dividend will flow to the entity, and the amount can be measured reliably. 		
AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer, and for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-8 <i>Amendments to</i>	AASB 2016-8 inserts Australian requirements and authoritative	1 Jan 2019	This standard clarifies the application of AASB 15 and

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
<i>Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	<p>implementation guidance for not-for-profit-entities into AASB 9 and AASB 15.</p> <p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.</p>		<p>AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:</p> <p>AASB 9</p> <ul style="list-style-type: none"> statutory receivables are recognised and measured similarly to financial assets <p>AASB 15</p> <ul style="list-style-type: none"> the “customer” does not need to be the recipient of goods and/or services the “contract” could include an arrangement entered into under the direction of another party contracts are enforceable if they are enforceable by legal or ‘equivalent means’ contracts do not have to have commercial substance, only economic substance, and performance obligations need to be ‘sufficiently specific’ to be able to apply AASB 15 to these transactions.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that most operating leases, with the exception of short term and low value leases, will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the operating statement, the operating lease expense will be replaced by a depreciation expense of the asset and an interest charge.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p>

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1058 <i>Income of Not- for-Profit Entities</i>	<p>AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 <i>Contributions</i>.</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context,</p> <p>AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p>	1 Jan 2019	<p>The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds.</p> <p>This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets.</p> <p>The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants.</p> <p>The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.</p>
AASB 1059 <i>Service Concession Arrangements: Grantor</i>	<p>This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.</p>	1 Jan 2019	<p>For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied:</p> <ul style="list-style-type: none"> operator is providing public services using a service concession asset operator manages at 'least some' of public services under its own discretion the State controls / regulates– <ul style="list-style-type: none"> what services are to be provided to whom, and

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
	<p>The State has two types of PPP.</p> <p>Social infrastructure—A PPP that requires the government to make payments to the operator upon commencement of services:</p> <ul style="list-style-type: none"> operator finances and constructs the infrastructure, and State pays unitary service payments over the term. <p>Economic Infrastructure—A PPP that is based on a user pays model:</p> <ul style="list-style-type: none"> operator finances and constructs the infrastructure State does not pay for the cost of the construction, and operator charges asset users and recovers the cost of construction and operation for the term of the contract. 		<ul style="list-style-type: none"> at what price state controls any significant residual interest in the asset. <p>If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard.</p> <p>Currently the social infrastructure PPPs are only recognised on the balance sheet at commercial acceptance. The arrangement will need to be progressively recognised as and when the asset is being constructed. This will have the impact of progressively recognising the financial liability and corresponding asset as the asset is being constructed.</p> <p>For economic infrastructure PPP arrangements, that were previously not on balance sheet, the standard will require recognition of these arrangements on balance sheet. There will be no impact to net debt, as a deferred revenue liability will be recognised and amortised over the concession term.</p>
AASB 17 <i>Insurance Contracts</i>	<p>The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.</p> <p>This standard does not apply to the not-for-profit public sector entities. The AASB is undertaking further outreach to consider the application of this standard to the not-for-profit public sector.</p>	1 Jan 2021	The assessment has indicated that there will be no significant impact for the public sector.

9.9 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, finance 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 community service obligation 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'.

Depreciated replacement cost

Depreciated 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, or
- 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, or
- 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 (FRDs)

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 finance 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 to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

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 remeasurements. 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 Australian Accounting Standards.

They include:

- changes in physical asset revaluation surplus, and
- gains and losses on remeasuring 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.

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 2017–18 *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.

Table 36 – Disclosure index

Legislation	Requirement	Page
Report of operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant ministers	47
FRD 22H	Purpose, functions, powers and duties	3
FRD 8D	Departmental objectives, indicators and outputs	14
FRD 22H	Key initiatives and projects	16
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FRD 22H	Details of consultancies over \$10,000	78
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FRD 22H	Disclosure of government advertising expenditure	77
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FRD 24D	Reporting of office-based environmental impacts	84
FRD 25C	Victorian Industry Participation Policy disclosures	76
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SD 5.2	Specific requirements under Standing Direction 5.2	i
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	92
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Declaration		
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SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	106
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Other disclosures as required by FRDs in notes to the financial statements		
FRD 9B	Departmental Disclosures of Administered Assets and Liabilities by activity	125
FRD 11A	Disclosure of ex gratia expenses	N/A
FRD 13	Disclosure of Parliamentary Appropriations	110
FRD 21C	Disclosures of responsible persons, executive officers and other personnel (Contractors with significant management responsibilities) in the Financial Report	158
FRD 103G	Non-financial physical assets	150
FRD 110A	Cash flow statements	103
FRD 112D	Defined benefit superannuation obligations	117
Legislation		
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<i>Building Act 1993</i>		80
<i>Protected Disclosure Act 2012</i>		82
<i>Carers Recognition Act 2012</i>		83
<i>Victorian Industry Participation Policy Act 2003</i>		76
<i>Financial Management Act 1994</i>		i

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 2017–18 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:

- Department of Education and Training (including government schools)
- Adult, Community and Further Education Board
- Victorian Curriculum and Assessment Authority
- Victorian Registration and Qualifications Authority
- 12 TAFE institutes.

