

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Tuesday, 4 November 2014

Department of Education

Question No. A1: Hon Sue Ellery asked –

What contractual arrangements does the Department have in place with debt collection agencies? Is there one that you use? Is this something that is a common use agreement? Are there several that you use? What are the contractual arrangements?

Answer: The Department of Education has not created any contractual arrangements for debt recovery services and utilises Government's Common Use Arrangement (CUA) for Debt Recovery Services CUA DRS2013. This CUA is mandatory in the metropolitan area and non-mandatory in regional areas. The CUA is 'pick and buy', so the purchaser would select the supplier based on the one that would deliver the best value-for-money outcome. Should schools in regional areas need to purchase debt recovery services they can use the CUA or seek direct quotations from a suitable provider.

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ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
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Tuesday, 4 November 2014

Department of Education

Question No. A2: Hon Ken Travers asked –

- (a) *What is the total amount of debts you have collected; so not the amount you collect, but what you actually ask to have collected?*

Answer: Schools deal directly with debt collectors when pursuing unpaid charges and fees. A Common Use Arrangement (CUA) is in place for debt recovery services. While the contractors listed in the CUA provide the Department of Education with information such as debts collected and commission, the information does not include the total value of debts referred for collection. The Department therefore does not maintain a central database of the total debts referred to debt collectors.

- (b) *What is the total amount of debt that you have actually recovered by debt collectors?*

Answer: \$312,608 GST exclusive has been collected using the CUA providers in the 2013-14 financial year.

- (c) *What is the total cost across the Department of Education of using debt collectors?*

Answer: \$52,900 GST exclusive for the 2013-14 financial year.

- (d) *How is the fee payment determined? Is it per action or is it a percentage of the debt that is collected?*

Answer: The fee payable is a commission, based on the percentage of the value of the debt to be recovered. The percentage rate may vary between categories of debt collection (for example, overseas debts are a higher percentage than student debts). In some circumstances other costs may apply, such as closure fee per debt or field call (per call, overseas).

- (e) *How is the cost of the payment to the debt collector determined?*

Answer: The cost of the payment to the debt collector is determined at the time the order is placed or the engagement made with the contractor on the CUA. The CUA has a 'pick and buy' order form that clarifies the requirements by the Department, and thereby allows the contractor to quote the fee.

- (f) *Is there a policy in place about the use of debt collection by schools?*

Answer: The Department's Contributions, Charges and Fees Manual must be followed by schools when considering the use of debt collectors. The relevant section of the Manual is provided as Tabled Paper xxx.

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[Tabled Paper] Question A2

Extract from Department of Education Contributions, Charges and Fees Manual

3.3.1 NON-PAYMENT OF CONTRIBUTIONS

Principals will not demand payment or use debt collectors to obtain contributions from parents.

Guidelines

Payment of contributions is strictly on a voluntary basis.

It is acceptable for the school to send reasonable requests for contributions. Actions that may be taken to obtain contributions include:

- *reminder phone calls, letters, or emails indicating expectation of support and reminding parents of the benefits which arise from the contribution;*
- *reminders of payment options and of the availability of financial assistance; and*
- *face-to-face meetings with parents.*

3.3.2 NON-PAYMENT OF CHARGES AND RESIDENTIAL ACCOMMODATION FEES

Principals will not use debt collectors for the collection of unpaid charges or residential accommodation fees unless:

- all alternative attempts to secure payment have been exhausted; and
- the principal or their nominee is satisfied that the following requirements have been met:
 - enquiries have been made into the reasons for the failure to pay the charge;
 - all reasonably practicable steps have been taken to recover the charge; and
 - the circumstances of the person against whom the action is proposed to be taken and the person's capacity to pay have been taken into account.

If debt collectors are used in cases of failure to pay charges, principals will clearly advise the debt collectors that requests for payment are not to include the threat of legal action or referral to credit reference agencies.

Guidelines

In cases of non-payment of charges or residential boarding fees, it is acceptable for schools to send reasonable requests for payment.

Actions that may be taken to obtain unpaid fees, charges and residential accommodation fees include:

- *monthly accounts for outstanding costs;*
- *reminder phone calls, letters or emails, indicating the nature of the agreement to pay costs which is inherent in agreeing to the student's participation in the relevant activity; and*
- *face-to-face meetings with parents.*

Before legal action is taken to recover residential accommodation fees, the Director General needs to be satisfied that:

- *enquiries have been made into the reasons for the failure to pay the charge;*
- *all reasonably practicable steps have been taken to recover the charge; and*

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• *the circumstances of the person against whom the action is proposed to be taken and the person's capacity to pay have been taken into account.*

The following definitions apply to the Manual extract above:

CHARGES

Any costs for which payment is compulsory.

CONTRIBUTIONS

A voluntary payment requested from parents towards the cost of materials, services and facilities used by K-10 students in the educational program.

