



Department Of Education Services

Office of Higher Education

Office of Non-Government and International Education

Aboriginal Education and Training Council

Rural & Remote Education and Training Council

Western Australian College of Teaching Project

Annual Report

2002/03

Department of **Education Services**

ANNUAL REPORT 2002/03

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Copies of this document will be available on the web site and, on request to the Department of Education Services, in Braille, on audiotape and on computer disc.

Letter of Transmittal

Hon A J Carpenter MLA
Minister for Education and Training

In accordance with Section 62 of the Financial Administration and Audit Act 1985, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Education Services for the financial year ended 30 June 2003.

The Annual Report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.



NORMA JEFFERY
A/CHIEF EXECUTIVE OFFICER
(ACCOUNTABLE OFFICER)

29 August 2003

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A/Chief Executive Officer's Overview

In 2002/03 the Department of Education Services continued to offer important services to education in Western Australia providing policy advice to the Minister for Education and Training and supporting universities, non-government schools, international education providers and in some cases individual students and teachers through scholarship programs.

The Department's major achievements in 2002/03 are summarised in the following section of this report. These achievements highlight the range and diversity of the Department's activities. As a relatively small agency, it is a tribute to the Department's staff that the highest standards of customer service have been maintained.

A significant new development was the formation of the College of Teaching Project in response to the Government's policy commitment to establish the Western Australia College of Teaching. An Interim Board for the proposed College has been appointed and legislation for establishing the College as an independent body is currently being progressed through the Parliament. The College will oversee the registration of all teachers in Western Australian classrooms, and contribute to improving the quality of teachers and the status of teaching.

Following the recommendations of the Government's Machinery of Government (MOG) Taskforce, several functions of the Department were transferred to the Department of Education and Training over 2001/02.

The State Government's Functional Review Taskforce recommendations outlined further organisational realignments between the Department, the Curriculum Council and the Department of Education and Training affecting the administration of higher education, non-government schools, international education and the operation of Ministerial Councils. During 2002/03 the proposed realignments were re-evaluated, and planning has commenced with a view to the changes being implemented as soon as practicable and/or when appropriate legislative changes have been made.

I would also like to take this opportunity to thank the many individuals who have contributed their expertise and time to the work of the councils, committees, and working groups convened by the Department.

Finally, I express my sincere appreciation and thanks to all of the Department's staff for their dedication and effort throughout the past year



NORMA JEFFERY
A/CHIEF EXECUTIVE OFFICER

Major Achievements 2002/03

Higher Education

- The Minister for Education and Training approved Interim Ministerial Guidelines in August 2002 to initiate an interim State higher education accreditation and registration process pending passage of the *Higher Education Bill 2003*.
- The *Higher Education Bill 2003* which implements the *National Protocols for Higher Education Approval Processes* in Western Australia was passed by the Legislative Assembly on 17 June 2003 and will now be considered by the Uniform Legislation and General Purposes Committee of the Legislative Council.
- Attracted Capital Development Pool funding of \$5.5 million for expanding the provision of higher education with a specific emphasis on *regional Western Australia*.
- The *Acts Amendment (Student Guilds and Associations) Act 2002* was proclaimed on 21 January 2003.
- The Commonwealth Review of Higher Education, 'Our Universities: Backing Australia's Future' was released in May 2003. Western Australia as a major stakeholder made submissions to the Review and participated in consultative forums in the Review process.
- Embarked on a project to regularise and improve pathways between VET and higher education for students.
- Managed the promotion, selection and administration of a State Government funded scholarship program to enable students to attend university in Japan.
- The report of the Competitive Neutrality Review of Universities was agreed to by the Expenditure Review Committee and subsequently endorsed by Cabinet in February 2002. Cabinet has approved amendments to the Acts of the public universities in facilitate university commercial activities.

Non-Government and International Education

- Registered five new schools.
- Non-government school enrolments increased by 2.6 per cent. The non-government sector's share of the State's total school enrolments increased to 30.2 per cent.
- General per capita grants to non-government schools increased by 4.1 per cent. Total expenditure increased to \$163.025 million.
- Approved \$31.50 million in low interest loans for land acquisition and capital works projects at non-government schools and at The University of Notre Dame Australia.
- Registered six new, and re-registered 30 existing, educational and training institutions for delivering courses to full fee international students.
- International students contributed over \$350 million to the Western Australian economy in 2002 through payment of course fees and personal expenditure on goods and services.

Education Policy and Planning

- Following consultation with key stakeholders, the draft legislation has been prepared to establish a teacher registration body to be known as the Western Australian College of Teaching for presentation to Cabinet.
- The completion of the third – and commencement of the fourth - joint agency report on the implementation of the WA Aboriginal Education and Training Strategic Plan.
- The completion of projects, commissioned by the Aboriginal Education and Training Council, considering the issues of Aboriginal Studies, monitoring of the State Strategic Plan for Aboriginal Education and Training, early childhood education for Aboriginal children and Aboriginal teachers. The continuing implementation of the Millennium Indigenous Teaching Scholarship program, a joint State-Commonwealth initiative aimed at preparing more Aboriginal teachers.

Organisational Structure

Legislative Framework

The Department of Education Services was established in July 1996 under Section 35 of the *Public Sector Management Act 1994* as a department of the Public Service. The Department was created through the amalgamation of the Education Policy and Coordination Bureau and the Western Australian Office of Non-Government Education, the integration of the Country High School Hostels Authority and the transfer of responsibility for administering the *Education Service Providers (Full Fee Overseas Students) Registration Act 1991*. Following recommendations of the Machinery of Government Taskforce, the Country High School Hostels Authority was transferred to the Department of Education in July 2001, and a number of other functions have been transferred, or are in the process of being transferred to the Department of Education and Training or the Curriculum Council.

Minister Responsible

The Minister responsible for the Department of Education Services is the Hon Alan J Carpenter, MLA, Minister for Education and Training.

Role

Our role is to contribute to the development of education in Western Australia by:

- providing advice to the Minister for Education and Training;
- planning and managing selected cross-sectoral initiatives directed at improving the education to Aboriginal students and to students in rural and remote parts of the State through the work of two Ministerial Councils; and
- delivering education services.

In carrying out this role we provide:

- policy and planning services;
- registration and regulatory services; and
- executive support to Ministerial councils and committees.

We also manage:

- substantial financial resources for the non-government school sector.

Administrative Framework

The Department of Education Services comprises three operational directorates, each responsible to the A/Chief Executive Officer:

- Office of Higher Education;
- Office of Non-Government and International Education; and
- WA College of Teaching Project.

Each directorate is committed to providing an accessible, efficient, forward looking, integrated, responsive and quality system of education. The responsibilities of each directorate are manifest through the provision of education services, policy and planning.

Office of Higher Education

Director: Vacant

Services include:

- Promoting excellence and innovation in higher education including supporting the development of the universities.
- Providing policy support and advice from a State perspective on higher education.
- Representing the State in national consultations and meetings.
- Servicing the Western Australian Higher Education Council.

Office of Non-Government and International Education

Director: Bronte Parkin

Services include:

- Assuring that minimum educational standards and other requirements in registered non-government schools are maintained.
- Providing recurrent funding, low interest loans and financial assistance to registered non-government schools.
- Regulating international education providers and courses, and promoting student welfare matters to support full fee paying international students studying in Western Australia.

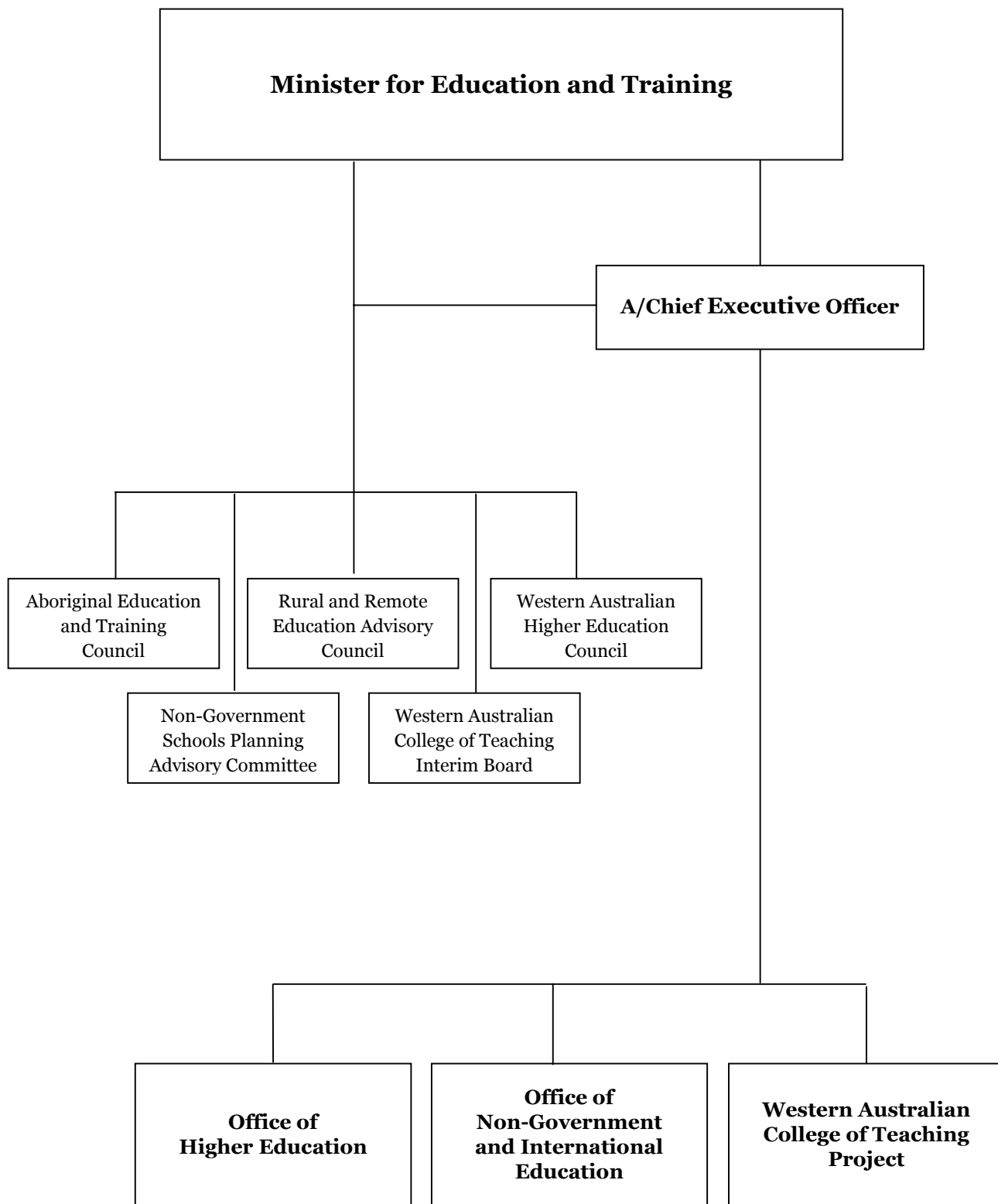
Western Australian College of Teaching Project

Director: Karen Wearn

Services include:

- Provision of executive support to WACOT Interim Board and committees.
- To advise the Minister.
- Information and briefings to teachers and key stakeholder groups.

Organisational Structure



The Organisation's Operating Environment

Emerging Issues and Trends

Higher Education

There are five universities in Western Australia: four public and one private. Each is established under its own Act of State Parliament.

All five universities are based in the Perth metropolitan area. Edith Cowan University has four metropolitan campuses (Claremont, Churchlands, Mount Lawley and Joondalup) and one country campus (Bunbury). Murdoch University's main campus is in the suburb of Murdoch. A second campus has been established in Rockingham and a new campus will be developed at Mandurah. Curtin University of Technology has its main campus at Bentley, an annexe at Shenton Park and a presence in the city. It also has a campus at Kalgoorlie that incorporates the WA School of Mines and the former Kalgoorlie College of VET; is a partner in the Esperance Community College; and has the Muresk Institute of Agriculture at Northam. The University of Notre Dame Australia has its main campus in Fremantle and a small campus at Broome. The University of Western Australia has recently established the UWA Albany Centre. Curtin University of Technology, Edith Cowan University and The University of Western Australia now offer courses through the Geraldton Universities Centre and ECU and Curtin are working with the South West College of TAFE in Margaret River.

The growth of the higher education sector can be put into some perspective by considering that in 1961 there was one university in Western Australia with about 3,500 students. At that time, the population of Western Australia was about 0.75 million people. By 2002 the population had more than doubled to 1.9 million people but the number of university students had increased some sixteen-fold to close to 60,000, together with over 11,000 overseas students.

The universities contribute enormously to the economic, social and cultural well-being of the State. In operating grants alone the four public universities receive over \$550 million (including \$170 million from the HECS scheme) a year in Commonwealth funding. Their total operating revenue in 2001 was over \$1.1 billion.

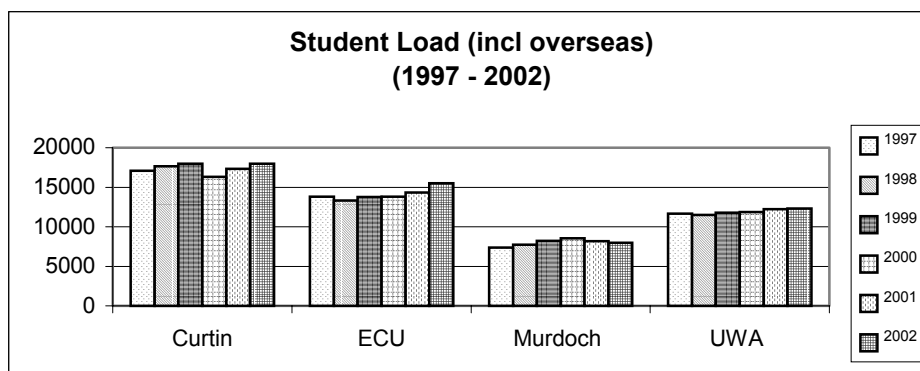
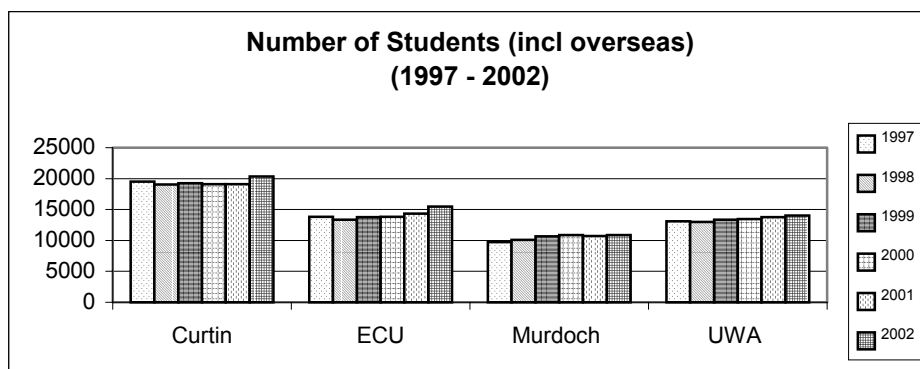
During recent years the universities have been encouraged to diversify their revenue base and they now generate more than half their income from sources other than the Commonwealth. An important source of revenue comes from fee-paying international students.

The universities have developed quite distinctive missions while preserving the essential characteristics of a modern university. Taken collectively, they constitute a loose knit higher education system providing a comprehensive array of quality programs at undergraduate and graduate levels that aim to have an international focus. They are well attuned to the needs of Western Australia.

