
Research into the Financing of TVET in the Pacific

Strengthening TVET Finance Data Collections

Overview Paper

Annex: Notional data standard for TVET Finance Data Collections in the Pacific

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This annex accompanies an overview paper based on research undertaken by the Australian Council for Educational Research (ACER) 2012-2014 for the Australian Department of Foreign Affairs and Trade under *Research into the Financing of TVET in the Pacific*. However, the use made of the ACER research and the views expressed in this paper are those of the author alone and do not necessarily reflect the views or policies of either ACER or the Government of Australia.

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SCOPE¹

The scope of the framework is:

- qualifications at the 1-2 to 6 level of the Pacific Qualifications Framework
- qualifications delivered in public or private training institutions or by enterprises.
- qualifications that prepare students and trainees with the skills, knowledge and aptitudes that employers require for those employed in middle-level trade and technician occupations (ISCO 08 categories 3 to 8).

An implication of this definition is that non-formal and informal learning are excluded from scope. General education is also excluded. However, part-qualifications would be included, recognising that not all students complete a full qualification. Apprenticeships would be included if they lead to a formal qualification.

It is also noted that there may well be some qualifications that do not fit neatly into a qualifications framework. In respect of such qualifications, judgment will have to be used. The guiding principle should be that they are of a vocational nature, and at the advanced diploma level or lower. Thus typically degrees and post-graduate qualifications are excluded but proprietary computer qualifications (for example, CISCO or Microsoft certificates) would be included.

The Pacific Qualifications Framework provides guidance in respect of the level and duration of qualifications at the certificate to diploma level (Secretariat of the Pacific Board for Educational Assessment 2011).

While the scope is defined in terms of the Pacific Qualifications Framework, a number of Pacific countries have their own qualification frameworks, and the Australia-Pacific Technical college issues Australian qualifications. However, typically these various frameworks are not that different, and the Pacific Qualifications Framework can be used to provide the necessary guidance.

PROVIDERS²

TVET qualifications can be delivered in a variety of settings and by a variety of providers. Providers include:

- public providers, typically governed by and largely funded by government
- private providers (Church and other non-government organisations and for profit providers)
- regional organisations (the two largest being the Australia-Pacific Technical College and the University of the South Pacific)
- enterprises.

While in theory all providers of TVET qualifications should be covered by a TVET finance data collection, in practice this may be difficult to achieve. A further difficulty is that some providers will be offering qualifications that both are in and outside the scope of the collection. This will certainly be an issue for providers offering both degree and sub-degree qualifications. For such providers, it is typically not possible to separate out which resources are spent on TVET and which are spent on students undertaking other qualifications. In this case, rules of thumb must be used to apportion between TVET and other education. A crude way of doing this is to use the number of students, preferably in terms of effective full-

¹ This notional standard is an annex to *Strengthening TVET Finance Collections*, an overview paper prepared for Financing TVET in the Pacific, see Karmel 2015

² A list of providers in scope of the *Financing TVET in the Pacific* project is provided in Appendix 1.

time students or credit points. More sophisticated methods would allow for differences in costs across discipline groups and by level. Universities offering TVET have the additional challenge of separating teaching from research.

Another issue is that the delineation of TVET is not always straightforward. TVET is delivered by providers and those providers might be undertaking a range of commercial activities which are not directly related to TVET courses. For example, a college teaching hospitality might undertake some commercial catering or sell products made by students. The question is whether such revenue should be included in the revenue associated with delivering TVET. This will centre on whether such activity is seen as a way of supplementing income which will be used to deliver TVET or not. If the income contributes to the cost of delivery then it should be included. Thus generally, all activities of an organisation whose primary purpose is to deliver TVET would be included. But there are situations when this would not be appropriate. For example, if a hotel has a training arm that delivers TVET qualifications, it clearly would not be appropriate to include the commercial activities of the hotel.

Another example is the delivery of non-accredited TVET. A college may run non award training courses for other organisations on a fee for service basis. This may be an important income stream for the college. The question is whether this income should be included, despite the fact that it does not relate to accredited TVET qualifications as defined by the scope discussed earlier. Following the line of argument used above, it would be appropriate to include the income if it contributes to the primary purpose of the college which is to deliver accredited TVET. However, if the college largely delivered such non-accredited training, then arguably it should not be included.