RESIDENTIAL ACCOMMODATION

Accommodation provided to students on school premises such as colleges of agriculture, School of Isolated and Distance Education and any other schools.

A full copy of the Manual is available via the internet link below:

<http://www.det.wa.edu.au/policies/detcms/policy-planning-and-accountability/policies-framework/reference-manuals/contributions-charges-and-fees-manual.en?cat-id=3457984>

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ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Tuesday, 4 November 2014

Department of Education

Question No. A3: Hon Ken Travers asked –

- (a) *In relation to note 22 on page 109 of the Annual Report, provide a breakdown of the reconciliation of changes in the allowance for impairments of receivables.*

Table 1: Reconciliation of changes in the allowances for impairment of receivables:

	2013-14	2012-13	Variance	Explanation
Balance at start of period	1,269,000	7,368,000	-6,099,000	2012-13 includes invoices to DTWD* of \$6.127 million.
Doubtful debts expense	1,459,000	128,000	1,331,000	The variance is attributable to the recognition of school doubtful debts expenses from 2013/14 for compulsory fees and charges.
Amounts written off during the period	-366,000	-6,227,000	5,861,000	In 2012-13 a credit note of \$6.127 million was issued to DTWD*.
Balance at end of the period	2,362,000	1,269,000	1,093,000	

* DTWD – Department of Training and Workforce Development

Answer:

- (b) *Provide an explanation as to why doubtful debts have gone from \$128,000 to \$1.4 million.*

The increase is attributable to a change in the disclosure of doubtful debts written off during the year relating to compulsory student fees and charges in the Department's 2013-14 financial statements.

Prior to 2013-14, the Department's accounting procedures did not include the recording of debts written off during the year.

- (c) *In 2012-13, you wrote off about \$6 million. Please give a breakdown of that, at least by category, and what that writing off in that particular year was compared with what you are writing off in the 2013-14 financial year.*

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Answer: The amounts written off during 2012-13 were unusually high due to the write-off of \$6.13 million attributable to the Department of Training and Workforce Development (DTWD). This amount was comprised of two parts:

1. Debt write-off of \$4.11 million by Education in relation to the unwinding of the "Shared Services Strategy" across all Government agencies. The Department of Education provided payroll, financial, and other corporate services to DTWD via a shared services arrangement through the Education and Training Shared Services Centre (ETSSC) up until 30 June 2014. The Department of Education paid for the salaries of ETSSC staff and all other associated expenditure engaged in services provided to DTWD, and invoiced DTWD for services provided.
2. WestOne K-12 Services transferred from DTWD to the Department of Education in January 2012. The Department of Education was required under Treasurer's Instruction 520 to seek a transfer of cash from DTWD for the outstanding value of leave liabilities for the staff being transferred. An invoice of \$2.02 million was raised. DTWD subsequently sought and received a Treasurer's Exemption for the cash payment associated with the staff transfer. The Treasurer's Exemption resulted in the write off of the original invoice of \$2.02 million.

The DTWD write-offs were intra-government and had no impact on State finances.

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ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

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Tuesday, 4 November 2014

Department of Education

Question No. A4: Hon Sue Ellery asked –

I refer to Question on Notice 40 asked prior to this hearing. With respect to the things that are listed in the answer under “Rare creativethinking”, is the work that they did in respect to the separate components of what the government says makes up its education reform package different to what you paid them for education reform in Western Australia.

Answer:

In 2013-2014, creative services provided by Rare creativethinking for education reform in Western Australia were related to the development of the Bigger Picture Education campaign. The campaign informs the community of the reform taking place in education in Western Australia and was developed in response to the recommendations of market research undertaken by the Department of Education.

Creative services provided by Rare creativethinking for specific changes and initiatives included in the reform (Child and Parent Centres, the Year 7 move to secondary school, Independent Public Schools and student-centred funding model) were related to operational communications. This includes the set-up of Child and Parent Centres, initial information on the student-centred funding model, information for a local community on a new building for Year 7 students, and communications with school staff and local communities.

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ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Tuesday, 4 November 2014

Department of Education

Question No. A5: Hon Ken Travers asked –

(a) What was the initial budget for the Bigger Picture campaign?

Answer: \$1.8 million over three years.

(b) What is the current budget for the Bigger Picture campaign?

Answer: \$1.8 million over three years.

(c) When is the Bigger Picture campaign due to be completed?

Answer: June 2017.

(d) Provide a copy of all of the research – the research that caused you to consider the campaign, and any research that you have done, and the cost of that, and also a copy of any reports that have been provided to the agency by the research companies.

Answer: The initial market research report “Community attitudes around education reform” that informed the development of the Bigger Picture Education campaign is on the Department of Education’s website and is attached. The cost of this research was \$19,500 (ex GST).

Market research to assess the impact of the campaign to date is being undertaken in two steps and will be concluded in early 2015. The cost of both steps of this research is \$45,000 (ex GST).

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