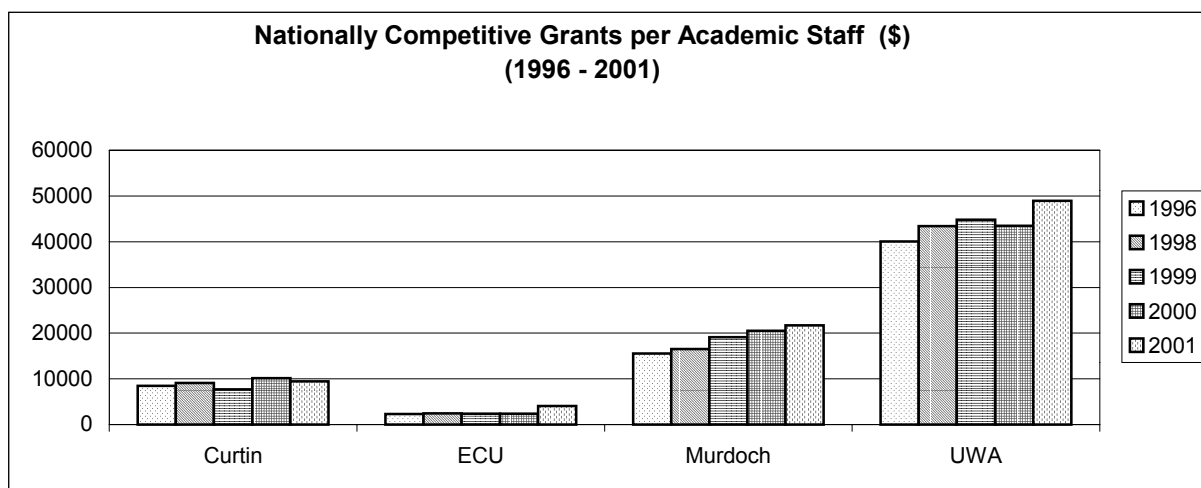
Growth of Sector

Growth in enrolments and student load is shown in the following tables. Between 2001 and 2002 student numbers increased by 7 percent.

In 2002 fee-paying overseas students totalled 11,265 (an increase of 9.7 percent over the previous year). Between 1997 and 2002 academic staff (FTE) increased by 7.5 percent from 2,965 to 3,186 while student load increased by 5.6 percent (excluding Notre Dame).



Contributions to new knowledge by research activities is a fundamental part of modern universities. One indicator of relative success in research is the National Competitive Grant funds allocated to an institution, although to some extent they tend to reflect the high cost of medical research grants. In 2001 UWA, which is a research intensive institution, was again one of the universities receiving the highest allocation of funds nationally per FTE of academic staff.



Non-Government Schools

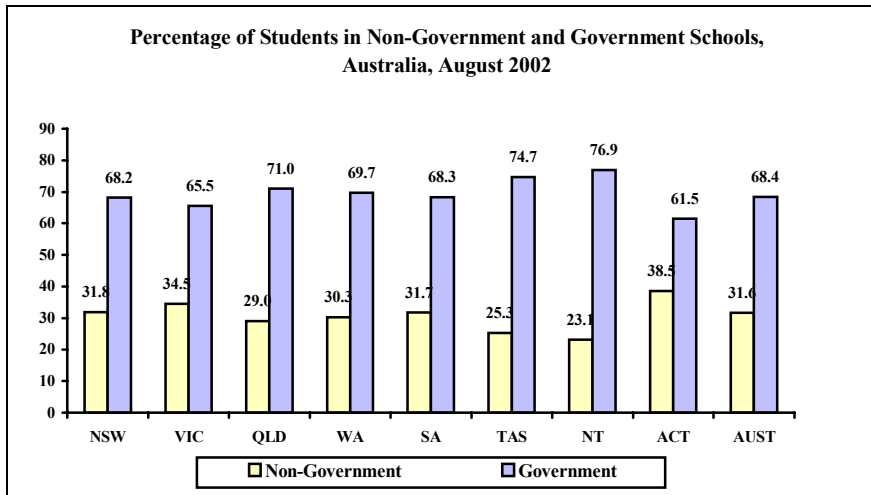
Growth of sector

Five new non-government schools were registered in 2002/03 bringing the total number of registered schools in February 2003 to 310. An additional 10 established non-government schools were registered to provide additional education levels.

Total non-government school enrolments increased by 2.6 per cent between August 2001 and August 2002. In government schools over the same period enrolments decreased by 1.1 per cent. The trend over recent years has been for enrolment growth in non-government schools to exceed government school growth.

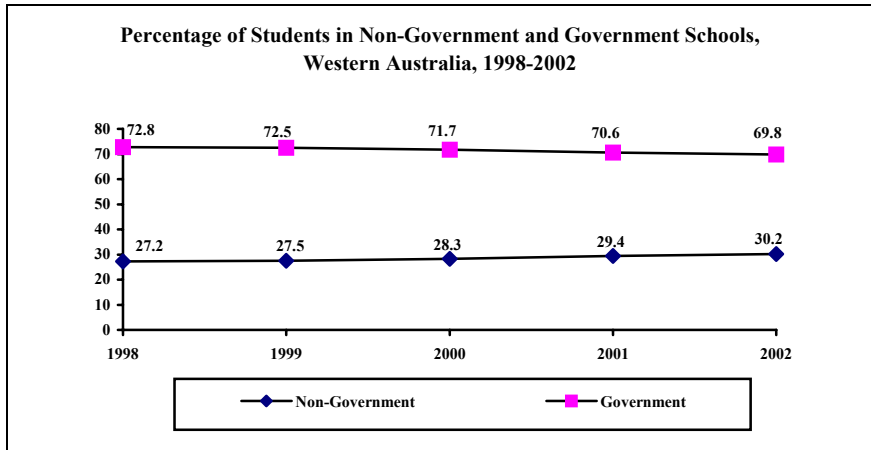
The percentage of all kindergarten, pre-primary, primary and secondary students in Western Australia who attended non-government schools has increased steadily from 17.3 per cent of all students in 1980 to 30.2 per cent in August 2002.

National data (which does not include enrolments at non-government schools catering only for pre-compulsory students or community pre-schools) shows that in August 2002, non-government schools enrolled 30.3 per cent of the student population. This data shows that Western Australia is just under the national average of 31.6 per cent.



Source: ABS Cat. No. 4221.0, Schools Australia, 2002.

Note: Figures for this graph exclude enrolments at non-government schools that only cater for pre-compulsory students and community pre-schools because such institutions fall outside the scope of the National Schools Statistics Collection.



Source: Department of Education and Training, Education Statistics System, August Census Data 1998-2002.

Funding trends

Under the funding model for per capita grants to non-government schools, the total funding required is "formula" driven, with increases due to increased enrolments and indexation increases based on changes in the costs of government school education as measured by an adjusted AGSRC (Average Government School Recurrent Cost). The Government's policy commitment is that direct and indirect financial assistance to the non-government school sector, when expressed as an average per capita amount, is 25% of the adjusted AGSRC. The funding model has been under review to ensure the policy objective is reached.

International Education

The Department is committed to maintaining Western Australia's excellent reputation as an internationally recognised study destination for overseas students by ensuring that all registered institutions provide quality educational services to overseas students and that the standards of delivery are monitored for compliance.

Changes to Overseas Student Statistics

The Commonwealth's Department of Immigration, Multi-cultural and Indigenous Affairs (DIMIA) derived the Department's overseas student statistics from visa data supplied to the Commonwealth Department of Education, Science and Training (DEST). Over the past two years, DEST has reviewed the processes whereby DIMIA records student enrolment data. The resultant new system of recording is designed to create a clear distinction between actual student enrolment numbers and the specific number of courses being studied at Australian educational institutions. However, data included in the 2001 collection should not be readily compared with year 2000 overseas student enrolments.

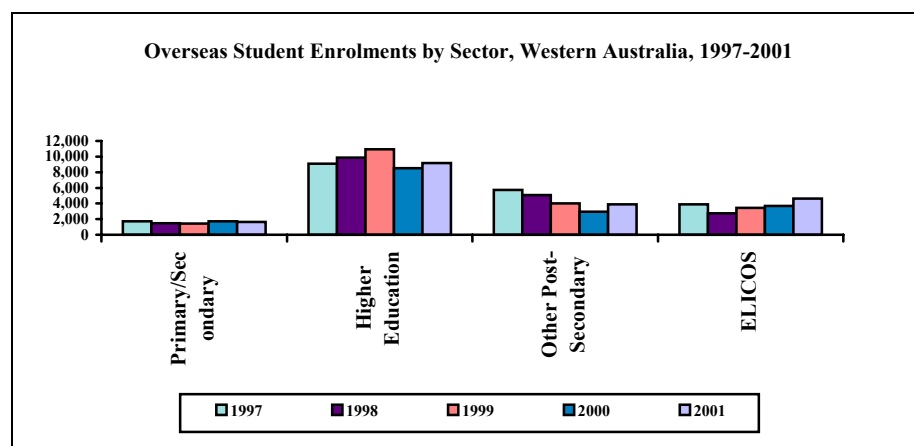
DEST, on whom the Department depends for such information, was unable to provide the 2002 enrolment of overseas students at the time of preparation of this report.

Industry Growth and Market Share

The positive growth in 2002/03 continues the recovery of the market since the contraction of overseas student numbers due to the Asian economic downturn experienced in the late 1990's.

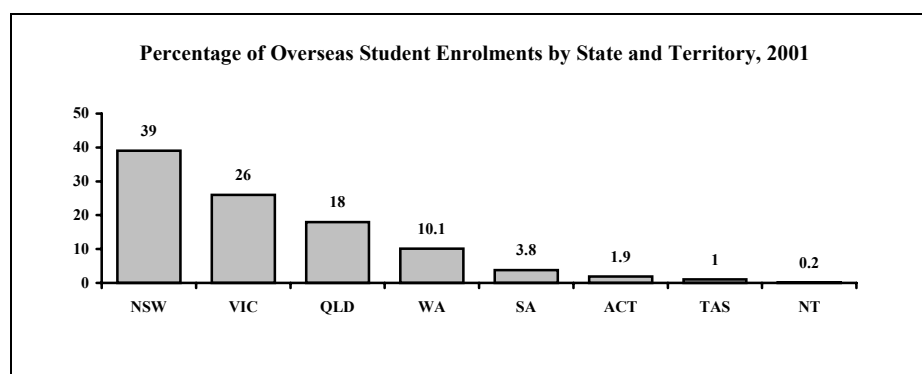
Overseas student enrolment in Western Australian institutions (onshore only) over the 2001 period increased by 15 percent from 16,850 in 2000 to 19,316. Enrolments in the higher education sector grew by 8 percent and by 5 percent in the ELICOS sector. ELICOS enrolments returned to very encouraging levels not seen since the Asian economic downturn. School sector enrolments decreased by 4 percent in this period, possibly because of a negative impact from international acts of terrorism.

Anecdotal data suggests Western Australia's national market share has remained steady (10 percent) throughout 2002/03. International students from South East Asia continued to outnumber students from other regions. The top source countries in 2002/03 were Indonesia, Singapore, Malaysia and China with 49 percent of market share. With a 2001 national market share of 10 percent, Western Australia hosted 31 percent of all sub-Saharan African onshore students studying in Australia (including strong growth from countries such as, Kenya, Mauritius and Zimbabwe).



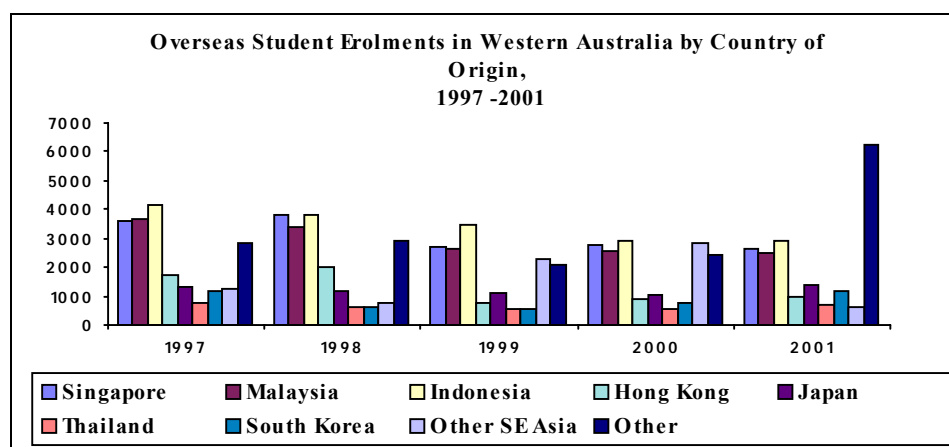
Source: Overseas Student Statistics Collection (1997-2001), Commonwealth Department of Education, Science and Training (DEST).

Note: Statistics for 2002 are not available. DEST, on whom the Department of Education Services depends for such information, was unable to provide the 2002 enrolment of international students at the time of preparation of this report.



Source: Overseas Student Statistics Collection (1997-2001), Commonwealth's Department of Education, Science and Training (DEST)

Note: Statistics for 2002 are not available. DEST, on whom the Department of Education Services depends for such information, was unable to provide the 2002 enrolment of international students at the time of preparation of this report.



Source: Overseas Student Statistics Collection (1997-2001), Commonwealth's Department of Education, Science and Training (DEST)

Note: Statistics for 2002 are not available. DEST, on whom the Department of Education Services depends for such information, was unable to provide the 2002 enrolment of international students at the time of preparation of this report.

Revenue Growth

Subject to confirmation by DEST of final figures for 2002, Western Australia will have generated over \$380 million in private and public revenue from the direct payment of tuition fees by overseas students in 2002/03 and indirectly through their expenditure on accommodation, food, transportation and entertainment.

Registered Providers of Education Services to Full Fee Overseas Students Western Australia, 1998-2002

Provider Category	1998	1999	2000	2001	2002
Public universities	4	4	4	4	5*
Private universities	1	1	1	1	1
TAFE International	1	1	1	1	1
Education Department	1	1	1	1	1
Government senior colleges	2	2	2	2	2
Non-government schools	72	78	71	70	71
Aviation institutions	7	7	4	3	5
ELICOS institutions	9	9	8	10	10
ELICOS and Business studies institutions	22	24	35	22	23
Theological institutions	6	8	8	8	7
Total	125	135	135	122	126
Registrations ceased	2	1	6	12	7
Total operating at 31 December	123	134	129	134	133

* incl. Registration of La Trobe University (Non-Western Australian based university)

Source: Western Australia Register, Department of Education Services.

Aboriginal Education and Training

The environment that the Aboriginal Education and Training Council's advice to Government is influenced by is evident in the findings of consultative projects undertaken by the Curriculum Council, and the major education providers and associations on its behalf. These reports include responses to evidence that Aboriginal retention rates to year 12 remain low in comparison to the retention rates for all students. Specific report recommendations include: that Aboriginal studies should be introduced as a course of study, that Aboriginal knowledge and perspectives should be embedded in all courses, and that vocational education and training courses are of critical importance to Aboriginal students. Racism remains a serious issue for Aboriginal students, and is almost of global proportions, that is, students report that it is evident in all aspects of community life, including school.

Rural and Remote Education

It is increasingly the case that collaboration between a range of stakeholders is an essential component in the delivery of quality education and training in rural and remote areas. While education and training has much to gain from such collaborative action, so do communities. Education is in a unique position of being able to provide the catalyst for community development. Indeed, it is arguably the case that education and training and the provision of associated services has an observably direct effect on the local community, on its confidence and, as the result of that confidence, on the quality of life of its members. Much, however, has to do with the perception of rural and remote schools. The providers of education face a major challenge in building community confidence and pride in rural and remote schools. This will necessitate the development of a range of delivery models that responds to diversity while at the same time reflecting best practice.

Teacher Registration

Teacher registration, as a form of licensing that regulates entry to, and the conduct of, a profession, is a common practice in many occupations. In Queensland, South Australia, Tasmania and Victoria and in other countries, teacher registration authorities, independent of employers, already exist. Within Western Australia and after discussion and debate over many years, a teacher registration body, to be known as the Western Australian College of Teaching, is being established as a major policy commitment of the State Government. The Department, with the assistance of an Interim Board, appointed by the Minister and representative of key stakeholders has advised on the development of a draft Bill. The major task of the Department will be to establish the teacher database within the next reporting period.