Comprehensive operating statement for the year ended 30 June 2018

Table 37 – Comprehensive operating statement for the year ended 30 June 2018

	Notes	2018 actual \$m	2018 budget \$m	Variation (%)	Variation \$m
Net result from continuing operations					
Income from transactions					
Output appropriations		12,816.0	12,766.7	0	49.3
Special appropriations	a	10.5	6.2	69	4.3
Interest	b	24.5	22.5	9	2.0
Sales of goods and services	c	586.6	720.9	(19)	(134.3)
Grants	d	63.2	12.6	400	50.6
Fair value of assets and services received free of charge or for nominal consideration		3.6	–	–	3.6
Other income	e	640.1	592.8	8	47.3
Total income from transactions		14,144.4	14,121.7	0	22.7
Expenses from transactions					
Employee benefits	f	(7,256.0)	(7,147.1)	2	(108.8)
Depreciation and amortisation		(442.0)	(463.7)	(5)	21.7
Interest expense	g	(29.7)	(15.0)	99	(14.8)
Grants and other transfers	h	(1,172.7)	(1,018.2)	15	(154.5)
Capital asset charge		(1,495.2)	(1,494.0)	0	(1.2)
Other operating expenses	i	(3,346.6)	(3,813.9)	(12)	467.4
Total expenses from transactions		(13,742.2)	(13,951.9)	(2)	209.7
Net result from transactions (net operating balance)		402.2	169.8	137	232.4
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	j	8.5	(0.5)	(1,927)	9.0
Net gain/(loss) on financial instruments and statutory receivables/payables	k	(15.9)	(0.0)	794,604	(15.9)
Other gains/(losses) from other economic flows		2.6	–	–	2.6
Total other economic flows included in net result		(4.8)	(0.5)	918	(4.3)
Net result		397.4	169.3	135	228.1
Other economic flows—other comprehensive income					
Change in non-financial assets revaluation surplus	l	3,642.4	9.3	39,129	3,633.1
Other	m	3.3	5.1	(36)	(1.8)
Total other economic flows—other comprehensive income		3,645.7	14.4	25,166	3,631.2
Comprehensive result		4,043.1	183.7	2,100	3,859.3

Notes:

- (a) The variance above the published budget is mainly driven by timing of the planned implementation schedule profile of the Commonwealth's *Digital Education Revolution National Partnership* for installation and maintenance costs arising from additional information technology devices purchased under the Digital Education Revolution initiative.
- (b) The variance above published budget is mainly due to schools earning higher than anticipated interest revenue with cash balances exceeding budgeted amounts.
- (c) The variance below the published budget is primarily driven by TAFE fee for service budgets. Since the published budget was established, policy changes such as tightened eligibility to subsidised training and foundation courses, and reductions in subsidies have come into effect. Enrolment numbers have also been affected by the shift of students to VET FEE-HELP.
- (d) The variance above the published budget is primarily driven by the budget not reflecting decisions approved after the release of the 2017–18 Budget including contributions from the Department of Land, Water and Planning's Building New Communities Fund for land purchases for new school sites in growth areas. In addition, higher than budgeted grants for students with temporary visas were received from the Commonwealth's Department of Home Affairs.
- (e) The variance above the published budget is primarily due to classification of budget across schools' 'sales of goods and services' and 'other current revenue' categories. This reclassification variance is offset by lower than expected trust and TAFE revenues.
- (f) The variance above the published budget is primarily driven by the commencement of the Teachers Enterprise Bargaining Agreement (*2017 Victorian Government School Agreement*) effective from April 2017. This impact is not approved at the time of publishing the budget.
- (g) The variance above the published budget is mainly driven by classification of budget across 'other operating expenses' and 'interest expense' for schools' public private partnerships.
- (h) The variance above the published budget is primarily due to classification of budget across the 'other operating expenses' and 'grants and other transfers' categories. In addition, components of major programs such as *Skills First* have since been delivered via inter-departmental grants rather than 'other operating expenses'. In addition, the variance is driven by contributions to the Commonwealth's VET FEE-HELP scheme that assists eligible students to pay their tuition fees for higher-level vocational education and training courses.
- (i) The variance below the published budget is primarily due to timing and classification of budget across the 'other operating expenses' and 'grants and other transfers' categories. Due to timing issues, the actuals reflect lower than forecast levels of service delivery in 2017–18. In addition when the published budget was set, both school and TAFE sectors projected higher spending levels. In TAFEs, this did not eventuate mainly due to policy changes resulting in lower demand and consequently, supply, of TAFE courses. In schools, timing issues resulted in expenditure being deferred into future years.
- (j) This variance is primarily due to revaluation of investment properties which is not reflected in the published budget.
- (k) The variance below the published budget is mainly due to the write-off and review of bad and doubtful debts, net of provisions made. Government paid service providers for delivery of training courses through the *Victorian Training Guarantee* based on provider claims. Through audit and quality assurance processes, some payments were found to be ineligible for payment and subsequently, re-couped.
- (l) The actuals incorporate the upward revaluation of land and buildings as part of the scheduled five-year revaluation cycle. These revaluations are not reflected in the published budget.
- (m) 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 applied.