As a way forward it is suggest that a pragmatic approach is adopted, which distinguishes between three types of provider:

- (1) Organisations whose primary purpose is the delivery of TVET, as defined in the scope above. For these providers, all financial activities should be included in the collection.
- (2) Organisations whose primary purpose is the delivery of TVET, higher education or school education. For these providers, an estimate for the financial activities relating to the delivery of TVET needs to be made. A simple way to do this is to pro-rate by the number of TVET students relative to the total number of students (preferably on a full-time equivalent basis).
- (3) Organisations who deliver TVET, but as an ancillary to the main activity of the organisation (for example, a hotel with a training arm). For such organisations, estimates will be needed to identify what relates to the TVET delivery.

CONCEPTUAL FRAMEWORK

The approach taken in developing a framework for TVET finance is to build a set of statements that are an aggregation of the financial statements of individual organisations.

In accordance with accepted financial reporting practice, a comprehensive framework would include four financial statements:

- an income and expenditure statement, sometimes known as a statement of comprehensive income, measured on an accruals basis.
- statement of financial position, or a balance sheet
- statement of changes in equity
- statement of cash flows

Explanatory notes, which provide more disaggregated information (and appropriate explanation), also form an important part of the framework.

The four statements would give an overall picture of the health of finances of TVET in a particular country, and considerable detail on various elements, analogous to a detailed financial picture of a single organisation. However, the finances of TVET are made up of contributions from numerous organisations, with some contributing all their activity (such as a technical college) while others contributing only part of their activity (for example, a higher education institution that also delivered VET, or a commercial organisation with a training arm). If TVET were solely delivered by single purpose institutions then conceptually one could create a set of consolidated accounts. But when TVET is delivered by organisations which contribute to the scope of the collection but have significant other activities then it would be very problematic to conceptualise what a consolidated TVET statement for the country would represent, without even considering the difficulty of extracting all the required information.

For this reason, it could be argued that it would be pragmatic to base the TVET financial framework on the statement showing the revenue and expenditure, that is the 'statement of comprehensive income'. However, this has a serious drawback in as much that it would largely ignore capital. This is a serious omission given that governments and donors will typically provide funds for capital (buildings especially) as well as for recurrent expenditure. Thus, the notional framework is based on two sets of statements: a revenue and expenditure statement and a statement of financial position.

Within this statement, the total expenses should also be dissected according to a number of activity categories. This would reflect best practice financial management initiatives by describing financial transactions in terms of the activities and processes that reflect the 'business of TVET'. This provides useful managerial and external user information in assisting, for example, the evaluation of the efficiency and effectiveness of these processes and activities in producing TVET outputs.

The framework for reporting expenditures by activities is aligned to components of the delivery of education and training, the most fundamental element of the 'business of TVET': administration, teaching and student support, and infrastructure.

While financial statements typically refer to an organisation (or a consolidated statement encompassing a number of bodies), the statements proposed here cover the finances relating to in scope transactions; that is, income and expenditure relating to the delivery of TVET (as defined earlier) by providers that are listed in the coverage of the collection. Following the practice of the OECD (2014), 'delivery of TVET' is taken to be the direct expenses of delivering education and training and ancillary expenses such as transport costs and living costs of students when these are met by the provider institution or the government. This implies that some items are partial in nature, an example being that a scholarship provided by a government or donor would be included, but a contribution to living costs from students themselves or parents would not.

The framework also proposes to include Government administration and policy support (in respect of TVET).

The easiest way of explaining what constitutes the framework is through a skeleton set of statements, provided below.³ Note that the skeleton accords with the accounting standards which apply to single organisations with the exception that they do not include items which are 'below the line' such as the revaluation of assets and the actuarial gain/loss in

³ The skeleton accounts, notes and data guidelines have drawn on the Australian Vocational Education and Training Management Statistical Standard (AVETMISS) Finance Collection Standard (NCVER 2014). The guiding principle though would be international accounting standards, not the specific rules of the AVETMISS collection.

superannuation. These adjustments are of a highly technical nature, and it is likely that the necessary data would be very difficult to collect. While these adjustments are necessary to satisfy accounting standards applying to a single entity, our view is that it would not be sensible or realistic to include them in the framework for country level TVET finance.