Report on Operations

Output 1: Education Policy and Planning

Output Description:

The development of policies on higher education, non-government education, international education and cross-sectoral education and the provision of policy and planning advice to assist government and other agencies to promote, develop and advance education in Western Australia.

Higher Education

Western Australian Higher Education Council

The Western Australian Higher Education Council (WAHEC) was established in March 1990. The Council operates as the peak body for higher education in the State, is chaired by the Minister for Education and Training and meets two to three times per year.

Terms of Reference

- To provide strategic advice to the Government concerning key State development issues, their impact on and implications for the higher education sector.
- To contribute to the State/Commonwealth policy debate on higher education and strive to ensure that Western Australia receives an equitable share of higher education funding from the Commonwealth.

Membership

At 30 June 2003 the Council had the following membership:

Hon A Carpenter MLA, Minister for Education and Training (Chair),

Professor M Poole, Vice-Chancellor, Edith Cowan University

Professor D Schreuder, Vice-Chancellor, The University of Western Australia

Dr P Tannock AM, Vice-Chancellor, The University of Notre Dame Australia

Professor L Twomey AM, Vice-Chancellor, Curtin University of Technology

Professor J Yovich, Vice-Chancellor, Murdoch University

In the reporting period three Council meetings were held:
8 August, 12 December 2002; and 28 May 2003.

Higher Education Review

The Commonwealth Minister for Education, Science and Training, the Hon Brendan Nelson MP announced in April 2002 a national review of higher education and released a discussion paper entitled, 'Higher Education at the Crossroads'. The Commonwealth Government's response to the higher education review, *Our Universities: Backing Australia's Future*, which was announced on 13 May 2003 as part of the 2003/04 Commonwealth Budget, proposes substantial changes to higher education that will possibly set the scene for the next decade and beyond. It is the most important policy statement in higher education since the John Dawkin's 'White Paper', *Higher Education: A Policy Statement* in 1988.

National Consultations

The Office of Higher Education represents Western Australia in a number of national forums which include the Commonwealth and States/Territories and which provide a forum for the negotiation of national policy and procedures in higher education. The national bodies, including the multilateral Joint Committee on Higher Education (JCHE), have focussed on the development of a national

quality assurance framework in higher education based on the *National Protocols for Higher Education Approval Processes*. The proposed *Western Australian Higher Education Bill 2003*, which is currently before Parliament, has been developed to implement the *National Protocols*. As well as further developments associated with the implementation of the *National Protocols*, the JCHE has been the forum for multilateral discussions between the Commonwealth and the States/Territories on the National Review of Higher Education.

During the year the Office of Higher Education represented the State in the annual cycle of Commonwealth/State negotiations with the Department of Education, Science and Training on higher education developments, capital development pool funding and issues related to the higher education system in Western Australia.

Capital Development Pool Funding

Capital Development Pool funding allocations for 2004 totalled \$4.8m for universities in Western Australia and for 2005 totalled \$5.5m. These funds were allocated as follows:

- Edith Cowan University: \$2m additional allocation for a science and health building at the Joondalup campus in 2004.
- Curtin University of Technology: \$1m towards a Centre of Wine Excellence in Margaret River in 2004 and \$1.5m in 2005.
- The University of Notre Dame Australia: a further \$0.7m in 2004 for the development of a multi-partner library in Broome which will be a resource for the Broome region used by a range of providers, particularly all universities with students in the region such as Edith Cowan University.
- The three universities (UWA, ECU, Curtin) consortium at Geraldton: \$1m for initial capital funding in 2004 and \$1.5m in 2005.
- Murdoch University: \$2.5m for Murdoch's new Learning Centre at Mandurah in 2005.

Quality Assurance

A major development in the higher education sector is the increasing emphasis on quality assurance both at a national and State level. The establishment of the Australian Universities Quality Agency (AUQA) to undertake a national audit role in higher education and the development of the *National Protocols* are major elements in Australia's emerging quality assurance framework in higher education.

With the significant expansion in education as an international export service, there has been a rapid expansion in private non-university institutions seeking to offer higher education courses in Australia and overseas. The Australian export of education services earns in excess of \$4 billion, with Western Australia contributing approximately \$400 million. The growth of the industry is highly reliant on the maintenance of Australia's reputation for delivering quality education services. The *Western Australian Higher Education Bill 2003* which implements the *National Protocols*, represents an essential element in maintaining quality in Western Australian higher education.

Regional Needs

The WAHEC has endorsed strategies for improved access to higher education in regional centres. The State Government has supported developments in Kalgoorlie, Esperance, Bunbury and Albany and new initiatives in Broome, Margaret River and Geraldton. The key to these developments has been the promotion, by the Office of Higher Education, of allocations by the Commonwealth of targeted regional student places.

VET - Higher Education Pathways

Following initiation by the Minister for Education and Training and the university Vice Chancellors, the Department of Education and Training prepared an agreed 'Statement of Intent' on VET-university interface. A project team from the Department of Education and Training, the Department of Education Services and the universities was formed.

A major achievement of the project was the development of an awareness-raising document on VET-university interface issues. This is now being made available to TAFE students, school students and other interested parties.

Other outcomes of this project have been:

- raised universities' awareness of the issue of articulation and credit transfer between the sectors;
- identification of a large number of formal and informal credit transfer arrangements;
- awareness of differing philosophies and credit transfer principles amongst the universities; and
- awareness by the VET sector of universities' concerns with 'competency' based assessment.

The universities are working collaboratively towards achieving the goals of the project and providing general information to students about the notion of alternative 'pathways' to higher education.

Non-Government Schools

Non-Government Schools Planning Advisory Committee

The Non-Government Schools Planning Advisory Committee is established as a Ministerial advisory committee to ensure proposals for the planning of all new non-government schools (or significantly changing non-government schools) do not proceed without the Minister for Education and Training's approval. An application process exists to ensure all proposals meet specified planning and related criteria. The main criterion is that financial viability and educational programs and services for students in existing schools, whether government or non-government, are not adversely affected.

Terms of Reference

- To consider all proposals for the establishment of new non-government schools, or proposals for significant change to existing non-government schools (such as addition of new education levels, a relocated or additional school or campus, etc), against planning and related criteria.
- To recommend to the Minister for Education and Training whether a proposed new or significantly changed non-government school should be given "Stage 1 Approval".
- To serve as a forum for the sharing of information between the government and non-government school sectors on school planning matters.
- To provide the Minister for Education and Training with comments and advice as required on any other planning matter that may impact on the growth and development of the non-government school sector.

Membership

Associate Professor Owen Watts, Curtin University of Technology (*Professor Watts was Chair up to his death on 16 March 2003*)

Alan Campbell, Association of Independent Schools

Tony Giglia, Catholic Education Office

Audrey Jackson, Association of Independent Schools

Stephen Harvey, Department of Education and Training

Eileen Lawrence, Catholic Education Office

Bronte Parkin, Department of Education Services (*Acting Chair from 8 April 2003*)

Ron Grimley, Department of Education Services (Executive Officer)

In the reporting period five meetings were held:

8 August, 20 December 2002; 8 April, 16 April and 12 June 2003.

The committee recommended the opening of five (5) new non-government schools, the relocation of two (2) existing schools, and the introduction of additional educational levels at three (3) other schools. The Minister did not support the recommendations for one (1) of the new schools and two (2) of the applications for additional educational levels. The Minister also upheld appeals against previous decisions not to approve four (4) new schools.

International Education

Following ongoing reviews of the Commonwealth's *Education Services for Overseas Students (Registration of Providers and Financial Regulation) Act 1991* and the *Migration Act 1958*, the States, Territories and the Commonwealth continued to work collaboratively on strategies to address problems associated with quality assurance and the illegal entry of overseas students. These included refining processes and systems to improve tracking the students while they are in Australia.

In 2000, DEST passed the *Education Services for Overseas Students Act 2000 (ESOS)* to regulate the education and training export industry. The ESOS Act provides for a complimentary *National Code of Practice* that grants State and Commonwealth with improved powers for monitoring institutions, electronic tracking of students' attendance and academic performance, and an assurance fund to protect students' fees.

The benefits derived from the international education industry largely depends on the service it provides to overseas students and on public confidence in its integrity and quality. A major development in the international education industry throughout 2002/03 was the increasing emphasis, at both the State and Commonwealth level, on developing mechanisms for managing quality assurance and industry compliance.

National Reforms

National reforms of the international education industry also complement national quality assurance frameworks in education and training, including the *National Protocols for Higher Education Approval Processes*. A major development in the international education sector was the accreditation of non-university providers offering higher education courses. The Department was required, under Commonwealth regulatory requirements, to establish joint international/higher education assessment panels to assess, accredit and register institutions and corresponding suites of higher education courses.

Aboriginal Education and Training Council

The Aboriginal Education and Training Council, which includes Aboriginal community members as well as the Directors General and Chief Executives (or equivalent) of provider agencies, is responsible for the development and monitoring of a rolling State strategic plan for Aboriginal education and training. A monitoring report is produced annually. The Council also commissions projects that have a direct bearing on achieving further progress on the strategic plan's goals.

Terms of Reference

- Provide policy advice on all issues concerning Aboriginal education and training in Western Australia.
- Coordinate the development of Aboriginal education and training in Western Australia.
- Provide a forum for Aboriginal community members to contribute to determining Aboriginal education and training outcomes and policy direction.
- Ensure that effective consultation occurs with Aboriginal people and communities on matters concerning Aboriginal education and training.
- Ensure that appropriate monitoring and reporting occurs concerning the operational State Strategic Plans of the State's education and training providers.
- Consult with State and Commonwealth agencies concerning programs, State Strategic Plans and financial arrangements relating to Aboriginal education and training.

Membership

As at 30 June 2003, the Council had the following membership:

Mrs May O'Brien BEM (Chairperson)
Ms Virginia Dingo, Community Member
Mr Dale Forsyth, Community Member
Mr Tony Lee, Community Member

Ms Jean MacKay, Community Member
Mr Martin Sibosado, Community Member
Ms Shirley Wynne, Community Member
Mr Paul Albert, Department of Education and Training
Mr Richard Curry, Department of Indigenous Affairs
Mrs Therese Temby, Catholic Education Office
Mrs Audrey Jackson, Association of Independent Schools of WA
Professor Lance Twomey, Curtin University of Technology

Geoff Rogerson, Executive Officer
Brendan Greenfield, Coordinator

In the reporting period, five Council meetings were held:
12 August, 8 October, 10 December 2002; 24 April and 10 June 2003.

Western Australian Strategic Plan for Aboriginal Education and Training

The Aboriginal Education and Training Council collected relevant 2001 data used for monitoring and reporting on the implementation of the Western Australian Strategic Plan for Aboriginal Education and Training. The report collates and analyses Aboriginal education and training data from systems and institutions from the Western Australian schools, vocational education and training, and higher education sectors. The finalised 2001 report is due to be returned to the Council imminently.

Rural and Remote Education Advisory Council

The role of the Rural and Remote Education Advisory Council, established in June 1997, is to provide advice to the Minister of Education and Training on the specific education and training needs of non-metropolitan Western Australians and to act as an advocate for rural and remote students. The Council's membership is made up of people who have first-hand knowledge of the issues that arise for country students in relation to equity, access and achievement in education and training. The Council frames its advice in the context of a State strategic plan that was completed during the previous period.

Terms of Reference

- To provide the Minister with advice on rural and remote education and training issues.
- To consult with rural and remote communities on issues referred to the council by the Minister.
- To establish channels of communication between the Council and rural and remote communities.
- To monitor the extent to which the objectives in the Council's strategic plan are being met.
- To identify projects appropriate to the implementation of the strategic plan.
- To act as an advocate for rural and remote schools.

Membership

As at 30 June 2003 the Council had the following membership:

Dr Murray Lake, (Chairperson)
Anne Napolitano, Representative, WA School Principals
Nigel Haywood, WA Department of Training
John Borserio, Catholic Education Office
Steve Baxter, School of Isolated and Distance Education
Norma Jeffery, Department of Education Services
Doug Hall, WA Primary Industries Training Council Inc
Kath Finlayson, Regional Development Council
Rod Lowther, Country High School Hostels Authority
Marianne Hasson, Country Women's Association
Isabella Scott, WA Municipal Association

Anne Pitos , Association of Independent Schools of WA
 Pat Byrne, SSTUWA and ISOA
 Laurie Eastwood, Representative PFA and WACSSO
 Roxanne Morrissey, Isolated Children's Parents' Association
 May O'Brien BEM, Aboriginal Education and Training Council
 Margaret Banks, Department of Education
 Kathie Meldrum, WA Telecentre Advisory Board
 Trevor de Landgraft, WA Farmers Federation
 Jan Gurner, Coordinator

In the reporting period six Council meetings were held:
 16 August, 4 October, 6 December 2002; 7 February, 4 April and 6 June 2003.

Rural and Remote Education Initiatives

The Rural and Remote Education Advisory Council undertook a number of initiatives during the reporting period:

- conducted a consultative tour of small rural schools as part of its August meeting in a wheatbelt town;
- continued the investigation into the provision of appropriate schooling in small rural secondary schools;
- advocated for, and participated in, the establishment of pilot projects in two District High Schools;
- continued with the planning for a conference on the development of a collaborative approach to schooling in rural towns and the establishment of the school as the catalyst designed to enhance educational outcomes for students while adding to the viability and sustainability of the town itself;
- developed a strategy designed to monitor priority components of the strategic plan;
- worked with the Department of Education and Training on the extension of rural teaching practice for final year teacher education students; and
- participated in the establishment of the new national advocacy body for rural and remote schools, the Rural Education Forum of Australia.

WA College of Teaching Interim Board

The WA College of Teaching project was established in April 2002 and the Interim Board established in July 2002. The Board is chaired by retired principal Brian Lindberg and meets monthly.

Terms of Reference

- To provide advice to the Minister on the drafting of the Bill to establish the WACOT as a professional body for all teachers, with the aim of raising the status and standard of the teaching profession.
- To plan and commence development of the scheme of Teacher Registration for regulating entry into the profession, ensuring quality standards and requiring that teachers engage in ongoing professional learning.

Membership

Mr Brian Lindberg, WA College of Teaching
 Ms Valerie Applegate, Greenfields Primary School
 Mr Bernie Boss, Assistant Director, School Personnel, Catholic Education Office
 Mr Stephen Breen, Principal, Bateman Primary School
 Ms Rhona Burnett
 Ms Pat Byrne, State School Teachers' Union of WA
 Mr Michael Caudle, Head of Learning Area, Margaret River Senior High School
 Professor Graham Dellar, Dean Faculty of Education, Curtin University of Technology
 Mr Laurie Eastwood, Executive Director, Parents and Friends' Federation of Western Australian (Inc)

Ms Anne Gisborne, State School Teachers' Union of WA
Ms Margaret Herley, Principal, Iona Presentation College
Ms Theresa Howe, Secretary, Independent Schools Salaried Officers Association
Mr Alby Huts, Executive Director, Department of Education and Training
Ms Susan Kerr, Deputy Principal, Newton Moore Senior High School
Professor Jennifer Nichol, Dean, College of Education, University of Notre Dame Australia
Ms Shelley Norrish, President, WA Council of State School Organisations (Inc)
Mrs Rosemary Short, St Hilda's Anglican School for Girls'
Ms Alex Solosy, St Brigid's College
Ms Anne Tumak, Morley Senior High School
Mrs Carolyn Williams, Good Shephard Catholic School

The Board met ten times in the reporting period.