Balance sheet as at 30 June 2018

Table 38 – Balance sheet as at 30 June 2018

	Notes	2018 actual \$m	2018 budget \$m	Variation (%)	Variation \$m
Assets					
Financial assets					
Cash and deposits	a	1,039.2	872.8	19	166.4
Receivables from government	b	1,900.2	1,621.3	17	278.9
Other receivables	c	157.4	171.7	(8)	(14.3)
Other financial assets	d	554.8	592.6	(6)	(37.8)
Total financial assets		3,651.6	3,258.4	12	393.2
Non-financial assets					
Inventories	e	1.5	1.8	(20)	(0.4)
Non-financial assets classified as held for sale, including disposal group assets	f	39.7	6.7	496	33.0
Property, plant and equipment	g	26,953.4	23,056.5	17	3,896.9
Investment properties	h	106.8	92.2	16	14.6
Intangible assets	i	71.2	48.3	47	22.8
Other	j	49.1	28.6	72	20.5
Total non-financial assets		27,221.7	23,234.2	17	3,987.6
Total assets		30,873.3	26,492.5	17	4,380.8
Liabilities					
Payables	k	752.9	465.1	62	287.8
Borrowings		547.2	535.2	2	12.0
Provisions	l	1,616.7	1,690.4	(4)	(73.6)
Total liabilities		2,916.8	2,690.6	8	226.2
Net assets		27,956.5	23,801.9	17	4,154.6
Equity					
Accumulated surplus/(deficit)	m	3,222.6	2,659.0	21	563.7
Reserves	n	15,066.4	11,279.9	34	3,786.4
Contributed capital	o	9,667.5	9,863.0	(2)	(195.5)
Total equity		27,956.5	23,801.9	17	4,154.6

Notes:

- (a) The variance above the published budget mainly reflects higher deposits at call and short-term deposits held as cash equivalents by TAFEs and Schools to meet short-term commitments.
- (b) The variance above the published budget mainly reflects the timing of the drawdown in the State Administration Unit. The State Administration Unit balance is impacted by movements in prepayments and financial assets, payables, employee benefits and other provisions.
- (c) The variance below the published budget mainly reflects the timing of receipts from corporate debtors of overseas students and TAFEs debtors for student fees and services provided to third party organisations.
- (d) The variance below the published budget mainly reflects lower long-term deposits kept by schools for long-term commitments.
- (e) The variance below the published budget mainly reflects lower levels of inventory held for distribution in the ordinary course of TAFEs business operations.
- (f) The variance above the published budget mainly reflects higher TAFEs other assets designation held for sales, net of departmental disposal of land designated held for sales than expected.
- (g) The actuals incorporate the upward revaluation of land and buildings as part of the scheduled five-year revaluation cycle. These revaluations are not reflected in the published budget.
- (h) The variance above the published budget mainly reflects the fluctuations of market price in TAFEs investment properties.
- (i) The variance above the published budget mainly reflects more software purchased by the Department and TAFEs.
- (j) The variance above the published budget mainly reflects the increments in prepaid copyright fees, licencing fees and operating expenditures.
- (k) The variance above the published budget is mainly due to higher accruals/payables for various programs including corporate capital works, facilities construction, registered training organisations and prepaid international tuition fees.
- (l) The variance below the published budget is mainly due to the payout of the backdated pay rise for teaching staff as part of the Teachers Enterprise Bargaining Agreement (*2017 Victorian Government School Agreement*), which was set aside in the published budget.
- (m) The variance above the published budget reflects the accumulated net results of operating balances and other economic flows.
- (n) The actuals incorporate the upward revaluation of land and buildings as part of the scheduled five-year revaluation cycle. These revaluations are not reflected in the published budget.
- (o) The variance below the published budget mainly reflects the capital appropriations and contributed capital transfers being lower than expected.