STATEMENT OF INCOME AND EXPENSES FOR TVET

Table 1 Statement of income and expenses for TVET in [country] for the year ending 31 December 2xxx
(note 1)

	Note ref.	XXXX \$'000	XXXX -1 \$'000
Income			
Revenue from Government (recurrent)	2		
Donor grant (recurrent)	3		
Fee-for-service	4	0	0
Ancillary trading		0	0
Student fees and charges		0	0
Other income	5	0	0
Gain on sale of property, plant and equipment	6	0	0
Total income from ordinary activities		0	0
Expenses			
Employee costs	7	0	0
Supplies and services	8	0	0
Scholarships and other grants	9	0	0
Depreciation and amortisation		0	0
Impairment losses	10	0	0
Loss on sale of property, plant and equipment	11	0	0
Borrowing costs		0	0
Other costs	12	0	0
Total expenses from ordinary activities	13	0	0
Surplus/(deficit) from ordinary activities		0	0
Government capital grants			
Donors capital grants			
Surplus/(deficit) for the year	14	0	0

STATEMENT OF FINANCIAL POSITION FOR TVET

Table 2 Statement of Financial Position for TVET in [country] as at 31 December XX

	Note ref.	XXXX \$'000	XXXX-1 \$'000
ASSETS			
Current assets			
Cash		0	0
Receivables		0	0
Investments		0	0
Assets held for sale	15	0	0
Other			
Total current assets		0	0
Non-current assets			
Receivables		0	0
Investments		0	0
Property, plant and equipment	16	0	0
Other, including intangibles		0	0
Total non-current assets		0	0
TOTAL ASSETS		0	0
LIABILITIES			
Current liabilities			
Payables		0	0
Interest-bearing liabilities		0	0
Provisions and employee entitlements		0	0
Other		0	0
Total current liabilities		0	0
Non-current liabilities			
Payables		0	0
Interest-bearing liabilities		0	0
Provisions and employee entitlements		0	0
Other		0	0
Total non-current liabilities		0	0
TOTAL LIABILITIES		0	0
NET ASSETS		0	0
Equity			
Accumulated surpluses/(losses)	14	0	0
Reserves	17	0	0
Contributed capital	18	0	0
TOTAL EQUITY		0	0
Contingency	19	0	0
Commitments for expenditure	20	0	0

NOTIONAL NOTES TO THE FINANCIAL STATEMENTS FOR TVET

Table 3 Notes to and forming part of the financial statements for TVET in [country] for the year ending 31 December XXXX

	XXXX \$'000	XXXX-1 \$'000
Note 1: Summary of objectives and significant accounting policies		
These general-purpose financial statements have been guided by International Accounting Standards. The objective of the report is to provide a national account of financial activity in the TVET system. This includes financial activity related to Government policy and support functions, and expenditure by government and private organisations on supporting TVET students, such as assistance with transport and living costs.		
The financial information has been compiled from estimates of TVET activity from the list of TVET providers as at Appendix XX (that it the standard should contain a list of providers). It is likely that there are some inconsistencies in the treatment of some of the elements across the different providers.		
Note 2: Revenue from government (recurrent)		
List various sources of recurrent funding	0	0
Govt policy and support		
Assumption of liabilities	0	0
Resources received free of charge	0	0
Total	0	0
Note 3: Revenue from donors (recurrent)		
List various sources	0	0
Resources received free of charge	0	0
Total	0	0
Note 4: Fee-for-service		
Government agencies	0	0
Non-government agencies	0	0
Overseas students fees	0	0
Contracted overseas training	0	0
Adult and community education	0	0
Total	0	0
Note 5: Other Income		
Investment income	0	0
Residential charges	0	0
Recoveries (administration and other)	0	0
Other	0	0
Total	0	0
Note 6: Gain on sale of property, plant and equipment*		
Proceeds of disposal	0	0
(Less: Written-down value)	0	0
Gain on sale of property, plant and equipment	0	0
* Refer to comments in Note 10 below.		
Note 7: Employee expenses		
Salaries, wages, overtime and allowances	0	0
Superannuation	0	0
Payroll tax	0	0
Other salary and wage-related costs	0	0
Total	0	0