31 July, 28 August, 25 September, 30 October, 27 November 2002; 12 March, 16 April, 14 May, 21 May and 18 June 2003.

Western Australian College of Teaching Progression

Following the wide distribution of a position paper in November 2000, in the period to April 2002, the Department, in consultation with the Minister and major stakeholders in the school, training and university sectors, prepared drafting instructions for the preparation of a Bill to establish the College of Teaching. Cabinet approved the instructions in April 2002. The Bill has now been drafted and it is currently being progressed through the Parliament. In the meantime, an Interim Board has been established and is supported by the staff of the College of Teaching Project.

Planning is well underway to establish the Teacher Registration database. Awareness of the establishment of the College of Teaching continues and has been increasing amongst the community and the teaching profession. The Department has responded to the interest by providing information through school visits, articles in professional and employer journals, presentations at conferences and maintaining communication with all stakeholders.

Output 2: Education Services

Output Description:

The provision of services to non-government education, higher education, international education and government contracted services.

Higher Education Information Service

The Department of Education Services maintains a higher education database. The database is developed using information supplied to the Department by the universities (a copy of the data that is forwarded annually to the Department of Education, Science and Training). Information from this database is extracted to produce a comprehensive profile on higher education in Western Australia and is presented in two annual publications. The data is also made available on the web.

In addition to the use of the database for its own policy development and advice, the Department responds to specific requests for higher education data from both the public and the private sector.

Accreditation/Registration of Higher Education Private Providers

Across Australia there has been a significant increase in the number of non-university private higher education organisations seeking State accreditation to offer higher education awards. The *National Protocols for Higher Education Approval Processes* have been approved by all States and Territories and the Commonwealth to ensure quality assurance in higher education for non-university private providers.

The registration of private higher education providers to operate in Western Australia and the accreditation of their courses are new functions for the State introduced as part of the national agreement. The proposed *Higher Education Bill 2003* will implement the *National Protocols* as required by the national agreement. Prior to the passage of the legislation the State has operated on interim Ministerial guidelines.

During the reporting period the Department accredited/registered 6 private higher education providers to deliver some 26 higher education awards. There were a further 8 applications covering 21 awards in that period that are still being assessed. Nine other private providers made initial general enquiries from the Department regarding accreditation/registration.

Registration of Non-Government Schools

In 2002/03, five new schools were inspected and registered in accordance with the *School Education Act 1999*. Ten established schools were inspected and registered for additional educational levels, three schools were inspected and registered for new locations and one school was inspected and registered for an additional campus. Sixteen schools were inspected to review their existing registrations, including one school that was inspected in response to a formal complaint.

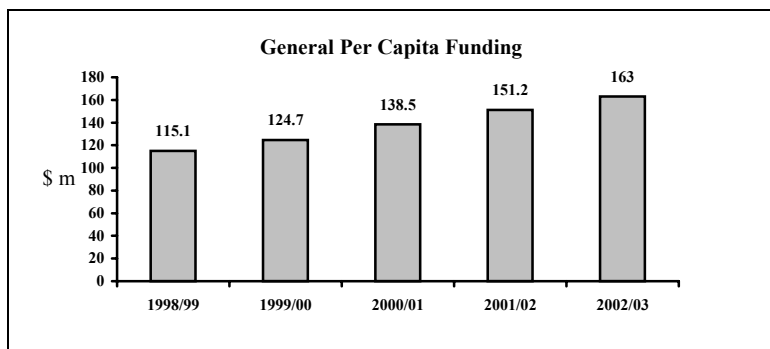
The registrations for 53 Catholic schools were renewed; two Catholic schools were registered at new locations and two former dual-campus Catholic schools were registered following their consolidation onto a single campus. The inspection and registration of Catholic schools are managed in terms of a System Agreement between the Minister for Education and Training and the Catholic Education Office of Western Australia.

Financial Assistance to Non-Government Schools

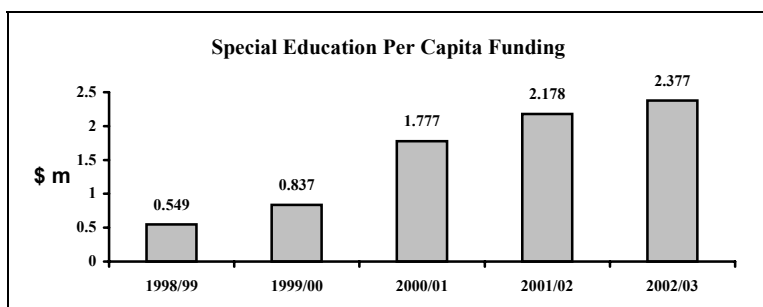
The major areas of financial assistance were:

- *General Per Capita Funding*

\$163.025 million or 94.7 percent of recurrent funding was expended on a general per capita basis to registered schools and pre-schools. The increased expenditure in 2002/03 reflected the increase in non-government school enrolments and indexation of the grants. The 2003 per capita grants were indexed by 5.1 percent for category 4-12 and remote schools, and by 3% for category 1-3 schools. The specific rates paid in 2002 and 2003 are included in section 5 of the Appendix.

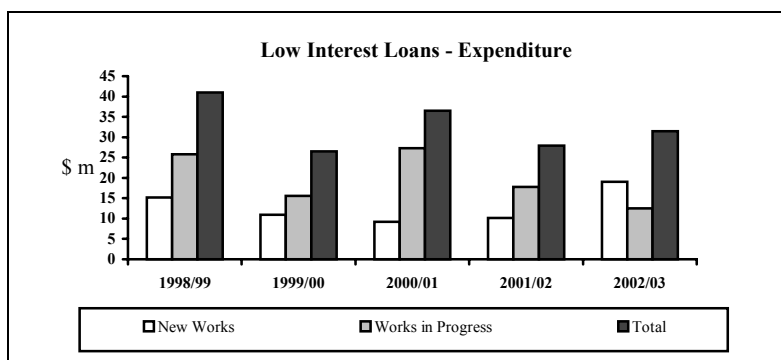


\$2.377 million was expended to supplement the general per capita grants for special education students at non-government schools whose eligibility was determined in the first instance by the Commonwealth Government. The amount also included special funding for severely disabled students with high support needs, including hearing-impaired students enrolled at the Speech and Hearing Centre.



- *Low Interest Loans*

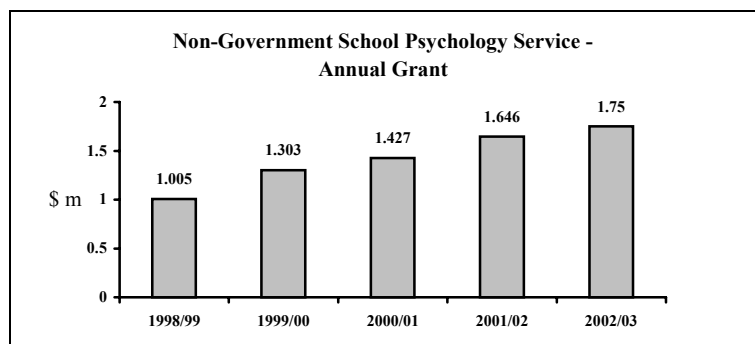
\$31.5 million was advanced in low interest loans for approved capital works at 58 non-government schools and The University of Notre Dame Australia. This assistance was made available under the Low Interest Loan Scheme through expenditure of \$5.264 million in interest subsidies. Of the \$31.5 million, \$30.0 million was borrowed by schools and \$1.5 million by the University. Of that total, \$19.02 million was for new works and \$12.48 million for works in progress. A complete list of schools that received low interest loans in 2002/03 is included in section 6 of the Appendix.



- **Non-Government School Psychology Service**

The Department allocated \$1.750 million to the Catholic Education Office to administer the Non-Government School Psychology Service. The service provides counselling and career guidance services to all non-government schools.

In 2002/03 the service responded to almost 1,700 formal referrals, conducted case consultations, provided professional development programs for teachers, and gave presentations on a wide variety of topics including learning disorders and disabilities, student behaviour management, youth suicide prevention, drug education and crisis management planning.



Regulation of International Education Providers

In 2002/03, 22 applications for complimentary international education registration/higher education accreditation were received. Five applications were approved, 8 significantly assisted and a further 9 will be progressed over 2003/04.

Six new institutions were registered and 30 existing institutions were re-registered. These institutions met the registration and compliance requirements of the State's *Education Service Providers (Full Fee Overseas Students) Registration Act 1991* (ESPRA) and the Commonwealth's ESOS Act. Financial assessments of 41 registered providers were undertaken to produce evidence of their viability and commercial standing as required under ESPRA. Forty-one institutional visits were completed, including 24 mandatory compliance audits under the requirements of the National Code of Practice, to investigate instances of non-compliance with respect to ESPRA, issues of quality assurance and to discuss operational matters relating to the regulation of the International Education industry.

International Education Student Welfare and Disputes Resolution

The Department's Conciliator dealt with 119 instances of grievance between registered education service providers, international students and other industry stakeholders. Proactive student welfare matters, including a review of the Council of International Students WA's "Homestay Guide", the preparation of an International Student Advisers Survey, and the development of generic industry contractual material were also initiated.

Quality Assurance

The Department continued to undertake systematic compliance audits and financial viability assessments of providers, particularly ELICOS, vocational education and newly registered providers to seek reassurance that institutions were compliant. Through a system of progressive inspections and compliance audits, the Department has been able to visit 41 institutions and complete 24 compliance audits to determine whether providers were fully compliant with the requirements of State and Commonwealth legislation.

Japanese Scholarships

The Western Australian Government continues to sponsor two Japanese Studies Scholarships for promising students to study at a university in Japan for twelve months. One scholarship is tenable at any university in Japan and the other at a university in Hyogo Prefecture. Each scholarship is valued at around \$40,000 - \$50,000 (Australian) depending on the exchange rate.

The scholarships have been sponsored by the Western Australian Government for some thirty years and for the past ten years they have been managed by the Office of Higher Education. In 2002 two scholarships were awarded.

Selection for the scholarship is based on a Japanese language proficiency test with short-listed applicants invited to discuss their proposed study program in Japan with the selection committee. Candidates are expected to have a well-developed study plan and provide some indication of how they expect their experiences in Japan will benefit the Western Australian community on their return.

The Millennium Indigenous Teaching Scholarship Program

This program provides opportunities for Aboriginal people to become teachers. It is a Western Australian initiative funded by the Commonwealth through the National Indigenous English Literacy and Numeracy Strategy (NIELNS). The program is administered by the Department of Education Services on behalf of and in consultation with the Department of Education and Training, the Catholic Education Office, the Association of Independent Schools of Western Australia and the Commonwealth Department of Education, Science and Training. The scholarships are designed to assist Aboriginal people to become teachers while maintaining their status and living conditions during the training period with no accumulation of debt at the conclusion of the course.

Of the cumulative total of 17 scholarships awarded for the 2001 and 2002 calendar years, a cumulative total of 5 students have now completed a teaching degree and 1 student has completed a Certificate IV in Education (ATSI). Eleven continuing students and 3 new scholarship holders continue to progress through their teaching studies in 2003.

Government Compliance & Corporate Services

Throughout 2002/03, the Curriculum Council continued to manage the corporate services for the Department, which included financial, payroll and accounting services, human resource management, information technology, and internal audit services.

Advertising and Sponsorship

In accordance with Section 175 ZE of the Electoral Act 1907, the total Departmental expenditure on advertising in 2001/02 was \$662. The expenditure was incurred for the advertising of overseas study scholarships and the proposed new Western Australian College of Teaching.

Class of Expenditure: Media Advertising Organisations

"School Matters" (Department of Education and Training)	\$589
"The West Australian" (Marketforce Productions)	\$ 73

Class of Expenditure: Advertising Agencies

No direct expenditure incurred.

Class of Expenditure: Market Research Organisations

No direct expenditure incurred.

Class of Expenditure: Polling Organisations

No direct expenditure incurred.

Class of Expenditure: Direct Mail Organisations

No direct expenditure incurred.

Disability Service Plan

The Department of Education Services is committed to ensuring that people with disabilities have fair and appropriate access to departmental services and facilities.

The Department has continued to implement its Disability Service Plan in 2002/03 and reaffirms its continued commitment and adherence to the principles and practices of the Plan. The outcomes achieved to date include the following:

All departmental publications are available in alternative formats.

Access to interpreter services for the deaf and hearing impaired.

Departmental human resource policies provide for opportunities for people with disabilities to participate in public consultations and decision-making processes. Moreover, the policies also provide for any injured or disabled staff to be referred to specialists in occupational injuries and disablement.

Corporate emergency procedures provide for effective and effective evacuation procedures to assist with the safe evacuation of people with disabilities.

Equal Employment Opportunity Outcomes

The Department's Equal Employment Opportunity/Diversity Management Plan (2001-2005), which was submitted on its behalf by the Curriculum Council, ensured the Department's commitment to the requirements of the Office of Equal Employment Opportunity.

In conjunction with the Curriculum Council of Western Australia, the Department's EEO Diversity Management Plan highlighted attention to the areas of "Youth" and "Persons from Aboriginal and Torres Strait Island Background".

Freedom of Information

The Department continues to comply with the legislative requirements contained in the Freedom of Information Act 1992 and the compliance standards that apply to the Commissioner for Freedom of Information.

For the year ended 30 June 2003, there were two formal requests received for information under the Freedom of Information Act 1992.

Language and Cultural Diversity Outcomes

The Department continues to provide access to interpreter services for its non-English speaking and hearing impaired customers. All departmental publications were available in alternative formats for the visually impaired and a language services policy has been implemented to ensure that people with a hearing impairment are able to access the Department's services.

The Department also employs an Independent Conciliator whose experience with cultural diversity and multi-cultural awareness provides an appropriate professional medium for the resolution of disputes affecting international students. Moreover, the Independent Conciliator also provides academic counselling and welfare advice to international students.

Strategic Management of Risk

The Department is committed to the effective management of all foreseeable risks that may impinge on its operations.

A review of the Department's Risk Register/Management Plan was undertaken to assess the effectiveness of the Department's proactive approach to risk management. The systematic approach enabled the Corporate Executive to maintain a direct link between risks and the controls being exercised. It provides a consistent process for the identification, assessment and recording of risks and a mechanism for reviewing all risk related activities across the Department.

New strategic responsibilities associated with the Western Australian College of Teaching Project were considered and relevant amendments were incorporated in the Department's 2002/03 Risk Register/Management Plan.

Regional Customers

Western Australia's rural and remote areas include some of the most isolated communities in the world.

In 2002/03, the Department continued to work collaboratively with Aboriginal representatives and community groups in rural and remote areas. In particular, the Department guided and coordinated the activities of relevant interest groups to ensure a fair, reasonable and equitable access to quality education and training services.

Through the implementation of strategic plans for Aboriginal education and training and rural and remote education, the State Government is able to continue to monitor the initiatives implemented to assess planned educational outcomes.

Waste and Energy Management

The Department continues to promote strong support for the State Government's policies on recycling, waste and energy management. All staff are encouraged to utilise the Department's specialised waste paper recycling arrangement, which is operated through the services of a commercial contractor.

In accordance with the State Government's policy "Energy Smart Government", the Department committed to achieve a 12 per cent reduction in non-transport related energy use by 2006/07 with a 5 per cent reduction target for 2002/03.

Energy Smart Government Program

Energy Smart Government Program	Baseline Data	2002/03 Actuals	Variation %
Energy Consumption (MJ)	322,729	281,545	-12.76
Energy Cost (\$)	\$14,211	12,965	- 8.77
Greenhouse Gas Emissions (tonnes of CO ₂)	82	72	-13.88
Performance Indicators			
MJ/sqm	354	308	-14.93
MJ/FTE	12,909	11,539	-11.87

During 2002/03, the following energy saving initiatives were undertaken:

Mr Bronte Parkin, Director (Office of Non-Government and International Education) assumed responsibilities as the Department's Energy Executive. A staff awareness program on energy management was communicated to all staff and operational initiatives were introduced to reduce the Department's energy consumption.