Statement of cash flows for the year ended 30 June 2018

Table 39 – Statement of cash flows for the year ended 30 June 2018

	Notes	2018 actual \$m	2018 budget \$m	Variation (%)	Variation \$m
Cash flows from operating activities					
Receipts					
Receipts from government	a	11,478.8	12,862.2	(11)	(1,383.4)
Receipts from other entities	b	543.6	639.8	(15)	(96.2)
Interest received	c	24.5	22.6	8	1.9
Other receipts	d	700.9	659.5	6	41.4
Total receipts		12,747.8	14,184.2	(10)	(1,436.3)
Payments					
Payments of grants and other transfers	e	(1,175.5)	(1,016.9)	16	(158.7)
Payments to suppliers and employees	f	(10,597.8)	(10,902.0)	(3)	304.2
Capital asset charge		(1,495.2)	(1,494.0)	0	(1.2)
Interest and other costs of finance paid	g	(28.8)	(15.4)	87	(13.4)
Total payments		(13,297.4)	(13,428.3)	(1)	130.9
Net cash flows from/(used in) operating activities		(549.6)	755.9	(173)	(1,305.4)
Cash flows from investing activities					
Net investments	h	(77.7)	(85.9)	(10)	8.2
Payments for non-financial assets	i	(1,217.3)	(1,039.8)	17	(177.4)
Proceeds from sale of non-financial assets	j	10.8	1.3	715	9.5
Net loans to other parties	k	2.0	3.1	(35)	(1.1)
Net cash flow from/(used in) investing activities		(1,282.1)	(1,121.2)	14	(160.9)
Cash flows from financing activities					
Owner contributions by State Government	l	329.0	367.1	(10)	(38.2)
Repayment of finance leases	m	0.9	(9.9)	(109)	10.8
Net borrowings	n	1,491.6	(8.8)	(16,973)	1,500.4
Net cash flows from/ (used in) financing activities		1,821.5	348.4	423	1,473.0
Net increase/(decrease) in cash and cash equivalents		(10.2)	(17.0)	(40)	6.8
Cash and cash equivalents at the beginning of the financial year	o	1,049.4	889.7	18	159.6
Cash and cash equivalents at the end of the financial year		1,039.2	872.8	19	166.4

Notes:

- (a) The variance below the published budget is primarily related to classification of budget across the 'receipts for government' and 'net borrowings' categories for the transfer of capital asset charges between the departments of Education and Training and Treasury and Finance. The budget is currently reflected under the State Administrative Unit.
- (b) The variance below the published budget is primarily driven by TAFE fee for service budgets. Since the published budget was established, past policy changes such as tightened eligibility to subsidised training and foundation courses, and reductions in subsidies have come into effect. Enrolment numbers have also been affected by the shift of students to VET FEE-HELP.
- (c) The variance above published budget is mainly due to schools earning higher than anticipated interest revenue with cash balances exceeding budgeted amounts.
- (d) The variance above the published budget is primarily due to classification of budget across schools' 'receipts from other entities' and 'other receipts' categories. This reclassification variance is offset by lower than expected trust revenues.
- (e) The variance below the published budget is primarily due to classification of budget across the 'payments to suppliers and employees' and 'payments of grants and other transfers' categories. In addition, components of major programs such as *Skills First* have since been delivered via inter-departmental grants rather than 'other operating expenses'. In addition, the variance is driven by contributions to the Commonwealth's VET FEE-HELP scheme that assists eligible students to pay their tuition fees for higher-level vocational education and training courses.
- (f) The variance below the published budget is primarily due to timing, classification of budget across the 'payments of grants and other transfers' and 'payments to suppliers and employee' categories. Due to timing issues, the actuals reflect a lower amount service delivery in 2017–18. In addition when the published budget was set, both school and TAFE sectors projected higher spending levels. In TAFEs, this did not eventuate mainly due to policy changes resulting in lower demand and consequently, supply, of courses. In schools, timing issues resulting in expenditure deferred into future years. The underspend is offset by payments to employees due to the commencement of the Teachers Enterprise Bargaining Agreement (2017 Victorian Government School Agreement) effective from April 2017. This impact is not approved at the time of publishing the budget.
- (g) The variance above the published budget is mainly driven by classification of budget across 'other operating expenses' and 'interest expense' for schools' public private partnerships.
- (h) The variance below the published budget is primarily driven by lower than budgeted term deposits balances for schools. This is partially offset by higher than budgeted balances for TAFEs term deposits and equity investments.
- (i) The variance above the published budget is primarily due to the budget not reflecting new government decisions since the release of the 2017–18 State Budget, accumulated prior year underspends and the capitalisation of maintenance expenditure.
- (j) This variance above the published budget is primarily due to higher than expected TAFE asset sales.
- (k) The variance below the published budget is mainly due to timing, with lower than budgeted amounts collected for loans.
- (l) The variance below the published budget mainly reflects lower than budgeted capital appropriation claimed primarily due to revised implementation of the capital program and lower than expected retention of receipts. This is partially offset by additional approvals including schools' relocatables and minor works and planned maintenance programs.
- (m) The variance is mainly due to TAFEs making lower than budgeted finance lease repayments.
- (n) The variance above the published budget is primarily related to classification of budget across the 'receipts for government' and 'net borrowings' categories for the capital asset charge between the departments of Education and Training and Treasury and Finance. The budget is currently reflected under the State Administrative Unit.
- (o) The variance above the published budget is related to revisions in opening balances from May 2017 estimates to actual closing balances on 30 June 2017.

