

Appendix A

My School ACARA FDWG Financial Data Reporting Methodology - data year 2014 ("the Methodology")

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1 **Disclosure Format**

The following provides a reconciliation of the components that make up recurrent income and capital expenditure.

a) Recurrent Income

Recurrent income

Australian Government recurrent funding (excludes capital grants)

State Government recurrent funding (excludes capital grants)

Fees, charges and parental contributions* (gross amount)

Other private sources

Sub-total

DEDUCT

Income and other private source income (gross amount) allocated to current capital projects

Income and other private source income (gross amount) allocated to future capital projects and diocesan capital funds

Income, other private source and government recurrent funding (gross amount) allocated to debt servicing (includes a component of principal repayments and interest on capital loans & finance leases)

Net recurrent income

b) Capital Expenditure

Capital Expenditure (including source of funding)

Australian Government capital funding

State Government capital funding

School loan drawdowns

Income allocated to current capital projects

Other sources and retained earnings from previous years for capital purposes

Total capital expenditure for the year

- **Parental Contributions: represent school initiated contributions*

1 Methodology Principles – Government Jurisdictions

The following section sets out the method that should be followed to calculate notional income for each government school. Notional income is to be based on a combination of actual expenditure incurred by school and an allocation of other costs which are not maintained on a by school basis by the departments. School sourced income should be added to this notional income calculation on a by school basis, to calculate recurrent income reported on the My School website.

Component of Notional Income	Method of accounting	Specific exclusions	Exceptions to core method
Wages and Salaries	Actual system level expenditure split by school per the department general ledger or payroll ledger (where the payroll ledger reconciles to the G/L). Expenditure is accounted for on an accruals basis, not on a cash basis.	<ul style="list-style-type: none"> • Payroll tax • All costs re Year 1-2 • Payments initially made by department to staff, and then billed to schools 	<p>ACT – allocating actual wages and salaries on a points basis to each school, adjusted to take into account the different levels of experience within each classification of personnel.</p> <p>TAS & WA – Costs and students FTE numbers re Yr 1-2 to be included, as cannot be separated.</p> <p>TAS - Employee entitlements accruals are calculated at year end 30 June only and are allocated to schools based on enrolment data not actual employee entitlements.</p> <p>TAS - Costs for Yr 11 and 12 students are, in some years, not included in the data collection</p> <p>WA – will use an on cost for super and workers compensation based on salary figures at school level. This will be deducted from other apportioned costs.</p>

Component of Notional Income	Method of accounting	Specific exclusions	Exceptions to core method
<p>Costs incurred centrally by the relevant department</p>	<p>Actual system level expenditure split by school per department ledger or other source ledger (where source ledger reconciles to G/L)</p> <p>Where costs are not attributed directly to a school, they will be apportioned on the basis of an appropriate cost driver, such as student FTE enrolments.</p>	<ul style="list-style-type: none"> • User cost of capital/interest (including interest on finance leases) • School student transport (to and from school – except where school owns buses) • Allowances/start bonuses/EMA (VIC) paid directly to parents for educational costs/clothing costs • All costs re Year 1-2 • Depreciation & amortisation • Grants paid by jurisdictions to schools, as these will appear on the individual school ledger. • Pacific School Games costs (and other equivalent event costs) • Offshore overseas student programmes (QLD) • Tertiary education (for non school students) • Income earned on LSL funds (if applicable) • Remote area teacher housing costs over and above direct subsidies • Certain Non Government Schools (NGS) costs (refer below) 	<ul style="list-style-type: none"> • ACT – allocating actual departmental costs on a points basis to each school. • NSW – allocation methods as follows: Maintenance & cleaning – based on floor space, Non School based teaching positions – based on info from DET regions. • NSW – total actual amounts for cleaning costs are available, while cost by school is not available. Therefore annual contract rates to be used with reconciling difference to G/L allocated based on floor space by school. • QLD – to use maintenance costs available by school on a budgeted basis and “derived” VET services costs rather than actual. • NT – Corporate overheads to be allocated via Output Allocation Matrix then by enrolments. • TAS – Yr 11 and 12 students are, in some years, not included in the data collection • Some jurisdictions will apply a fixed percentage to W&S to calculate their annual LSL provision, instead of the traditional actuarial method. • TAS & WA – Costs and students FTE numbers re Yr 1-2 to be included, as cannot be separated.