Workplace and Enterprise Industrial Agreements

Departmental staff continued to work under the conditions incorporated in both the Workplace Agreement (2000) and the Enterprise Bargaining Agreement (2000). Final negotiations on the Agency Specific Agreement 2003 were completed and the new industrial agreement will be introduced in the 2003/04 financial year.

Youth Outcomes

The Department is cognisant of the State Government's plan "Action: A State Government Plan for Young People 2001-2003". The Department's mission is to contribute to the development of an accessible, efficient, forward looking, integrated, responsive and quality system of education. As part of its strategic role for Government in 2002/03, the Department continued to achieve the following educational outcomes for youth:

- excellence and innovation in higher education;
- student access to, and provision of, quality and education in non-government schools and other institutions delivering education services.

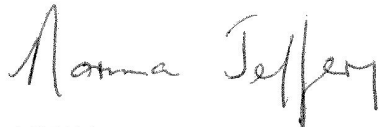
Compliance Statement

The Department has generally complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Conduct and the Department's Code of Conduct.

As a result of the recommendations from the State Government's Functional Review Taskforce and the consolidation of the education and training portfolio in January 2003, the Department's was not fully compliant with the requirements of Public Sector Standard in Human Resource Management (No. 4 - Performance Management).

The Department will systematically address the outstanding requirements with respect to performance management and I will ensure an effective and compliant human resource practice is implemented throughout 2003/04.

I have implemented policies and procedures to ensure such compliance and have conducted appropriate internal assessments to satisfy myself that the above-mentioned statements are correct.



NORMA JEFFERY
A/CHIEF EXECUTIVE OFFICER
29 August 2003

Performance Indicators

Certification of Performance Indicators

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Education Services' performance, and fairly represent the performance of the Department of Education Services for the financial year ended 30 June 2003.



NORMA JEFFERY
A/CHIEF EXECUTIVE OFFICER
29 August 2003

**AUDITOR GENERAL****INDEPENDENT AUDIT OPINION****To the Parliament of Western Australia****DEPARTMENT OF EDUCATION SERVICES
PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2003****Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the Department of Education Services are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended June 30, 2003.

Scope*The Chief Executive Officer's Role*

The Chief Executive Officer is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of efficiency and effectiveness.

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
September 30, 2003

Performance Indicators 2002/03

Introduction

The current functions and activities of the Department of Education Services are summarised under one Outcome and two Outputs.

The Department's Outcome approved by Treasury for budgeting purposes in 2002/03 was:

A high quality, integrated, responsive, forward looking and efficient education system.

The Department has two Outputs:

- Output 1: Education Policy and Planning.
"Provision of objective, independent and timely advice to the Minister for Education and Training on higher education, non-government education, international education and cross-sectoral education".
- Output 2: Education Services.
"Registration of non-government schools; provision of funding to facilitate students' access to non-government schools; regulation of providers of international education services; and provision of funding for contracted services".

Several of the indicators shown in previous Annual Reports have been discontinued because the functions and activities were either transferred to the Department of Education and Training; transferred to the Administered expenses section of this Department's budget; or combined with other indicators in the same functional area due to the merging of micro-tasks. Many of these changes followed the Department's implementation of the Machinery of Government Taskforce recommendations.

Effectiveness Indicators

Key Effectiveness Indicator 1

Non-government schools inspected in response to formal complaints*

	%
2002/03	0.3
2001/02	0.7
2000/01	0.3

* Number of schools expressed as a percentage of all non-government schools.

Note to the Indicator

This indicator relates to the quality attribute of the education system as referred to in the Department's stated Outcome. Non-government schools are required to meet minimum requirements in curriculum, teacher qualifications, educational buildings and resources, and strategies for enhancing student learning. The indicator gives an indirect measure of the effectiveness with which the Department ensures standards are maintained. The indicator is the percentage of schools for which an inspection was necessary in response to formal complaints received about the schools.

Key Effectiveness Indicator 2**Disciplinary action taken against providers of education services to full fee international students for breach of State legislative requirements***

	%
2002/03	0.8
2001/02	2.2
2000/01	1.4

* Expressed as a percentage of all registered providers.

Key Effectiveness Indicator 3**Audit reports with qualifications received on private providers of education services to full fee international students***

	%
2002/03	6.5
2001/02	13.6
2000/01	10.3

* Expressed as a percentage of the number of audit reports requested of providers as a condition of their registration.

Key Effectiveness Indicator 4**Incidence of dispute involving full fee international students requiring mediation**

	2000/01	2001/02	2002/03*
Number of full fee international students enrolled	21,362	19,216	N/A
Number of disputes mediated as a percentage of the number of students	0.28%	0.39%	N/A

* The indicator is unable to be calculated for 2002/03 because the Commonwealth Department of Education, Science and Technology (DEST) (on whom the Department of Education Services depends for such information) was unable to provide the 2002 enrolment of international students at the time of preparation of this report.

Notes to Indicators 2-4

- Indicators 2-4 relate to the quality attribute of the education system as referred to in the Department's stated Outcome. The State Government *Education Service Providers (Full Fee Overseas Students) Registration Act 1991* and the Commonwealth Government *Education Services for Overseas Students Act 2000* requires registered private providers to meet and maintain specific conditions including good financial standing. Providers must periodically provide assurance of their financial stability in order to provide students with quality education services. The Department monitors compliance with the Acts and indicators of the effectiveness with which it maintains quality include the incidence of breaches of the Acts and the incidence of receiving qualified audit reports on providers' financial standing.
- The higher percentage of providers with audit reports with qualifications in 2000/01 and 2001/02 was a reflection of their changing financial circumstances due to the economic downturn in key Asian countries and reduced market share. In 2002/03 providers showed stronger levels of profitability with the return to a more buoyant market and this was reflected in improved financial management.

3. An indirect indicator of quality is the incidence of disputation between individual full fee international students and registered providers that required mediation by the Department's Conciliator for International Education. Disputes most commonly centre on matters of student welfare that have potential to impact adversely on the ability of a student to gain maximum educational benefit from his or her enrolment with a registered provider.

Key Effectiveness Indicator 5

Satisfaction of customers with the services delivered by the Department

Degree of satisfaction	2000/01	2001/02	2002/03
	%	%	%
Highly satisfied	23.3	25.0	18.2
Satisfied	64.2	56.4	62.1
Undecided	7.0	9.8	8.9
Dissatisfied	1.9	2.9	3.9
Highly dissatisfied	0.6	0	1.0
No response	2.9	5.9	5.9
Total	100.0%	100.0%	100.0%

Notes to the Indicator

1. This indicator reports the level of satisfaction of customers with the range of services delivered by the Department. To the extent that the services reflect the intention of the stated Outcome, the indicator is a measure of customers' satisfaction with the Department's achievement of the Outcome.
2. The Department's "population" of customers includes schools, institutions and peak bodies each of which is counted as one population unit. It also includes members of Ministerial boards/councils/committees, scholarship recipients, and other targeted individuals, each of whom is also counted as one population unit.
3. Sampling, response rates and sampling error were as follows:

	2000/01	2001/02	2002/03
Population*	1,990	453	470
Desired sample	777	453	470
Achieved sample	313	204	203
Response rate	40.3%	45.0%	43.2%
Sampling error	±5.0%	±5.1%	±5.2%

- * The population of customers of the Department prior to 2001/02 included approximately 1,500 families whose children were recipients of Boarding Away From Home Allowances. The reduction in the population since 2001/02 reflects transfer of the administration of the Allowances to the Department of Education and Training from 1 July 2001 as recommended by the Machinery of Government Taskforce.

Efficiency Indicators

General Note

The Key Efficiency Indicators address each of the Department's nominated Outputs. Indicators 1-3 are relevant to Output 1: Education Policy and Planning. Indicators 4-7 are relevant to Output 2: Education Services.

Key Efficiency Indicator 1

Cost of providing policy advice to the Minister for Education and Training

	2000/01	2001/02	2002/03
Units of policy advice*	656	724	669
Average administration cost per unit of advice**	\$696.17	\$817.73	\$718.45

* Policy advice units were identified from the Ministerial correspondence register.

** Administration costs were calculated from the Task Analysis Information System.

Note to the Indicator

Fluctuations in the unit cost are attributed to annual variation in the type of work completed for the Minister and the salary levels of the staff involved (eg routine "Ministerials" prepared by junior staff compared with more complex policy papers prepared by senior staff). In 2001/02 there was a significant increase in hours by staff involved in the Ministerial Taskforce on Structures, Services and Resources Supporting Government Schools, and commensurately, in the number of policy papers produced for the Minister.

Key Efficiency Indicator 2

Cost of servicing Minister's advisory boards/councils/committees*

	2000/01	2001/02	2002/03
Number of boards/councils/committees	5	5	5
Average administration cost per board/council/committee**	\$84,544.00	\$116,894.00	\$219,116.00

* The five boards/councils/committees that met in 2002/03 were:

AETC: Aboriginal Education and Training Council

NGSPAC: Non-Government Schools Planning Advisory Committee

RREAC: Rural and Remote Education Advisory Council

WACOT: Western Australian College of Teaching – Interim Board

WAHEC: Western Australian Higher Education Council

** Administration costs were calculated from the Task Analysis Information System.

Notes to the Indicator

- Costs for the Department's participation in portfolio-wide projects, prior to 2002/03, were included in a separate indicator. However, in 2002/03 the number of projects was reduced due to the cessation of some projects and the transfer of others to the Department of Education and Training. As only two projects remain, which are conducted under the authority of the AETC, staff hours committed to those projects are now indistinguishable from the general support provided to the AETC and are reported accordingly in this indicator.
- The two-fold increase in the average servicing cost per board/council/committee is attributed to the establishment in 2002/03 of the Interim Board of the Western Australian College of Teaching (WACOT) and the appointment of three full time staff to support the work of the Interim Board. Legislation to establish WACOT as an independent body is proposed for 2003/04.

Key Efficiency Indicator 3**Cost of providing State Government strategic policy and planning support in higher education***

	2000/01	2001/02	2002/03
Number of universities	5	5	5
Administration cost per university**	\$93,048.00	\$112,000.00	\$117,792.00

* Support includes development of strategic policy and planning to ensure the State's interests in higher education are maintained; liaison with the universities and the Commonwealth Government; provision of statistical and other information relating to the operation of the universities; drafting relevant legislation and provision of advice on legislation; and responding to public enquiries about higher education.

** Administration costs were calculated from the Task Analysis Information System.

Notes to the Indicator

1. Fluctuations in the unit cost are attributed to annual variation in the number and complexity of policy and planning activities undertaken by the State Government on behalf of the universities.
2. Prior to 2002/03 staff hours spent on making formal submissions to the Commonwealth were reported as a separate indicator. However, the Commonwealth's demand for formal submissions has reduced, and in response to increased interest in reviewing higher education nationally, its requirements have become indistinguishable from regular requests for information on State policy and planning for higher education. Therefore staff hours committed to interaction with the Commonwealth, whether by way of formal submission or otherwise, are now included in this indicator.

Key Efficiency Indicator 4**Cost of low interest loans advanced to non-government schools**

	2000/01	2001/02	2002/03
Cumulative total number of loans up to and including the current financial year	761	801	849
Cost per loan*	\$11,866.93	\$8,817.30	\$10,592.64
Administration cost per loan*	\$456.27	\$403.98	\$258.23

* Administration costs were calculated from the Task Analysis Information System.

Notes to the Indicator

1. Measurement of the cost per loan includes the amounts paid in interest and interest subsidies for loans advanced to schools under the Low Interest Loan Scheme (LILS), together with the cost of staff time in administering the scheme. The interest and interest subsidy amounts are taken from the Department's Operating Statement, however the revenue received from interest is not deducted.
2. The decrease in the cost per loan in 2002/03 is attributed to reduction in staff time on processing LILS applications due to: (a) devolution of the project assessment and prioritising phases to the Association of Independent Schools of WA; and (b) submission of fewer, but higher value, applications from the Catholic Education Office over this period.
3. The administration cost per loan excludes all interest and interest subsidy.

Key Efficiency Indicator 5**Cost of administering the State's registration system for non-government schools**

	2000/01	2001/02	2002/03
Number of schools	303	306	310
Administration cost per school*	\$426.50	\$491.50	\$360.90

* Administration costs were calculated from the Task Analysis Information System.

Note to the Indicator

This indicator reflects inclusion of the costs of inspecting and registering new schools, or schools undergoing significant change, including investigation and resolution of complaints and disputes, and the costs of providing general and specific information and advice to schools and the public (but excluding enquiries from or on behalf of the Minister for Education and Training) about registered non-government schools and relevant educational topics and issues. The number of schools in the indicator is the total number of registered schools in each year.

Key Efficiency Indicator 6**Cost of delivering administered services**

	2000/01	2001/02	2002/03
Number of payment units*	103,082	105,115	108,155
Administration cost per unit**	\$2.79	\$1.95	\$4.61

* Payment units include the number of students receiving non-government school per capita grants, number of contract service grants; and number of university students awarded scholarships.

** Administration costs were calculated from the Task Analysis Information System.

Notes to the Indicator

1. This indicator was introduced in 2001/02 and is designed to reflect changes in the Department's budget wherein expenditure on certain services previously included as Controlled expenditure is included with non-government school per capita grants as Administered expenses (eg contract service grants, and scholarships).
2. The higher administrative cost in 2002/03 reflects the additional staff time spent in contributing to a review of the Average Government School Recurrent Cost (AGSRC) index and its relationship with the non-government school per capita funding model.

Key Efficiency Indicator 7**Cost of administering the State's registration system for providers of education services to full fee international students**

	2000/01	2001/02	2002/03
Number of international education service providers registered or significantly assisted but not yet registered	140	144	143
Administration cost per provider registered/re-registered*	\$2,356.21	\$2,851.11	\$3,004.83

* Administration costs were calculated from the Task Analysis Information System.

Note to the Indicator

In 2002/03 the indicator also includes staff hours spend in mediating disputes involving international students which was previously reported as a separate indicator. As with the other registration system administered by this Department (see Efficiency Indicator No. 5), investigation and resolution of complaints and disputes are now considered an integral part of the administration of the registration system for providers of international education.

Financial Statements 2002/03

Certification of Financial Statements

The accompanying financial statements of the Department of Education Services have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2002 and the financial position as at 30 June 2002.

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



NORMA JEFFERY
A/CHIEF EXECUTIVE OFFICER
ACCOUNTABLE OFFICER

15 August 2002



ELDA IASCHI
PRINCIPAL ACCOUNTING OFFICER

15 August 2002

**AUDITOR GENERAL****INDEPENDENT AUDIT OPINION****To the Parliament of Western Australia****DEPARTMENT OF EDUCATION SERVICES
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003****Audit Opinion**

In my opinion,

- (i) the controls exercised by the Department of Education Services provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Department at June 30, 2003 and its financial performance and cash flows for the year ended on that date.