Statement of changes in equity for the year ending 30 June 2018

Table 40 – Statement of changes in equity for the year ending 30 June 2018

	Notes	Accumulated surplus/ (deficit) \$m	Contributions by owner \$m	Revaluation surplus \$m	Other reserves \$m	Total equity \$m
Actual						
Opening balance at 1 July 2017		2,823.9	9,418.1	11,419.2	2.9	23,664.1
Comprehensive result		398.7	–	3,642.4	1.9	4,043.1
Transactions with owners in their capacity as owners		–	249.4	–	–	249.4
Closing balance 30 June 2018		3,222.6	9,667.5	15,061.6	4.8	27,956.5
Budget						
Opening balance 1 July 2017		2,484.0	9,496.1	11,268.1	3.1	23,251.3
Comprehensive result		175.0	–	9.0	(0.2)	183.7
Transactions with owners in their capacity as owners		–	366.8	–	–	366.8
Closing balance 30 June 2018 (Published Budget)		2,659.0	9,863.0	11,277.1	2.8	23,801.9
Variance to budget						
Opening balance at 1 July 2017		339.9	(78.0)	151.1	(0.2)	412.7
Comprehensive result	a	223.7	–	3,633.4	2.2	3,859.3
Transactions with owners in their capacity as owners	b	–	(117.5)	–	–	(117.5)
Closing balance 30 June 2017		563.6	(195.5)	3,784.5	1.9	4,154.6
Variance (%)		21	(2)	34	68	17

Notes:

- (a) The actuals incorporate the upward revaluation of land and buildings as part of the scheduled five-year revaluation cycle. These revaluations are not reflected in the published budget.
- (b) The variance below published budget mainly reflects lower than budgeted capital appropriation claimed primarily due to delays in the capital program and lower than retention of receipts. This is partially offset by additional approvals including schools' relocatables and minor works and planned maintenance programs.

Administered items statement for the year ended 30 June 2018

Table 41 – Administered items statement for the year ended 30 June 2018

	Notes	2018 Actual \$m	2018 Budget \$m	Variation (%)	Variation \$m
Administered income					
Sale of goods and services	a	74.5	61.7	21	12.8
Grants		3,245.8	3,200.6	1	45.2
Other income	b	16.4	1.9	775	14.6
Total administered income		3,336.8	3,264.2	2	72.6
Administered expenses					
Expenses on behalf of the State		(1.1)	–	–	(1.1)
Grants and other transfers		(3,237.6)	(3,193.3)	1	(44.3)
Payments into the Consolidated fund	c	(84.8)	(103.9)	(18)	19.0
Total administered expenses		(3,322.4)	(3,297.1)	1	(25.3)
Income less expenses		13.3	(33.0)	(140)	46.2
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	d	(3.7)	33.0	(111)	(36.7)
Total other economic flows included in net result		(3.7)	33.0	(111)	(36.7)
Net result		9.6	0.0	19,090	9.5
Comprehensive result		9.6	0.0	19,090	9.5
Administered assets					
Receivables	e	25.9	13.6	90	12.2
Other financial assets		1.3	1.3	(4)	(0.1)
Total administered assets		27.2	15.0	82	12.2
Administered liabilities					
Total administered liabilities		–	–	n/a	–
Net assets		27.2	15.0	82	12.2

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 is mainly driven by non-government capital contributions.
- (c) The variance below the published budget is driven primarily by factors explained in Notes a, b and d.
- (d) The variance below published budget is due to land and building disposals not reflected in the budget. This is partially offset by higher than budgeted land sales.
- (e) The variance above the published budget is mainly due to higher than expected receivables from legal workplace, discrimination and disputes.

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 of effort across different Victorian Government services and policies where this is needed to improve outcomes for children and young people, particularly those vulnerable to harm, disadvantage or social exclusion.

The board has responsibility for monitoring the establishment and progress of children and youth area partnerships in eight areas of the state. The partnerships have a focus on vulnerable children and families as well as youth disengagement.

The board reports annually to the Minister for Families and Children on how Victoria's children and young people are faring through the State of Victoria's Children reports. These draw on data available through the Victorian child and adolescent monitoring system.

The Children's Services Coordination Board met four times in 2017–18. The Department provides secretariat support to the board. Members are shown below.

Table 42 – Children's Services Coordination Board members

Children Services Coordination Board members at 30 June 2018

Ms Gill Callister (Chair), Secretary, Department of Education and Training
Mr Graham Ashton, 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
Mr Greg Wilson, Secretary, Department of Justice and Regulation

Victorian Children's Council

The Victorian Children's Council was established under the Child Wellbeing and Safety Act. The council supports the Premier and the Minister for Families and Children 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. They have been 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 their 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 held six meetings in 2017–18, with additional meetings of working groups when needed. The Department provides secretariat support to the Victorian Children's Council.

During the year, one member of the council retired. The 10 members at 30 June 2018 are listed in the table below.

Table 43 – Victorian Children's Council members

Victorian Children's Council members at 30 June 2018	
Professor Frank Oberklaid AM (Chair)	Director, Centre for Community Child Health
Ms Sandie de Wolf AM (Deputy Chair)	Formerly CEO, Berry Street
Ms Muriel Bamblett AM	Chief Executive Officer, Victorian Aboriginal Child Care Agency
Ms Heather Barnes OAM	Early childhood training consultant
Ms Carmel Guerra	Chief Executive Officer, Centre for Multicultural Youth
Mr David Huggins	Formerly Assistant Director, Student Services, Catholic Education Office
Mr Rob Spence	Chief Executive Officer, Municipal Association of Victoria
Ms Kerry Stubbings	Director of Community Services, City of Knox
Professor Marie Connolly	Chair and Head of Social Work, University of Melbourne
Dr Susana Gavidia-Payne	Associate Professor, RMIT University

Disciplinary Appeals Boards

The Disciplinary Appeals Boards were established in 2005 following an amendment to the *Teaching Service Act 1981* and are empowered under the Education and Training Reform Act to hear and determine appeals in relation to decisions of the Secretary of the Department of Education and Training made under sections 2.4.59F and 2.4.61 of the Act.