Note 8: Supplies and services		
Consumables	0	0
Communications and utilities	0	0
Rent and leasing	0	0
Contracted services	0	0
Repairs and maintenance	0	0
Travel and transfer	0	0
Marketing and promotions	0	0
Fees and charges	0	0
Other	0	0
Total	0	0
Note 9: Scholarships and other grants and subsidies		
List here individual categories	0	0
Total	0	0
Note 10: Impairment losses		
Financial assets*	0	0
Non-current non-financial assets*	0	0
Assets held for sale*	0	0
Total	0	0
<i>* Please report net result of losses and loss reversals, if applicable.</i>		
Note 11: Loss on sale of property, plant and equipment*		
Proceeds of disposal	0	0
(Less: Written-down value)	0	0
Loss on sale of property, plant & equipment	0	0
<i>* Please report net result in either Note 6 or Note 11.</i>		
Note 12: Other costs		
List individual categories	0	0
Other	0	0
Total	0	0
Note 13: Total expenses from ordinary activities, by activity		
Government policy and support		
Delivery provision and support	0	0
Administration and general services	0	0
Property, plant and equipment services	0	0
Student services (eg counselling, refectory)*	0	0
Student scholarships and other support (eg accommodation, transport)		
Other services*		
Depreciation and amortisation**	0	0
Total	0	0
<i>* Other services comprise:</i>		
Staff redundancies	0	0
Commercial trading	0	0
Other (specify material items)	0	0
Total	0	0
<i>** Depreciation and amortisation costed to activities:</i>		
Total	0	0

Note 14: Accumulated surplus/(loss)

Balance 1 January	0	0
Surplus/(deficit) for the year	0	0
Less/(plus) transfers to/(from) other reserves	0	0
Plus/(less) increases/(decreases) from the net effect of the adoption of a new accounting policy or other adjustments as per the statement of changes in equity*	0	0
Plus/(less) Actuarial gains/(loss)	0	0

Balance 31 December	0	0
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* Refer Section 3: Collection Guidelines for details.

Note 15: Assets held for sale

(Specify classes of asset held for sale)	0	0
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Total	0	0
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Note 16: Property, plant and equipment*

Land	0	0
Buildings	0	0
Plant and equipment	0	0
Motor vehicles	0	0
Other	0	0

Total	0	0
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* Values are depreciated values

Note 17: Reserves*

Balance 1 January	0	0
Increase/(decrease) in asset revaluation reserve recognised in the statement of changes in equity**	0	0
Gains/ losses on revaluation of assets available for sale recognised in the statement of changes in equity**	0	0
Transfer (to)/from accumulated surplus	0	0

Balance 31 December	0	0
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* A separate note is required for each type of reserve.

** Please provide brief descriptions of reason and type of transaction(s).

Note 18: Contributed capital

Balance 1 January	0	0
Capital contributed increase/(decrease) due to administrative restructuring /machinery of government recognised in the statement of changes in equity*	0	0
Capital charge recognised in the statement of changes in equity*	0	0
Capital contributions in the form of capital appropriation from the government	0	0

Balance 31 December	0	0
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* Please provide brief descriptions of reason and type of transaction(s).

Note 19: Contingency

Briefly describe—CL (Contingent liability)	0	0
Briefly describe—CA (Contingent asset)	0	0

Total	0	0
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Note 20: Commitments for expenditure

Finance lease commitments recognised in the Statement of Financial Position as assets and liabilities		
Current	0	0
Non-current	0	0
Operating lease commitments not recognised in the Statement of Financial Position as liabilities		
Current	0	0
Non-current	0	0
Capital expenditure contracted for at 31 December		
but not recognised in the Statement of Financial Position as liabilities		
(Briefly describe)	0	0
Others not recognised (briefly describe)	0	0
Total	0	0

DATA GUIDELINES

Caution needs to be exercised by compilers of the data to ensure that consolidated data eliminate double counting. These could arise where one organisation in the collection receives appropriations and revenues and they then transfer or expend them to training organisations which are also included in the collection. These training organisations then also record an appropriation or receipt and expenditure for the same item.

Any GST paid for which an input tax credit is not recoverable from the taxation authority must be included in the item of expense in the Statement of Comprehensive Income when purchasing consumable/trading items. Similarly, it is to be included as part of the capital cost of the asset as reported in the Statement of Financial Position where the payment relates to the purchase of a capital item.