Scope*The Chief Executive Officer's Role*

The Chief Executive Officer is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Output Schedule of Expenses and Revenues, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
September 30, 2003

Statement of Financial Performance
for the year ended 30 June 2002

	Note	2002/03 \$ 000	2001/02 \$ 000
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	4	1,670	1,635
Superannuation expense	5	207	213
Communications expense		43	49
Supplies and services	6	1,025	1,037
Consumable expense		44	46
Capital user charge	7	106	31
Maintenance expense		26	23
Borrowing costs expense	8	8,774	6,739
Grants and transfer payments	9	285	31
Asset revaluation decrement	10	-	70
Depreciation expense	11	18	29
Total cost of services		<u>12,198</u>	<u>9,903</u>
Revenues from ordinary activities			
<i>Revenue from operating activities</i>			
User charges and fees	13	30	32
Interest revenue	12	3,510	3,155
Commonwealth grants	14	674	487
Other revenues from ordinary activities	15	69	93
Total revenues from ordinary activities		<u>4,283</u>	<u>3,767</u>
NET COST OF SERVICES	16	<u>(7,915)</u>	<u>(6,136)</u>
REVENUES FROM STATE GOVERNMENT			
Output Appropriation		4,718	9,440
Liabilities assumed by the Treasurer		35	64
Resources received free of charge		215	137
Total revenues from State Government		<u>4,968</u>	<u>9,641</u>
CHANGE IN NET ASSETS		<u>(2,947)</u>	<u>3,505</u>
Net increase/(decrease) in asset revaluation reserve		54	(40)
Total revenues, expenses and valuation adjustments recognised directly in equity		<u>54</u>	<u>(40)</u>
Total changes in equity other than those resulting from transactions with WA State Government as owners		<u>(2,893)</u>	<u>3,465</u>

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

Statement of Financial Position as at June 2003

	Note	2002/03 \$ 000	2001/02 \$ 000
Current Assets			
Cash assets	18	2,155	202
Receivables	19	518	486
Loans to schools	20	11,456	9,910
Amounts receivable for outputs		37	50
Other assets	21	10	1,824
Total Current Assets		<u>14,176</u>	<u>12,472</u>
Non-Current Assets			
Restricted cash assets	18	77	47
Property, office equipment and furniture	22	556	471
Amounts receivable for outputs		13	-
Loans to schools	20	160,205	140,198
Total Non-Current Assets		<u>160,851</u>	<u>140,716</u>
TOTAL ASSETS		<u>175,027</u>	<u>153,188</u>
Current Liabilities			
Payables	23	2,339	49
Other liabilities	24	46	88
Interest bearing liabilities	25	11,456	9,910
Provisions	26	273	235
Total Current Liabilities		<u>14,114</u>	<u>10,282</u>
Non-Current Liabilities			
Interest bearing liabilities	25	160,205	139,260
Provisions	26	129	174
Total Non-Current Liabilities		<u>160,334</u>	<u>139,434</u>
TOTAL LIABILITIES		<u>174,448</u>	<u>149,716</u>
Equity			
Contributed equity	27	50	50
Reserves		54	-
Accumulated surplus/(deficiency)		475	3,422
TOTAL EQUITY		<u>579</u>	<u>3,472</u>
TOTAL LIABILITIES AND EQUITY		<u>175,027</u>	<u>153,188</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the year ended 30 June 2003

	Note	2002/03 \$ 000	2001/02 \$ 000
CASH FLOWS FROM STATE GOVERNMENT			
Output appropriations		4,668	9,390
Capital contributions		-	50
Holding account drawdowns		<u>50</u>	<u>-</u>
Net cash provided by State Government		<u>4,718</u>	<u>9,440</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(1,766)	(1,780)
Communications		(45)	(47)
Supplies and services		(926)	(869)
Consumables		(44)	(45)
Maintenance of plant and equipment		(28)	(29)
Loans advanced to schools		(31,500)	(27,939)
Borrowing costs		(4,709)	(10,631)
Capital User Charge		(56)	(26)
Grants, subsidies and transfer payments		(285)	(31)
GST payments on purchases		(166)	(128)
GST payments to taxation authority		(23)	(27)
Receipts			
User fees		30	32
Interest received on loans to schools		3,441	3,259
Repayment of loans by schools		9,947	8,218
Other receipts		756	575
GST receipts		19	30
GST received from taxation authority		<u>174</u>	<u>140</u>
Net Cash used in operating activities	16	<u>(25,181)</u>	<u>(29,298)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		<u>(46)</u>	<u>(15)</u>
Net Cash used in investing activities		<u>(46)</u>	<u>(15)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		32,439	27,000
Repayments of borrowings		<u>(9,947)</u>	<u>(8,218)</u>
Net Cash provided by financing activities		<u>22,492</u>	<u>18,782</u>
Net increase/(decrease) in cash held		<u>1,983</u>	<u>(1,091)</u>
Cash assets at the beginning of the financial year		249	1,340
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	18	<u>2,232</u>	<u>249</u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Output Schedule of Expenses and Revenues

for the year ended 30 June 2002

	Policy & Planning		Education Services		Total	
	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
COST OF SERVICES						
Expenses from ordinary activities						
Employee expenses	1,152	1,036	518	599	1,670	1,635
Superannuation expense	143	135	64	78	207	213
Communications	30	31	13	18	43	49
Supplies and services	707	657	318	380	1,025	1,037
Consumable supplies	30	29	14	17	44	46
Capital User Charge	73	20	33	11	106	31
Maintenance expense	18	15	8	8	26	23
Borrowing cost expense	0	-	8,774	6,739	8,774	6,739
Grants, and transfer payments	0	-	285	31	285	31
Net loss on disposal of non-current assets	-	44	-	26	-	70
Depreciation expense	12	18	6	11	18	29
Total cost of services	<u>2,165</u>	<u>1,986</u>	<u>10,033</u>	<u>7,917</u>	<u>12,198</u>	<u>9,903</u>
Revenues from ordinary activities						
User fees	-	-	30	32	30	32
Interest revenue	-	-	3,510	3,155	3,510	3,155
Other revenues from ordinary activities	1	4	742	576	743	580
Total revenues from ordinary activities	<u>1</u>	<u>4</u>	<u>4,282</u>	<u>3,763</u>	<u>4,283</u>	<u>3,767</u>
NET COST OF SERVICES	<u>(2,164)</u>	<u>(1,982)</u>	<u>(5,751)</u>	<u>(4,154)</u>	<u>(7,915)</u>	<u>(6,136)</u>
REVENUES FROM STATE GOVERNMENT						
Output appropriations	1,226	3,046	3,492	6,394	4,718	9,440
Liabilities assumed by the Treasurer	24	40	11	24	35	64
Resources received free of charge	148	27	67	110	215	137
Total revenues from State Government	<u>1,398</u>	<u>3,113</u>	<u>3,570</u>	<u>6,528</u>	<u>4,968</u>	<u>9,641</u>
CHANGE IN NET ASSETS	<u>(766)</u>	<u>1,131</u>	<u>(2,181)</u>	<u>2,374</u>	<u>(2,947)</u>	<u>3,505</u>

Summary of Consolidation Fund Appropriations and Revenue Estimates

for the year ended 30 June 2002

	2002/03 Estimates \$ 000	2002/03 Actual \$ 000	Variation \$ 000	2002/03 Actual \$ 000	2001/02 Actual \$ 000	Variation \$ 000
PURCHASE OF OUTPUTS						
Item 98 Net amount appropriated to purchase outputs	11,078	4,578	(6,500)	4,578	9,300	(4,722)
Amount authorised by Other Statutes						
- Salaries and Allowances Act 1975	140	140	-	140	140	-
Total appropriations provided to purchase outputs	<u>11,218</u>	<u>4,718</u>	<u>(6,500)</u>	<u>4,718</u>	<u>9,440</u>	<u>(4,722)</u>
CAPITAL						
Capital Contribution	-	-	-	-	50	(50)
ADMINISTERED						
Administered grants and transfer payments	175,577	172,077	(3,500)	172,077	167,338	4,739
Total administered appropriations	<u>175,577</u>	<u>172,077</u>	<u>(3,500)</u>	<u>172,077</u>	<u>167,338</u>	<u>4,739</u>
GRAND TOTAL OF APPROPRIATIONS	186,795	176,795	(10,000)	176,795	176,828	33
Details Of Expenses by Outputs						
Education Policy and Planning	2,054	2,165	111	2,165	1,986	179
Education Services	13,956	10,033	(3,923)	10,033	7,917	2,116
Total Cost of Outputs	16,010	12,198	(3,812)	12,198	9,903	2,295
Less retained revenue	(4,779)	(4,283)	496	(4,283)	(3,767)	(516)
Net Cost of Outputs	11,231	7,915	(3,316)	7,915	6,136	1,779
Adjustment for movement in cash balances and other accrual items	(13)	(3,197)	(3,184)	(3,197)	3,304	(6,501)
Total appropriations provided to purchase outputs	<u>11,218</u>	<u>4,718</u>	<u>(6,500)</u>	<u>4,718</u>	<u>9,440</u>	<u>(4,722)</u>
Capital expenditure						
Purchase of non-current physical assets	50	46	4	46	15	31
Adjustment for movement for cash balances and other funding sources	-	4	(4)	4	35	(31)
Holding account draw-downs	(50)	(50)	-	(50)	-	(50)
Capital Contribution (appropriation)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>(50)</u>
DETAILS OF REVENUE ESTIMATES						
Revenues disclosed as Administered Revenues	175,577	172,077	(3,500)	172,077	170,096	1,981

The Summary of Consolidated Fund Appropriations, Variance to Actual and Budget should be read in conjunction with the accompanying notes.

This Summary provides the basis for the Explanatory Statement information requirements of TI 945.

Notes to the Financial Statements

for the year ended 30 June 2002

Departmental mission and funding

The Department's mission is to contribute to the development of an accessible, efficient, forward-looking, integrated, and responsive and quality system of education.

The Department is predominantly funded by Parliamentary appropriations. The financial statements encompass all Funds through which the Department controls resources to carry on its functions.

1. Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

Basis of accounting

The financial statements have been prepared in accordance with Australian Accounting Standard AAS 29.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

Administered assets, liabilities, expenses and revenues are not integral to the Department in carrying out its functions and are disclosed in the notes to the financial statements, forming part of the general purpose financial report of the Department. The administered items are disclosed on the same basis as is described above for the financial statements of the Department. The administered assets, liabilities, expenses and revenues are those which the Government requires the Department to administer on its behalf. The assets do not render any service potential or future economic benefits to the Department, the liabilities do not require the future sacrifice of service potential or future economic benefits of the Department, and the expenses and revenues are not attributable to the Department.

As the administered assets, liabilities, expenses and revenues are not recognised in the principal financial statements of the Department, the disclosure requirements of Accounting Standard AAS 33, Presentation and Disclosure of Financial Instruments, are not applied to administered transactions.

- (a) **Output Appropriations**
Output Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at the Department of Treasury and Finance. Refer to Note 17 for further commentary on output appropriations.
- (b) **Contributed Equity**
Under UIG 38 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position.
- (c) **Net Appropriation Determination**
Pursuant to section 23A of the Financial Administration and Audit Act, the net appropriation determination by the Treasurer provides for the retention of the following moneys received by the Department:
- registration fees;
 - millennium scholarships;
 - Commonwealth Specific Purpose Program – Aboriginal Education and Training Council;
 - borrowings from WA Treasury Corporation;
 - interest repayments;
 - principal repayments;
 - miscellaneous revenue;
 - GST input credits; and
 - GST receipts.
- In accordance with the determination, the Department retained \$63.816m in 2002/03 (\$55.356m in 2001/02). Retained revenues may only be applied to the outputs specified in the 2002/03 Budget Statements.
- (d) **Grants and Other Contributions**
Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Department obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.
- Contributions are recognised at their fair value.
- (e) **Revenue Recognition**
Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Department has passed control of the goods or other assets or delivery of the service to the customer.
- (f) **Acquisitions of assets**
The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.
- Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.
- (g) **Depreciation of non-current assets**
All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner which reflects the consumption of their future economic benefits. Depreciation is calculated on the straight-line basis, using rates which are

reviewed annually. Expected useful lives for each class of depreciable assets are:

Computer equipment 3 years

Office equipment 5 years

Furniture 15 years

(h) Revaluation of Land

The Department has a policy of valuing land at fair value. The annual revaluation of the Department's land undertaken by the Valuer General's Office is recognised in the financial statements.

(i) Leases

The Department has entered into a number of operating lease arrangements for the rent of the office building, and office equipment where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(j) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets.

Accrued Salaries

The accrued salaries suspense account (refer Note 18) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer Note 24) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(l) Receivables and Payables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

Payables, including accruals not yet billed, are recognised when the Department becomes obliged to make future payments as a result of a purchase of assets, goods or services. Payables are generally settled within 30 days.

(m) Interest Bearing Liabilities

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Borrowing costs expense is recognised on an accrual basis.

(n) Employee benefits

Annual leave

Annual leave is recognised at the reporting date in respect to employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

Leave benefits are calculated at remuneration rates expected to be paid when the liabilities are settled. A liability for long service leave is recognised after an employee has completed four years of service. An actuarial assessment of long service leave undertaken by Pricewaterhouse Coopers in 2003, determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

This method of measurement of the liability is consistent with the requirements of Accounting Standard AASB 1028 'Employee Benefits'.

Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employee Superannuation Board (GESB).

The superannuation expense comprises the following elements:

- (i) change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- (ii) employer contributions paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided by the Department in the current year.

A revenue 'Liabilities assumed by the Treasurer' equivalent to (i) is recognised under Revenues from State Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

The Department is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

Employee benefit on-costs

Employee benefit on-costs, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses. (See notes 4 and 26)

- (o) Resources Received Free of Charge or For Nominal Value
Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.
- (p) Comparative Figures
Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.
- (q) Rounding of amounts
Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

3. Outputs of the Department

Information about the Department's outputs and, the expenses and revenues, which are reliably attributed to those outputs is set out in the Outputs Schedule. Information about expenses, revenues, assets and liabilities administered by the Department are given in note 34.

The two key outputs of the Department:

- Output 1: Education Policy and Planning.
This output provides for objective, independent and timely advice to the Minister for Education and Training on higher education, non-government education, international education and cross-sectoral education.
- Output 2: Education Services.
This output provides for registration of non-government schools; provision of funding to facilitate students' access to non-government schools; regulation of providers of international education services; and provision of funding for contracted services.

4. Employee expenses	2002/03	2001/02
	\$'000	\$'000
Salaries	1,571	1,519
Change in annual and long service leave entitlements	(16)	(10)
Other related expenses	115	126
	<u>1,670</u>	<u>1,635</u>

These employee expenses include workers compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee benefit liabilities at Note 26.

5. Superannuation expense	2002/03	2001/02
	\$'000	\$'000
Superannuation expense	<u>207</u>	<u>213</u>

6. Supplies and Services	2002/03	2001/02
	\$'000	\$'000
Consultants and Contractors	272	351
Accommodation	258	208
Other	495	478
	<u>1,025</u>	<u>1,037</u>

7. Capital User Charge	2002/03	2001/02
	\$'000	\$'000
Capital User Charge	<u>106</u>	<u>31</u>

A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.

8. Borrowing costs expense	2002/03	2001/02
	\$'000	\$'000
Interest expense	3,510	3,155
Interest subsidy expense	5,264	3,584
	<u>8,774</u>	<u>6,739</u>

9. Grants and transfer payments	2002/03	2001/02
	\$'000	\$'000
Recurrent Scholarships and grants	285	31
	<u>285</u>	<u>31</u>

10. Asset revaluation decrement	2002/03	2001/02
	\$'000	\$'000
Asset revaluation decrement of land at Albany	-	70
11. Depreciation expense	2002/03	2001/02
	\$'000	\$'000
Equipment, furniture and computers	18	29
12. Interest revenue		
The amount reflects the interest charges on low interest loans received and receivable from loans to schools. In 2001/02 loans to the value of \$27.9m were advanced to schools, a further \$31.5m has been advanced in 2002/03.		
	2002/03	2001/02
	\$'000	\$'000
Interest revenue	3,510	3,155
13. User charges and fees	2002/03	2001/02
	\$'000	\$'000
Registration Fees	30	32

Registration fees are collected by the Department under the Education Service Providers (Full Fee Overseas Students) Registration Act 1991

14. Commonwealth grants	2002/03	2001/02
	\$'000	\$'000
AETC (Aboriginal Education Training Council)	457	172
Millennium Scholarships	217	315
	674	487
15. Other revenues from ordinary activities	2002/03	2001/02
	\$'000	\$'000
Other revenues from ordinary activities	69	93

16. Reconciliation of net cash used in operating activities to net cost of services

For the purpose of the Statement of Cash Flows, 'cash' has been deemed to include cash on hand and amounts in suspense.