The Senior Chairperson of the Merit Protection Boards administers the Disciplinary Appeals Boards and selects members to constitute the boards as required. The Merit Protection Boards' staff provide administrative support to the Disciplinary Appeals Boards.

Each Disciplinary Appeals Board comprises a chairperson, a secretary's nominee and a minister's nominee.

The Disciplinary Appeals Boards had four appeals pending at 1 July 2017 and received a further five appeals by 30 June 2018.

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. It is a requirement that chairpersons have been admitted to legal practice in Victoria for not less than five years. Chairpersons of the Disciplinary Appeals Boards are shown in Table 44.

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. 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 2020.

Table 44 – Disciplinary Appeals Boards nominees

Chairpersons of the Disciplinary Appeals Boards from 1 August 2015

Dr Peter Condliffe	Mr Peter Harris	Ms Jo-Anne Mazzeo
Mr Russell Daily	Ms Catherine Healy	Mr William O'Shea
Mr Phillip Davies	Mr Robert Howard	Ms Paula Robinson
Ms Annette Eastman	Mr Peter Kempson	Mr Ian Scott
Ms Leneen Forde ¹		

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
Mr 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 Reese	Ms Lola Wenn
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Minister's nominees to the Disciplinary Appeals Boards from 23 August 2016

Ms Vincenzina (Enza) Calabro	Ms Moira Findlay	Ms Glenda Splatt
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¹ Resigned in December 2017

Merit Protection Boards

The Merit Protection Boards and Review of Action Boards provide an independent mechanism to hear appeals and grievances for Department employees and associated statutory authorities in education.

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 Part 2.4 Divisions 9A and 10) 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, Mr Peter Hibbins, is a full-time member of the Merit Protection Boards. Ms June Weir is 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.

Grievances of the Department lodged by Victorian Public Service 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.

Appeals and grievances may be regarding 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 and regional centres, as appropriate.

Members of the Merit Protection Boards 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 2019.

Table 45 – Members of the Merit Protection Boards

Chairpersons of the Merit Protection Boards from 22 September 2016

Mr Peter Hibbins (Senior Chairperson, full-time)	Mr David Finnerty	Mr Wayne Smith
Mr Neil Campbell	Mr Vernon Hilditch	
Dr Mary Cannon	Ms Jo-Anne Mazzeo	

Secretary's nominees to the Merit Protection Boards from 22 September 2016

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 from 22 September 2016

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

Appeals and grievances

Table 46 – Teaching service appeals and grievances 2017–18

Category	Received		Upheld and partially upheld		Conciliated		Disallowed		Withdrawn		Abandoned, lapsed, no grounds, no jurisdiction or out of time		Pending		Total
	F	M	F	M	F	M	F	M	F	M	F	M	F	M	
Personal ⁴⁴	102	43	25	3	16	3	21	13	19	9	15	13	6	2	145
Selection	9	11	0	0	0	0	0	1	1	0	7	10	1	0	20
Total	111	54	25	3	16	3	21	14	20	9	22	23	7	2	165

Table 47 – Public service appeals and grievances 2017–18

Category	Received		Upheld		Conciliated		Disallowed		Withdrawn		Abandoned, no grounds, no jurisdiction		Pending		Total
	F	M	F	M	F	M	F	M	F	M	F	M	F	M	
Personal	13	4	3	2	1	0	3	2	1	0	3	0	2	0	17
Selection	6	4	2	1	0	1	1	0	1	1	2	1	0	0	10
Total	19	8	5	3	1	1	4	2	2	1	5	1	2	0	27

⁴⁴ A wide range of issues were raised in personal grievances. Most concerned claims of complaints not being managed in accordance with Departmental policy, leave applications being declined and allowances not being paid correctly.

Merit protection training

It is a requirement that all of the Department's 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 programs are conducted statewide and are supported by the Department by senior Departmental staff delivering the sections of training that focus on human resource policies. In 2017–18, the board conducted 37 seminars and provided training for 1,176 members of the teaching service and public service staff.

Table 48 – Number of employees trained by region (includes reaccreditation)

Region	Principals	Teachers	Education support class	Victorian public service	Total
North eastern Victoria	25	196	24	9	254
North western Victoria	26	123	39	22	210
South eastern Victoria	30	55	25	27	137
South western Victoria	36	169	45	9	259
Central	0	4	1	311	316
Total	117	547	134	378	1,176

Other activities

The Merit Protection Boards provided advice to the Department on merit and equity issues in relation 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, field officers of the principals' associations and the Australian Education Union and regional staff about the workings of the Merit Protection Boards.