Income

GOVERNMENT RECURRENT GRANTS

- These are grants to a provider for the purpose of delivering TVET, but do not include grants for capital purposes such as buildings

DONOR RECURRENT GRANTS

- These are grants to a provider for the purpose of delivering

FEE-FOR-SERVICE—GOVERNMENT AGENCIES REVENUE

- Fee for service typically occurs when the funding is on a tendering or bidding basis.

FEE-FOR-SERVICE—OTHER REVENUE

This item includes:

- fees ('prices') paid by individuals, industries and firms for specific, tendered-for course/training provision
- fees ('prices') paid by statutory authorities, instrumentalities and entities whose funding is substantially provided outside the normal government education and training budget.
- contracting and consulting fees for training purposes, excluding contract revenue from contracted overseas training (Refer to Fee-for-service—overseas students fees revenue).
- *Note:* This category potentially includes funds received from non-government entities but paid to them by government sources. These funds are categorised as Fee-for-service—other revenues. Tracing funds back to their original source is beyond the scope of this framework.

FEE-FOR-SERVICE—OVERSEAS STUDENTS FEES REVENUE

- This item is for fees received from overseas students who undertake TVET studies on a full-fee-paying basis.

FEE-FOR-SERVICE—CONTRACTED OVERSEAS TRAINING REVENUE

- This item is for revenues received from training delivery and training services initiatives undertaken offshore on a fee-for-service basis.

FEE-FOR-SERVICE—ADULT AND COMMUNITY EDUCATION REVENUE

- This item includes, where identifiable, fee-for-service revenue for adult and community education (including recreation, leisure and personal enrichment courses)

ANCILLARY TRADING REVENUE

This item includes:

- sale of books, handbooks and promotion material
- sale of course projects and materials
- commercial contracting and consulting, excluding those for training purposes included in Fee- for-service categories above
- canteen and cafeteria with a trading rather than training focus
- joint ventures (venturer's share)
- bookshops
- live work (hairdressing, restaurants etc.)
- printing for external clients.

STUDENT FEES AND CHARGES REVENUE

This item includes:

- administration charges
- tuition fees (enrolment fees), including tuition fees received within loan arrangements
- materials fees etc.
- student services fees passing through the accounts of the publicly funded training provider(s).

It excludes:

- student association fees maintained in internal/non-public bank accounts.

OTHER REVENUES

This item includes:

- interest earned/accrued
- car parking revenue, including fees and fines
- insurance recovery
- residences, occupancy and rental income
- expenditure recoveries classified as revenue
- donations and contributions
- child care (parent fees)
- miscellaneous revenue.

GAIN ON SALE OF PROPERTY, PLANT AND EQUIPMENT

- This item is recognised when the proceeds of the sale of the asset exceed its written-down (depreciated) value at the time of sale.

Expenses

EMPLOYEE EXPENSES—SALARIES, WAGES, OVERTIME AND ALLOWANCES EXPENSES

Expenses for:

- normal salaries, wages, overtime and allowances for full-time, part-time, temporary and casual staff, including separately contracted or engaged teaching/training personnel recreation and long service leave payments, including lump sum payments on retirement/resignation
- performance bonuses and increments.

EMPLOYEE EXPENSES—SUPERANNUATION EXPENSES

- Expenses for employer's superannuation contributions.

EMPLOYEE EXPENSES—PAYROLL TAX EXPENSES

- Payroll tax expenses, where applicable.

EMPLOYEE EXPENSES—OTHER SALARY AND WAGE-RELATED EXPENSES

- Includes expenses for fringe benefits tax if applicable, workers' compensation and other employee- related expenses not in the above.

SUPPLIES AND SERVICES—CONSUMABLES EXPENSES

- Includes expenses for expendable materials including plant and equipment and furniture and fittings that cost less than the capitalisation threshold.

SUPPLIES AND SERVICES—COMMUNICATIONS AND UTILITIES EXPENSES

- Includes expenses for postage, telephones, faxes, communication network charges and couriers, electricity, gas, fuel, oil and water and property rates.

SUPPLIES AND SERVICES—RENT AND LEASING EXPENSES

- Includes expenses for renting, operating lease costs and for hiring assets (except hiring motor vehicles for travel purposes).