	2002/03	2001/02
	\$'000	\$'000
Net cash used in operating activities	(25,181)	(29,298)
Services received free of charge	(215)	(137)
Asset revaluation decrement	-	(70)
Depreciation	(18)	(29)
Liabilities assumed by the Treasurer	(35)	(64)
Net change in non-current employee entitlements	45	(5)
Net change in non-current low interest loans	20,007	17,265
Change in current assets and current liabilities		
Accounts receivable	31	(94)
Adjustment for rounding	5	-
Low interest loans	1,546	2,455
Prepayments	(1,814)	1,796
Accounts payable	(2,290)	2,062
Accrued salaries	42	(2)
Employee entitlements	(38)	(15)
Net cost of services (Statement of Financial Performance)	(7,915)	(6,136)

17. Revenues from State Government	2002/03	2001/02
	\$'000	\$'000
Output appropriation (i)	4,718	9,440
Liabilities assumed by the Treasurer – Superannuation (ii)	35	64
Resources received free of charge (iii)		
Office of the Auditor-General – external audit services	22	22
Crown Solicitor's Office	14	14
Curriculum Council	67	101
Department of Education and Training	112	
	<u>4,968</u>	<u>9,641</u>

- (i) Output appropriations are accrual amounts reflecting the full cost of outputs delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.
- (ii) The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State scheme.
- (iii) The resources received free of charge have been determined on the basis of the estimates provided by the agencies listed above.

18. Cash assets	2002/03	2001/02
	\$'000	\$'000
Current		
Operating account	2,154	201
Cash on hand	1	1
	<u>2,155</u>	<u>202</u>
Non-current		
Accrued salaries suspense account	<u>77</u>	<u>47</u>

19. Receivables	2002/03	2001/02
	\$'000	\$'000
Current		
GST receivable	6	22
Accounts receivable	-	22
Accrued revenue - interest receivable from schools from low interest loans.	512	442
	<u>518</u>	<u>486</u>

20. Interest bearing assets

The Department provides low interest loans to the non-government education sector. During 2002/03 a further \$31.5m in loans was advanced to the sector. The loans were funded by borrowings from the Western Australian Treasury Corporation (WATC).

	2002/03	2001/02
	\$'000	\$'000
Current		
Amount due and receivable within the next 12 months	11,456	9,910
Non-current		
Amount due and receivable after the next 12 months	<u>160,205</u>	<u>140,198</u>
	<u>171,661</u>	<u>150,108</u>

Loans to schools are at a reduced average interest rate of 1.97% per annum as the Department meets the subsidised interest on behalf of the schools (refer Note 8). These loans have maturity terms not exceeding 15 years.

21. Other Assets	2002/03 \$'000	2001/02 \$'000
Prepayments – maintenance contracts	10	11
Pre-paid interest on low interest loans	-	1,813
	<u>10</u>	<u>1,824</u>
22. Property, office equipment and furniture	2002/03 \$'000	2001/02 \$'000
Property - at Albany	-	-
At fair value	<u>484</u>	<u>430</u>
Computer equipment		
At cost	93	132
Accumulated depreciation	<u>(48)</u>	<u>(113)</u>
	<u>45</u>	<u>19</u>
Equipment and furniture		
At cost	56	47
Accumulated depreciation	<u>(29)</u>	<u>(25)</u>
	<u>27</u>	<u>22</u>
Total	<u>556</u>	<u>471</u>

Property at the Shire of Albany comprises land and building to the value of \$0.484 million (land of \$0.484 million and building of \$0). The valuation for 2002/03 was provided by the Valuer General's Office (VGO).

Reconciliations

Reconciliations of the carrying amounts of property equipment and furniture at the beginning and end of the current financial year are set out below:

2002/03	Land \$'000	Equipment & Furniture \$'000	Computer Equipment \$'000	Total \$'000
Carrying amount at start of year	430	22	19	471
Additions	-	11	38	49
Disposals	-	(1)	(77)	(78)
Written back value of accumulated depreciation on Disposals	-	1	77	78
Revaluation	54	-	-	54
Depreciation	-	(5)	(13)	(18)
Carrying amount at end of year	<u>484</u>	<u>28</u>	<u>44</u>	<u>556</u>
23. Payables	2002/03 \$'000	2001/02 \$'000		
Current				
GST payable	-	12		
Capital User Charge	55	5		
Borrowing costs expense	2,252	-		
Trade payables	<u>32</u>	<u>32</u>		
	<u>2,339</u>	<u>49</u>		

Borrowing costs relate to low interest loans and goods and services received during the year.

24. Other liabilities	2002/03	2001/02
	\$'000	\$'000
Current		
Amounts owing for 7 working days from 19 June 2003 to 30 June 2003. (2001/02 includes a June redundancy paid in July 2002/03 plus 6 working days from 19 June 2002 to 30 June 2002)	44	88
Superannuation on accrued salaries	2	-
	<u>46</u>	<u>88</u>

Accrued salaries are settled in the fortnight following the financial year end.

25. Interest bearing liabilities

The Department borrows from Western Australian Treasury Corporation to finance loans provided under the Low Interest Loan Scheme. In 2002/03 a further \$32.4m was utilised to fund loans of that amount to the non-government education sector.

	2002/03	2001/02
	\$'000	\$'000
Current		
Amount due and payable within the next 12 months	11,456	9,910
Non-current		
Amount due and payable after the next 12 months	160,205	139,260
	<u>171,661</u>	<u>149,170</u>

The carrying amounts are equivalent to their net fair values. Loans are borrowed at an average rate of interest of 5.13% and with varying maturity dates up to 2 years normally, at which time outstanding balances are rolled over with similar maturity periods at the prevailing interest rate until loans are extinguished

26. Provisions	2002/03	2001/02
	\$'000	\$'000
Current -		
Annual leave	76	62
Long service leave	197	173
	<u>273</u>	<u>235</u>
Non-current -		
Long service leave	129	174
	<u>129</u>	<u>174</u>

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and Risk Cover premiums. The liability for such on-costs is included here. The associated superannuation expense is included under Superannuation expense at Note 5 and the Risk Cover on-cost is included under Other related expenses (Employee expenses) at Note 4.

27. Equity

Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.

	2002/03	2001/02
	\$'000	\$'000
Contributed equity (i)		
Contributed equity at beginning of the year	50	-
Capital contribution	-	50
Contributed equity at end of the year	<u>50</u>	<u>50</u>
Asset revaluation reserve (ii)		
Opening balance	-	40
Change in reserve resulting from asset revaluation (decrement)/increment	54	(40)
Closing balance	<u>54</u>	<u>-</u>

27. Equity (cont)

Accumulated surplus/(deficiency) at the beginning of the year

Opening balance	3,422	(83)
Change in net assets resulting from ordinary activities	<u>(2,947)</u>	<u>3,505</u>
Closing balance	<u>475</u>	<u>3,422</u>

- (i) Capital contributions have been designated by owners and are credited directly to equity in the Statement of Financial Position
- (ii) The asset revaluation reserve is used to record increments and decrements on the revaluation on non-current assets, as described in accounting policy note 2(h).

28. Commitments for expenditure

	2002/03	2001/02
	\$'000	\$'000
Non-cancellable operating lease commitments:		
Not later than one year	230	291
Later than one, not later than two years	1066	9
Later than two, not later than five years	-	5
Later than five years	-	-
	<u>1,296</u>	<u>305</u>

29. Remuneration of senior officers

The number of senior officers, whose total of salaries, superannuation and other benefits received for the financial year, fall within the following bands are:

\$ 90,001 - \$100,000	1	2
\$100,001 - \$110,000	-	2
\$110,001 - \$120,000	1	-
\$150,001 - \$160,000	1	1
	2002/03	2001/02
	\$'000	\$'000
The total remuneration for senior officers is	<u>362</u>	<u>545</u>

The superannuation included here represents the superannuation expense incurred by the Department in respect of senior officers. No senior officers are members of the Pension Scheme.

The acting CEO, in addition to fulfilling this role at the Department of Education Services, also performs the role of CEO at the Curriculum Council. The Department of Education Services meets the acting CEO's remuneration expense.

30. Financial instruments

- (a) Interest risk exposure

The following table details the Department's exposure to interest rate risk as the reporting date:

	Weighted Average Effective Interest Rate %	Fixed Interest Maturity				Non Interest Bearing \$'000	Total \$'000
		Variable Interest Rate \$'000	Less than 1 Year \$'000	1 to 5 Years \$'000	More than 5 Years \$'000		
30 June 2003							
Financial Assets							
Cash assets		-	-	-	-	2,232	
Receivables and accrued revenue		-	-	-	-	518	
Low interest loans	1.9	-	11,456	62,857	97,348	-	
		<u>-</u>	<u>11,456</u>	<u>62,857</u>	<u>97,348</u>	<u>2,750</u>	
						<u>174,411</u>	

30. Financial instruments (cont).**Financial Liabilities:**

Payables	-	-	-	-	2,339	2,339
Accrued salaries	-	-	-	-	46	46
Borrowings from WATC	5.1	-	11,456	62,857	97,348	-
Employee entitlements	-	-	-	-	273	273
		-	11,456	62,857	97,348	2,658
						174,419

30 June 2002

Financial assets	2.0	-	9,910	140,198	-	2,609	152,717
Financial liabilities	5.4	-	9,910	139,260	-	546	149,716

(b) Credit Risk Exposure

Credit exposure represents the extent of credit related losses that the Department may be subject to on amounts to be received from financial assets. The Department, while exposed to credit related losses in the event of non performance by non-government schools, universities and training providers to loan agreements, does not expect any of these to fail to meet their obligations given their good credit ratings. In all cases, collateral is obtained in the form of mortgages or loan agreements. The credit exposure is represented by the net fair value of these loans.

The Department does not have a significant exposure to any one of the non-government schools, universities and training providers.

(c) Net fair value

The net fair values of the financial assets, and liabilities, except for Low Interest Loan assets, approximate their carrying values as disclosed in the Statement of Financial Position and the Notes to the Financial Statements. No financial assets and financial liabilities held by the Department are readily traded on organised markets in standardised forms.

The carrying amount and estimated fair value of Low Interest Loan assets held at balance date follows and are determined on the following basis:

Monetary financial assets and liabilities not traded in an organised financial market – cost basis carrying amounts of accounts receivable, (which approximates net market value).

Loan principal outstanding is measured on discounted cash flow technique based on interest applicable.

	2002/03		2001/02	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
Financial Assets				
Low Interest Loans	171,661	123,211	150,108	122,542

31. Explanatory Statement

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures made and revenue estimates and payments into the Consolidated Fund. Appropriations are now on an accrual basis.

The following explanations are provided in accordance with Treasurer's Instruction 945. Significant variations are considered to be those greater than \$100,000.

(a) Significant variances between estimate and actual:	Budget Estimate \$'000	Actual \$'000	Variation \$'000
(i) Total appropriation to purchase outputs			
The variation is due to the slower than estimated draw down of low interest loan funds in 2001/02 and 2002/03. In addition, with the introduction of GST, and in order to minimise cost to Government, the Department has developed a strategy to utilise the GST refund monies and on-lend these monies to schools. This delays the need to borrow funds from WATC on which we pay interest. This good management tactic has resulted in a saving of \$7m. In addition an amount of \$0.5m was transferred from the administered budget to fund the WA College of Teaching (WACOT).	11,218	4,718	-6,500

31. Explanatory Statement (cont)**Significant variances in the following output expenditures:**

1. Education Policy and Planning	2,054	2,165	111
Increase mainly because of WACOT policy matters.			
2. Education Services	13,956	10,033	-3,923
The decrease is mainly due to the interest expense to WATC being lower than estimated because of accrual adjustments and estimates being based on a higher borrowing profile.			
(ii) Capital Contribution: No significant variances.			
(iii) Administered Appropriations	175,577	172,077	-3,500
The savings are mainly due to per capita grants of \$1.7m being underspent due to indexation of only 3% to high fee schools, rather than 5% as estimated, and lower than anticipated growth in student numbers. A further amount of \$1.5m was carried over savings from previous year and \$0.5m was transferred to the controlled budget for the WACOT.			
(iv) Administered Revenues	175,577	172,077	-3,500
Reduction in appropriation of \$3m due to savings in per capita funding as stated above and transfer of \$0.5m to controlled appropriation, for WACOT.			
(b) Significant variances between actual and prior year actual			Variation \$'000
(i) Total appropriation to purchase outputs			-4,722
Decrease mainly due to accrual adjustments in low interest loans (LILS) interest and to the department utilising unspent funds from previous year.			
Output Expenditure			
Education Policy and Planning			+179
Increase mainly due to increase in staff time on policy matters mainly in relation to WACOT.			
Education Services			+2,116
The increase is mainly in the borrowing cost of LILS of \$2m, due to a further \$31.5m in loans being advanced to schools in 2002/03. Also there is an increase in grants and transfer payments of \$0.25m for Millennium scholarships.			
Retained Revenue			+516
The increase is mainly due to interest from low interest loans as a result of increased loans to non-government schools.			
(ii) Capital Contribution: No significant variances.			
(iii) Administered Appropriations			+4,739
The increase is due to per capita funding, special education funding and other grants and subsidy increases reflecting an average 4.6% increase in per capita rates for 2002/03, as well as a 2.6% increase in student numbers.			
(iv) Administered Revenues			+1,981
Increase from actual of last year due to extra appropriation to cover the extra cost of growth and indexation for administered grants and transfer payments.			

32. Capital commitments

The Department has no capital commitments as at 30 June 2003

33. Contingent liabilities

In addition to the liabilities incorporated in the financial statements, the Department has contingent liabilities relating to the relocation of the Department to Osborne Park amounting to approximately \$.75m.

34 Administered Expenses and Revenues	Note	2002/03 \$'000	2001/02 \$'000
Expenses			
Transfer payments	(i)	174,314	169,696
Total administered expenses		<u>174,314</u>	<u>169,696</u>
Revenues			
For transfer	(ii)	174,315	170,096
Total administered revenues		<u>174,315</u>	<u>170,096</u>
Administered Assets and Liabilities			
		2002/03 \$'000	2001/02 \$'000
Current Assets			
Cash assets		1,728	1,494
State Professorial Trust Fund – Cash at bank		33	32
Receivables		185	455
Low interest loans		14,447	14,843
Total Administered Current Assets		<u>16,393</u>	<u>16,824</u>
Non-Current Assets			
Low interest loans		56,987	71,650
Total administered Non-Current Assets		<u>56,987</u>	<u>71,650</u>
Total Administered Assets		<u>73,380</u>	<u>88,474</u>
Current Liabilities			
Interest bearing liabilities		14,447	14,843
Accrued Interest		176	204
Payables		15	24
State Professorial Trust Fund		33	32
Total Administered Current Liabilities		<u>14,671</u>	<u>15,103</u>
Non-Current Liabilities			
Interest bearing liabilities		56,987	71,650
Total Administered Non-Current Liabilities		<u>56,987</u>	<u>71,650</u>
Total Administered Liabilities		<u>71,658</u>	<u>86,753</u>

The difference between the total administered assets and total administered liabilities is \$1.722m. This is represented by the following:

1. Expenditure Commitments and accrued revenue for 2002/03 of \$0.006m; and
2. Cash at bank of \$1.728m.

Notes to the schedule of administered items

(i) Transfer payments

The Department is responsible for transfers of appropriations to eligible beneficiaries consistent with the requirements of the School Education Act 1999, the School Education Act Regulations and applicable Government Gazettes. The Department does not control amounts for transfer but acts only as an agent.