Component of Notional Income	Method of accounting	Specific exclusions	Exceptions to core method
“Umbrella services” (provided free of charge) to the GS and NGS	Actual system level expenditure split by school per department ledger or other source ledger (where source ledger reconciles to G/L)	<ul style="list-style-type: none"> • Type 1 Umbrella costs (as defined in definitions section) - to be excluded from notional allocation. 	<ul style="list-style-type: none"> • NT Government are also permitted to exclude other types of umbrella costs incurred on behalf of Non Government schools.
Government funding, fee income, other sources	Actual income as received by each school.	<ul style="list-style-type: none"> • Year 1-2 income/site allowances (except TAS & WA) • Allowances paid directly to parents for educational costs • Residential boarding fees • Costs associated with generating trading income should be offset against such trading income, to the extent that trading income exists in a reporting year. 	<ul style="list-style-type: none"> • ACT – excludes income from sale of photographs & book clubs. • TAS - Yr 11 and 12 students are, in some years, not included in the data collection.

2 Methodology Principles – Independent and Catholic Jurisdictions

Definitions for data terminology referred to in Sections 3 and 4 refers to the 2014 Department of Education and Training FQ Instructions (https://ssp.education.gov.au/ssp/help/html/fq/downloads/new_fq_instructions.pdf).

BGA costs will also be allocated to relevant categories where applicable as notional income and capital expenditure.

Component of Income	Method of accounting	Specific Exclusions	Exceptions to core method
Commonwealth Government Recurrent Income (R1)	Represented by Department of Education and Training FQ codes: +RI.100T +RI.110T +RI.120T	Exclude targeted grants not yet allocated to a school that are allowed within the applicable funding agreement to be carried forward for future years.	
State Government Recurrent Income (R2)	Represented by Department of Education and Training FQ codes +RI.070T +RI.080T +RI.090T	For some independent and WA Catholic systemically funded schools it will not be possible to separate Year 1 – 2	
Fees, charges and parental contributions (R3)	Represented by Department of Education and Training FQ codes: +RI.010T +RI.020T +RI.030T +RI.040T +RI.050T +CI. 030T +CI. 040T	<ul style="list-style-type: none"> Boarding income 	<ul style="list-style-type: none"> Independent schools and Catholic schools which are not part of a centralised LSL scheme/system, will not be able to separately identify income earned on funds used to pay LSL liabilities.

Component of Income	Method of accounting	Specific Exclusions	Exceptions to core method
Other private source income (R4)	Represented by Department of Education and Training FQ codes: +RI.060T +CI. 050T +TA. 010T -TA. 020T	<ul style="list-style-type: none"> • Interest received from Catholic capital grants programs where the block authority has not determined the school recipient. • Income earned on LSL funds. 	<ul style="list-style-type: none"> • If TA.010T < TA. 020T then net trading losses are reported as nil.
Gross Income (excluding income from government capital grants) (RG)	RG = (R1 +R2 +R3 +R4)		

Deductions from gross income should include all amounts included within gross income in the year (as defined by the Methodology) that:

- i) Have been or will be used for capital expenditure purposes in the current year or future years
- ii) Have been used in the current year to repay capital loans or pay for capital interest costs

Deductions

Component of Income	Method of accounting	Specific Exclusions	Exceptions to core method
Income allocated to current capital projects (D1)	+MS.050T		
Income allocated to future capital projects and diocesan capital funds (D2)	+MS.060T		
Income allocated to capital debt servicing (including principle repayments and interest on loans) (D3)	+RE.110T +LN.060T -MS.100T		
Total net recurrent income (RN)	$RN = RG - D1 - D2 - D3$		