Senior Merit Protection Board staff deliver 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) brings an alternative dispute resolution approach to complex and intractable disputes arising from complaints by parents or students about government schools. Members of the Office focus on helping affected parties generate a mutually acceptable resolution to the issues, so that the student can re-engage with education, and parental relationships within the school community can be rebuilt. The Office members take a flexible approach, with each individual matter being treated according to its needs. If resolution is not possible, a recommendation can be made to the Department about what future actions may be appropriate to resolve the situation. In addition, the Office can make general recommendations to the Department about how to manage conflict more effectively.

The Office adds an independent perspective and capacity to the third tier of escalation for resolution of eligible matters. It strengthens the existing complaints resolution process and helps to ensure that all parents of students in Victorian Government schools as well as the schools and principals, have access to impartial dispute resolution expertise and problem-solving support.

The Minister for Education appointed the Chair, Mr Frank Handy, and two Deputy Chairs, Ms Jo-Anne Mazzeo and Ms Treasure Jennings. All are experts in the alternative dispute resolution approach. The registrar of the Office is Ms June Weir, a highly experienced senior administrator.

A pool of subject matter experts drawn from a wide range of fields including school education, child development, cultural liaison, disability, family disputes, mental health and bullying prevention have been appointed by the Secretary of the Department to help problem solve issues and assist in the resolution of complex matters.

The Office began operations in March 2017. Since that time, the Office operated within budget while creating a new custom database on an existing platform, establishing office procedures, complaint protocols, debrief and feedback mechanisms and quality control systems that are sustainable, measurable and effective in meeting its mandate.

The Office also had a significant role in capacity building in the Department, drafting suggestions and input on policies such as the guidance for principals on conflict management, the new parent complaint policy, expulsion policy, complex case management, and school conflict management policy development. In addition, the Office has conducted training and information sessions for community liaison officers, principal networks, regional services and other local and regional offices, department officials, and external stakeholders such as various principal associations, Parents Victoria, the Association for Children with a Disability, and others. This work contributes to the development of a collaborative and problem solving based attitude to resolving conflicts in the school system between parents and schools, and to building the capacity of the school system to handle conflict more effectively without resorting to independent agencies.

Table 49 – Chair and Deputy Chairs of the Independent Office

Name	Office position
Mr Frank Handy	Chair
Ms Treasure Jennings	Deputy Chair
Ms Jo-Anne Mazzeo	Deputy Chair

Table 50 – Experts in school education

Name
Ms Elene Archbold
Ms Karen O'Dowd
Mr Brian Henderson
Ms Jenny Wajsenberg
Mr Brian O'Dea
Mr Warren Wills

Table 51 – Experts in subject matters

Name	Subject(s)
Ms Natasha Belmont	Family violence, vulnerable cohorts—LGBTI
Ms Vera Briggs	Koorie engagement
Ms Fiona Downing	Disability
Dr Richard Gould	Mental health, psychology, vulnerable cohorts, low SES
Ms Liz Kelly	Disability
Mr Fred Stern	Mental health, psychology, family dispute
Ms Sandi de Wolf	Child, youth and family services; community services sector; out of home care; family and family violence services

Table 52 – Matter types by source of contact

Case type	Advocate	CCT	Region	School	Parent	Third party	Total
Enquiry	1	0	3	2	48	27	81
Refer and monitor	1	4	2	1	29	2	39
Complaint	1	18	4	1	20	3	47
Capacity building	0	0	4	1	0	2	7
Total	3	22	13	5	97	34	174

Note: The refer and monitor cases may, in a small number of instances, escalate and then be managed and finalised as a Complaint Enquiry. Third party may be friends/relatives making the initial contact, or it may be an enquiry from an outside organisation.

Table 53 – Outcome of matters received

Outcome	Resolved	Partially resolved	Unresolved	Resolved & recommendation made	Partially resolved and recommendation made	Unresolved and recommendation made	In progress	Total
Enquiry	81	0	0	0	0	0	0	81
Refer and monitor	33	0	0	0	0	0	6	39
Complaint	26	4	7	0	0	1	9	47
Total	140	4	7	0	0	1	15	167

Note: Resolution for all enquiries achieved through the provision of information to call, redirection to school/region/CCT or, in a limited number of cases, escalation into a complaint managed by the Independent Office. Enhancements to the grievance management software will provide broader analyses in 2018–19.

Table 54 – Primary issues by type

Type	Enquiry	Refer and monitor	Complaint
Bullying	0	9	7
Complaint management	1	9	7
Disability	0	9	8
Discrimination	0	1	4
General	42	0	0
Grading assessment	0	0	4
In progress	0	4	12
No jurisdiction	12	0	0
Not specified	0	2	0
School disciplinary penalty	0	3	4
School procedure errors	0	2	0
Staff conduct	18	3	4
Student attendance	0	1	0
Student discipline	2	0	2
Student welfare	8	1	4
Total	83	44	56