34. Administered Expenses and Revenues (cont)

	2002/03 \$'000	2001/02 \$'000
Financial assistance for non-government schools and independent pre-schools	165,431	153,302
Interest payments to Treasury	2,238	2,758
Other grants and subsidies	2,441	4,709
Subsidies for debt charges incurred by statutory authorities in the education sector	54	77
Subsidies for unfunded superannuation liabilities of higher education institutions	4,150	3,850
Computers in Schools	-	5,000
	<u>714,314</u>	<u>169,696</u>

The administered loans were funded by Treasury, prior to the enactment of the Acts Amendment (Education Loan Scheme) Act 1998.

This Act, together with the approval from Treasury under Section 23A of the Financial Administration and Audit Act 1985, allowed the Department to borrow moneys from the WA Treasury Corporation for on-lending to the schools and to retain the loan repayments from the borrowers. Loans after the Acts Amendment (Education Loan Scheme) Act 1998 are deemed controlled.

(ii) Transfer revenues

	2002/03 \$'000	2001/02 \$'000
Financial assistance for non-government schools and independent pre-schools	165,431	153,702
Interest on loans and interest revenue on Professorial Trust Fund	2,239	2,758
Other grants and subsidies	2,441	4,709
Subsidies for debt charges incurred by statutory authorities in the education sector	54	77
Subsidies for unfunded superannuation liabilities of higher education institutions	4,150	3,850
Computers in Schools	-	5,000
	<u>174,315</u>	<u>170,096</u>

35. Resources provided free of charge

	2002/03 \$'000	2001/02 \$'000
The estimated costs of resources provided free of charge are:		
Curriculum Council	<u>220</u>	<u>247</u>

36. Events occurring after reporting period

As a result of the report of the Machinery of Government Taskforce and the Review of the Effective Delivery of Government Priorities (the "Functional Review"), legislative changes will be made in order to transfer the functions of the Department of Education Services to the Department of Education and Training. This is not expected to occur until 2005.

Appendices

1 Departmental Publications

2002 Statistics: Higher Education in Western Australia, Perth, January 2003.

Western Australian Higher Education Course Statistics 2002, Perth, September 2002.

Aboriginal Education and Training Council Newsletter, Vol 12, December 2002

Report on the Aboriginal Studies Project by the Department of Education, Association of Independent Schools and Aboriginal community schools, and the Catholic Education Office, 2002

Consultation Related to Post Compulsory Schooling of Aboriginal Students in Western Australia, Curriculum Council, 2003

Annual Report 2001/2002, Perth, August 2002.

Non-Government Schools of Western Australia: A Guide for Parents, Perth, 2003.

Administrative Guidelines

Guidelines for the Establishment and Registration of Non-Government Schools

Information provided to prospective non-government schools outlining the requirements for State registration.

Low Interest Loan Scheme Guidelines and Procedures

Outlines the guidelines and procedures governing the administration of the Low Interest Loan Scheme for non-government schools and independent pre-schools. Separate guidelines and procedures are also available for the Low Interest Loan Scheme for The University of Notre Dame Australia.

Policy Guidelines: Registration of Providers of Education Services to International Students.

Information provided to prospective education service providers outlining policy and guidelines for State Government and Commonwealth Government registration.

2 Statistics

Table 1.1: Western Australian Higher Education Statistics – March 2002

	Curtin	ECU	Murdoch	UNDA	UWA	Total
Student Enrolment						
Total Students	23317	20348	10885	2338	14044	70932
Commencing Students	8247	6779	3658	979	4262	23925
Female Students	12699	12369	6450	1538	7233	40289
Male Students	10618	7979	4435	800	6811	30643
Full-Time Students	17489	12673	7352	1625	11655	50794
Part-Time Students	4266	4323	2266	696	2389	13940
External Students	1562	3352	1267	17	-	6198
Aboriginal Students	468	477	147	43	137	1272
Overseas Students	4595	2921	1568	335	1846	11265
Higher Degree Students	2059	1832	921	354	2169	7335
Student Load						
Total Load	17972	15495	7983	1911	12320	55681
Commencing Load	6703	5427	2835	835	3944	19744
Load by Level of Course						
- Doctorate	280	370	466	1	1095	2212
- Masters	824	865	156	193	501	2539
- Postgraduate	690	987	337	102	332	2448
- Bachelors	15511	12866	6968	1502	10349	47196
- Other	667	407	56	114	43	1287

Source: Students 2002: Selected Higher Education Statistics, DEST

Table 1.2: Number of Non-Government Schools - August 2002

	Number	Total
Pre-Compulsory Schools		15
Primary Schools		160
Primary only	3	
Pre-Compulsory and Primary	157	
Primary/Secondary Schools		89
Primary and Lower Secondary	3	
Pre-Primary *, Primary and Lower Secondary	26	
Primary, Lower and Upper Secondary	9	
Pre-Compulsory, Primary, Lower and Upper Secondary	51	
Secondary Schools		44
Lower Secondary only	1	
Lower and Upper Secondary	40	
Upper Secondary only	3	
Total		308

Table 1.3: Number of Non-Government School Students - August 2002

	Number of Schools	Pre-Primary Students*	Primary Students	Lower Secondary Students	Upper Secondary Students	Total Secondary Students	Total Students
Non-Government Schools							
Pre-Compulsory	15	685					685
Primary	160	7 658	32 961				40 619
Primary/Secondary	89	3 096	17 048	16 432	8 736	25 168	45 312
Secondary	44			14 168	7 845	22 013	22 013
Total Non-Government	308	11 439	50 009	30 600	16 581	47 181	108 629#
%	27.4%	28.4%	26.2%	36.5%	36.9%	36.6%	30.2%
Government Schools							
Community Pre-Schools	42	1 485					1 485
Total	1 125	40 269	191 015	83 943	44 983	128 926	360 210

* Includes Kindergarten

The total number of students exceeds the number of students for whom per capita grants were paid as the student census includes students who were ineligible for per capita grants, eg 4 year old and younger students, and students enrolled at independent profit-making pre-compulsory centres.

Table 1.4: Number of Non-Government Schools by Religious Affiliation – August 2002

Religious Affiliation	Number	%
Anglican	13	4%
Baptist	12	4%
Catholic	157	51%
Seventh Day Adventist	7	2%
Uniting Church	8	3%
Other Religions	40	13%
	237	77%
No Religious Affiliation	56	18%
Pre-Compulsory	15	5%
Total	308	100%

Table 1.5: Number of Full Fee International Students Service Providers Registered During 2002

	Number	Total
Statutory Providers		81
Public universities	5*	
Private universities	1	
TAFE International	1	
Government senior colleges	2	
Department of Education	1	
Non-government schools	<u>71</u>	
Private Non-Statutory Providers		45
Aviation	5	
ELICOS only	10	
ELICOS and Business	23	
Theological	<u>7</u>	
Total		126
Including new registrations	6	
Excluding registrations ceased		7
Total Operating		133

* incl. Registration of La Trobe University (Non-Western Australian based university)

3 Non-Government Schools Registered in 2002/03

New Schools

Bunbury John Calvin School
 Child Side School (Boyanup)
 Georgiana Molloy Anglican Community School (Busselton)
 Muslim Ladies' College (Queens Park)
 Phoenix English Language Academy (Fremantle)

Additional Campus

Bold Park Community School (Shenton Park)
 (Additional Campus in Wembley)

Additional Level(s)

Australian Islamic College (Kewdale)
 (Kindergarten)
 Carey Baptist College (Forrestdale)
 (Kindergarten)
 Coolabaroo Neighbourhood Centre (Thornlie)
 (Kindergarten)
 Cornerstone Christian Community School (Busselton)
 (Kindergarten)
 Mundaring Christian College
 (Years 8-9)
 Peter Moyes Anglican Community School (Mindarie)
 (Upper Secondary)
 Quinns Baptist College (Mindarie)
 (Kindergarten)
 Regent College (Victoria Park)
 (Kindergarten)
 Rehoboth Christian Primary School (Wilson)
 (Kindergarten)
 Woodbury Boston Primary School (Torbay)
 (Kindergarten)

New Location

Borden Kindergarten
 (Relocation within Borden)
 Corridors College (Midland)
 (Relocation within Midland)
 Irene McCormack Catholic College (Butler)
 (Relocation from Merriwa)
 Spirit of Play Early Learning Centre (Denmark)
 (Formerly named Wilgie View Learning Centre)
 (Relocation from via Denmark to Kentdale to Denmark)
 St Clare's School (Lathlain)
 (Relocation from Wembley)

Review / Confirmation of Registration

Armadale Seventh-day Adventist School
 Calvary Christian School (Hamilton Hill)
 Culunga Aboriginal Community School (West Swan)
 Dale Christian School (Armadale)
 Great Southern Grammar (Albany)
 International School of Perth (City Beach)
 Landsdale Gardens Christian School (Landsdale)
 Moerlina School (Mount Claremont)
 Nollamara Christian Academy
 Nyikina Mangala Community School (via Derby)
 Perth College (Mount Lawley)
 St Mark's Anglican Community School (Hillarys)
 South Coast Early Learning Centre (Calista)
 Sowilo Community High School (Swanbourne)
 Speech and Hearing Centre (Wembley)
 Woodthorpe Drive Secondary School (Willetton)

4 Providers of Education Services to Full Fee International Students Registered in 2002/03

New Registrations

Geraldton Grammar School (Geraldton)
 Great Southern Grammar (Albany)
 La Trobe University (Perth)
 Perth City College (Perth)
 SAE Technology (East Perth)
 Western Australian Aviation College (Jandakot)

Re-Registrations

Auston International Language Academy (Perth)	Rehoboth Christian College (Kenwick)
Auston Institute of Management and Technology (Perth)	Perth Commercial College (Perth)
Australian Islamic College (Kewdale)	Perth International College of English (Perth)
Australian College of English (Perth)	Perth Montessori School (Burswood)
Australian College of Natural Medicine (East Perth)	Quinns Baptist College (Quinns Rock)
Aviation Institute of Australia (Jandakot)	St Mark's International College (Perth)
Beehive Montessori School (Mosman Park)	TAFE International (Perth)
Canning College (Bentley)	Taylors and Embassy Colleges (O'Connor)
Christian Brothers' College (Fremantle)	Martin College (Perth)
EF International Language School (Perth)	Trinity College (East Perth)
Emmanuel Catholic College (Beeliar)	Tuart College (Tuart Hill)
Jandakot Flight Centre (Jandakot)	Spherion Training Institute (Perth)
Kolbe Catholic College (Rockingham)	Western Australian Bible College (Wattle Grove)
Language Links (Perth)	Winthrop Baptist College (Murdoch)
Mandurah Catholic College (Mandurah)	
Newman College (Churchlands)	

5 Per-Capita Grants paid to Non-Government Schools in 2002/03

ERI Funding Category	Kindergarten (4 sessions)	Kindergarten (4 sessions)	Pre-Primary (FTE) & Primary	Pre-Primary (FTE) & Primary	Secondary	Secondary
	2002	2003	2002	2003	2002	2003
	\$	\$	\$	\$	\$	\$
1,2,3	1,412	1,456	942	970	1,430	1,472
4,5	1,548	1,630	1,032	1,086	1,672	1,758
6,7	1,604	1,686	1,068	1,124	1,762	1,854
8,9	1,676	1,764	1,118	1,176	1,838	1,934
10,11	1,752	1,842	1,168	1,228	1,900	1,998
12	1,808	1,902	1,206	1,268	1,970	2,072
Remote schools	2,716	2,856	1,810	1,905	2,952	3,106

Details of the financial entitlements for individual non-government schools and independent pre-schools are available on request under the Freedom of Information Act from the Office of Non-Government and International Education, Department of Education Services.

6 Low Interest Loans Advanced to the Non-Government Education Sector in 2002/03

Aquinas College (Manning)	St Bernards School (Kojonup)
Australian Islamic College (North of River)	St Brigids School (Collie)
Bunbury Cathedral Grammar	St Denis School (Joondanna)
Bunbury Catholic College	St Helenas Catholic Primary School (Ellenbrook)
Carnarvon Christian School	St Josephs School (Moora)
Chisholm Catholic College (Bedford)	St Josephs School (Northam)
Christian Brothers College (Fremantle)	St Josephs School (Pemberton)
Clontarf Aboriginal College (Bedford)	St Josephs School (Wyndham)
Ellenbrook Christian College	St Kieran Primary School (Tuart Hill)
Emmanuel Catholic College (Beeliar)	St Lukes College (Karratha)
Georgiana Molloy Anglican School (Busselton)	St Maria Gorettis Catholic School (Redcliffe)
Golden Hill Steiner School (Denmark)	St Marys College (Broome)
Goldfields Baptist College (Kalgoorlie)	St Marys Primary School (Kalgoorlie)
Great Southern Grammar (Albany)	St Michaels School (Bassendean)
Holy Rosary School (Derby)	St Stephens School (Carramar Campus)
Holy Rosary School (Doubleview)	St Vincents School (Kwinana)
Irene McCormack Catholic College (Butler)	Strathalbyn Christian College (Geraldton)
John Paul College (Kalgoorlie)	The Montessori School (Kingsley)
John Septimus Roe Anglican School (Mirrabooka)	The University Of Notre Dame Australia (Fremantle)
Kingsway Christian College – Merriwa	Treetops Montessori School (Darlington)
Leschenault Catholic Primary School (Australind)	Ursula Frayne Catholic College (Victoria Park)
Living Waters Lutheran College (Warnbro)	Yallingup Steiner School
Luurnpa Catholic School (Balgo Hills)	
Mary Mackillop Catholic Community School (Ballajura)	
Notre Dame School (Cloverdale)	
Ocean Forest Lutheran College (Bunbury)	
Orana Catholic Primary School (Willetton)	
Our Lady of Good Counsel School (Karrinyup)	
Our Ladys Assumption School (Dianella)	
Peter Moyes Anglican Community School (Mindarie)	
Quinns Baptist College (Mindarie)	
Sacred Heart College (Sorrento)	
Sacred Heart School (Beagle Bay)	
Servite College (Tuart Hill)	
Seton Catholic College (Samson)	

The total amount of low interest loans advanced to the non-government education sector during the 2002/03 financial year was \$31,500,000. Details of the amounts advanced to specific schools and institutions are available on request under the Freedom of Information Act from the Office of Non-Government & International Education, Department of Education Services.

7 Ministerial Councils and Committees

Aboriginal Education and Training Council

Chairperson: Mrs May O'Brien

Non-Government Schools Planning Advisory Committee

A/Chairperson: Mr Bronte Parkin

Rural and Remote Education Advisory Council

Chairperson: Dr Murray Lake

Western Australian Higher Education Council

Chairperson: Professor Millicent Poole (till 31 December 2001)

Hon J Alan Carpenter MLA, Minister for Education (from 1 January 2002)



8 Department of Education Services Personnel

Office of the Chief Executive

Norma Jeffery	A/Chief Executive Officer
Louise Rusiecki	Executive Assistant
Jan Gurner	Corporate Support Officer
Bobbie Henn	Receptionist
Jo Stevens	Administration Officer

Office of Higher Education

Vacant	Director
Louise Rusiecki	Administrative Assistant
Linley Hine	Research Assistant
Alan Marshall	Principal Policy Officer
Laurie Money	Principal Policy Officer
Theresa King	Senior Research Officer

Office of Non-Government and International Education

Bronte Parkin	Director
Emma Cloghan	Administrative Assistant

Non-Government Schools

Krys Coppard	Finance Officer
Ron Grimley	Senior Planning Officer
Elda Iaschi	Manager, Financial Services
Gill Jenkins	Registration Officer
Steve Page	Finance Officer

International Education

Gavin Agacy	Policy and Registration Officer
Anne Duncan	Conciliator
Brad Viney	Senior Executive Officer

Western Australian College of Teaching Project

Karen Wearn	A/Director
Judy Hills	Administrative Assistant
Karen Grant	Project Officer
Keryl Gorton	Project Officer
Emma Bright	Project Officer