3 Capital Expenditure – Methodology Principles

Jurisdictions	Method of accounting	Specific Exclusions	Exceptions to core method
Government	<p>Actual system level expenditure split by school per department ledger or other source ledger (where source ledger reconciles to G/L)</p> <p>All capital expenditure incurred at department/region/ system level to be included, unless specifically excluded in the following column.</p>	<ul style="list-style-type: none"> • Year 1-2 (except TAS & WA) • NGS costs (eg ICT expenditure) • Land acquisitions for future schools (until school is registered and title of land passes to school). 	<ul style="list-style-type: none"> • ACT - Invoices from the Capital Works database will be used to allocate capital costs which are not allocated to individual schools in the ledger. • QLD – notional allocation of admin cost of BER projects on enrolment basis will be required. • QLD & WA – to allocate department capital expenditure on completed projects only. • VIC - Centrally managed capital projects relating to schools will be apportioned on the basis of each school’s funded 2009 student enrolment. • TAS - “Across schools” capital expenditure to be allocated based on enrolment numbers. • All states have different capitalisation thresholds (refer definitions section) • TAS & WA – includes Yr 1-2

Independent and Catholic sectors	Represented by Department of Education and Training FQ codes	Specific Exclusions	Exceptions to core method
Commonwealth Government Capital Expenditure (C1)	+MS.010T +MS.020T		
State Government Capital Expenditure (C2)	+MS.030T +MS.040T		
New school loans (C3)	+MS.090T		
Income allocation to current capital projects (C4)	D1		
Other (C5)	C5 = CE.030T-C1-C2-C3-C4		
Total capital expenditure (CE)	CE.030T		

4 Commonwealth v State/Territory split – source of funds (recurrent income and capital expenditure)

	Topic	Agreed Methodology
1	Split of Commonwealth and State source of funds (government sector only)	<p>Under the NEA Agreement the allocation by a government jurisdiction of the amount provided by the Commonwealth for recurrent grants for schools is a matter for the jurisdiction. Historical patterns of expenditure are no longer relevant.</p> <p>As such it is reasonable to assume that the ratio of Commonwealth recurrent grants expended on schools to State / Territory recurrent expenditure on schools is the same for all schools in that jurisdiction (ie both State and Commonwealth funding is pooled, and expenditure from that pool is taken out in equal proportions).</p> <p>It is acknowledged that there are certain targeted grants outside of the NEA Agreement (eg National Partnership Funds). These targeted grants to specific schools can be added to each of the Commonwealth and State / Territory amounts, depending on whether they are considered to be State or Commonwealth sourced funds.</p> <p>To the extent that jurisdictions cannot easily identify which schools have received benefit from these targeted funds, an appropriate allocation method should be used.</p>
		<p>For the split of Capital Expenditure by Commonwealth v State/Territory, jurisdiction should apply a consistent principle as agreed for the purposes of splitting recurrent income between State and Commonwealth or split on an actual basis. The non government sector will split between State and Commonwealth on an actual basis.</p>

5 Definitions

- a. **Yr 1-2** = referred to using different language in each jurisdiction and entry ages range between jurisdictions but should be defined as “under 4yr olds” on entry into that year, except in TAS where entrants are 4yrs old.
- b. **Central Office/Corporate Costs** = To include all Department costs including Director General (or equivalent) and below, unless outside the scope of this exercise (eg TAFE or early childhood education costs).
- c. **My School FTE** = full-time equivalent (“FTE”) funded enrolments relating to recurrent income and capital expenditure. FTE used on My School may be different from the National Schools Statistics Collection (“NSSC”) defined FTE if the school has reported financial data relating to students not covered by the NSSC definition for FTE enrolments.
- d. **Umbrella Services** (to GS and NGS):
 - i. **Type 1** = School registration board funding, Curriculum testing, board of studies, registration/qualification authority costs, Grants to NGS accreditation board, NAPLAN, NGS Registration Board.
 - ii. **Type 2** = other umbrella services not specifically defined in Type 1 above.
- e. **Capitalisation Thresholds:**

Jurisdiction	Threshold below which capital expenditure is expensed	
		\$
SA		5,000
VIC		5,000
TAS	10,000	150,000 for capital works
WA	5,000	50,000 for software development
NT	10,000	
QLD	5,000	100,000 for major software developments 10,000 for buildings
NSW	10,000 for property, plant and equipment or assets forming part of a network costing more than 10,000	
ACT		5,000
Catholic		500 to 5,000
Independent		5,000