Appendix 4 Acronyms and abbreviations

AASB	Australian Accounting Standards Board
ABS	Australian Bureau of Statistics
AEDC	Australian Early Development Census
AMES	Adult Multicultural Education Services
ARC	Audit and Risk Committee
BAU	Business as Usual
BP3	Budget Paper No. 3
BFMC	Budget and Financial Management Committee
CEO	Chief Executive Officer
CKCLO	Children's Koori Court Liaison Officers
CIS	Child Information Sharing
CSO	Community Service Obligation
Department	Department of Education and Training
DPC	Department of Premier and Cabinet
ECEC	Early Childhood Education and Care
ECSEG	Early Childhood and School Education Group
FISO	Framework for Improving Student Outcomes
FOI	Freedom of Information
FM Act	<i>Financial Management Act 1994</i>
FRD	Financial Reporting Direction
FTE	Full-time Equivalent
GST	Goods and Services Tax
HESG	Higher Education and Skills Group
IBAC	Independent Broad-based Anti-corruption Commission
ICT	Information and Communication Technology
IFSG	Infrastructure and Finance Services Group
IMTC	Information Management and Technology Committee
KAS	Key Age and Stage
LGA	Local Government Areas
MCH	Maternal and Child Health
NAPLAN	National Assessment Program—Literacy and Numeracy
NERPT	National Education Reform Project Team
NQS	National Quality Standards
NQSA1	National Quality Standard Area 1
NQSA6	National Quality Standard Area 6
OHS	Occupational Health and Safety
OHSMS	Occupational Health and Safety Management System
PESG	People and Executive Services Group
PISA	Programme for International Student Assessment
PLC	Professional Learning Communities
PPC	Procurement and Probity Committee
PRG	Policy Reform Group
PSD	Program for Students with Disabilities
RSG	Regional Services Group
RTO	Registered Training Organisation
STEM	Science Technology Engineering and Mathematics
TAFE	Technical and Further Education
TIMSS	Trends in International Mathematics and Science Study
VAGO	Victorian Auditor-General's Office
VCAA	Victorian Curriculum and Assessment Authority

VCAL	Victorian Certificate of Applied Learning
VET	Vocational Education and Training
VIPP	Victorian Industry Participation Policy
VPS	Victorian Public Service
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, do so in accordance with legislative obligations, and that all payments represent value for money and contribute to achieving the Department's objectives.

The below table lists the Department's 2017–18 grant activities applying the definition of grants used in the Victorian Auditor-General's Report *Grants to non-government organisations: Improving accountability*. This 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 Australian Accounting Standards (see Note 3.1.2).

Table 55 – Department grant and transfer payments by activity

Grant	Payment \$
Additional supports early years	250,000
Apprenticeship and traineeship promotion	283,150
Apprenticeship completions project	200,000
Apprenticeship support officer program	3,688,585
Australian Catholic University	46,600
Australian Council for Educational Leaders	31,900
Autism State plan	243,291
Capital business case development	210,000
Capital grants to local government	14,450,000
Community development and assistance	62,940
Country Education Project Inc.	22,600
Curriculum maintenance managers	1,713,500
Deakin University	103,200
Disabilities programs	766,932
Doctors in secondary schools	2,830,564
Education Week	42,416
eSmart schools	392,420
Expand Reconnect	13,202,290
Family violence - Intensive support early in life	1,514,086
Family violence coordination	550,000
Federation University Australia	37,800
Flinders University	210,000
Glenormiston options analysis	25,000
Grants to local government	3,220,000
Group schemes—overheads and policy initiatives	5,475,940
Latrobe University	55,000
Local learning and employment networks	8,408,279
Mentoring program	615,750
Monash Alexander Theatre	6,000,000
Monash University	104,320
National exceptional teachers in disadvantaged schools for initial teacher education providers	116,820
Navigator initiative	4,137,735

Grant	Payment \$
Navigator initiative total	141,000
Office of the Victorian Skills Commissioner	3,764,671
Plumbing Industry Climate Action Centres	3,250,000
Principals Association of Specialist Schools	295,454
Regional and specialist training fund	18,679,524
Respectful relationships	191,200
RMIT	145,200
School breakfast clubs	4,465,000
School bus program reform pilot development	222,704
Skills and jobs centres	180,000
<i>Skills First</i> Stronger TAFE fund	80,516,523
<i>Skills First</i> TAFE community service funding	48,800,000
<i>Skills First</i> TAFE organisational capability funding	9,330,965
Social Ventures Australia Limited	245,373
State schools' relief affordable uniforms	4,290,000
State schools' relief glasses for kids program	256,500
Stephanie Alexander Kitchen Garden program	500,000
Student wellbeing service level agreements	624,205
SWB training for schools and teachers	90,750
TAFE rescue fund (capital)	35,000,000
TAFE structural adjustment fund (capital)	2,000,000
TAFE structural adjustment fund (operating)	8,686,000
TAFE transitional sustainability funding (TAFE Boost)	71,880,000
Teach for Australia program	1,008,600
Teacher learning network	85,632
Training package programs	470,281
University of Melbourne	285,800
University of Melbourne Commercial Limited	143,000
Victoria University	90,091
Victorian Institute of Teaching	460,996
Wellbeing and engagement total	2,405,850
Workforce training innovation fund	48,863,940