SUPPLIES AND SERVICES—CONTRACTED SERVICES EXPENSES

- Includes expenses for all contracted services such as outsourced property and computer systems maintenance, marketing and promotional contractors and consultants/contractors providing specialist advice and services but excluding contracted services with individuals for teaching and training, which are to be included under Employee expenses. Would also include expenses incurred within shared services agreements with other agencies, where these expenses cannot be classified according to individual expense categories above.

SUPPLIES AND SERVICES—REPAIRS AND MAINTENANCE EXPENSES

- Includes expenses for the repair and upkeep of property, plant and equipment, including building repairs and uncapitalised minor works but excluding work outsourced/contracted to private/non- government contractors, which would be included within contracted services expenses above.

SUPPLIES AND SERVICES—TRAVEL AND TRANSFER EXPENSES

- Includes expenses for travel, both domestic and overseas, transfers and relocations, travelling expenses and allowances incurred in attending meetings and hiring motor vehicles and taxis for travel purposes.

SUPPLIES AND SERVICES—MARKETING AND PROMOTIONS EXPENSES

- Includes expenses for marketing and information materials such as brochures, pamphlets, videos, discs, promotional activities and services and course (not staff)

advertising but not including payments to contractors for marketing and promotional activities, which would be included within contracted services expenses above.

SUPPLIES AND SERVICES—FEES AND CHARGES EXPENSES

- Includes expenses for fees and charges relating to management, legal, regulatory and audit functions. Items include agency fees, copyright, licence fees (including software), bureau fees for processing payroll etc., permits, examination fees, membership fees, legal fees to external lawyers, and audit fees.

SUPPLIES AND SERVICES—OTHER EXPENSES

- Includes expenses for staff advertising and recruitment, insurance, personnel development, including costs of training seminars and conferences etc., library and other text and reference books, production of annual report and other non-promotional materials, committee expenses, entertainment and bank and other administration charges.

GRANTS AND SUBSIDIES EXPENSES

- Includes expenses in relation to training-related travel and accommodation and other off-the-job training assistance

DEPRECIATION AND AMORTISATION EXPENSES

- Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortisation is the equivalent of depreciation for intangible assets. Guidelines on costing depreciation and amortisation to activities categories are included in the activity expenses section below.

IMPAIRMENT LOSSES

- Impairment losses are recognised when an asset's carrying value in the accounts is reduced to ensure that its adjusted value is its recoverable value; that is, the value that would be recovered through use or sale of the asset (AASB136, 1).

LOSS ON SALE OF PROPERTY, PLANT AND EQUIPMENT

- This item is recognised when the proceeds of the sale of the asset are less than its written-down (depreciated) value at the time of sale.

BORROWING COSTS EXPENSES

- These expenses include interest, including finance lease interest charges and overdraft interest incurred in connection with the borrowing of funds.

OTHER EXPENSES

- Expenses not considered being recurrent supplies and services. Expenses would include research and development costs not capitalised, write-offs of bad debts, losses and special payments such as ex gratia gifts, extra-contractual expenditure, damages, out-of-court settlements and services received free of charge.

Activities

ACTIVITY EXPENSES—GENERAL

- The total expenses should be dissected according to a number of activity categories. This requirement reflects modern financial reporting and best practice financial management initiatives by describing financial transactions in terms of the activities and processes that reflect the 'business of TVET'. This provides useful managerial and external user information in assisting, for example, the evaluation of the efficiency and effectiveness of these processes and activities in producing VET outputs.
- The most fundamental element of the 'business of TVET' is the delivery of

education and training. To do this, the system requires administrative, student and infrastructure support. The framework's requirements for reporting expenditures by activities are aligned to these elements.

- It is recognised that, in practice, it may be difficult to clearly map some expenditure directly to activities. In these instances, apportionment of expenditures to categories would be appropriate, provided the apportionment is soundly based and generally consistent from year to year

As a general guide to assist in costing expenses to activities the following list is provided:

- Employee expenses are applicable to all activity categories, depending on the employee's function, for example, teacher, administration, ancillary maintenance, counselling etc.
- Consumables more than likely relate to most activities but particularly to delivery provision and support and administration and general services
- Communications and utilities are mostly administration and general services for the communication elements and property, plant and equipment services for the utilities costs
- Rent and leasing are mainly delivery provision and support and administration and general services activities except for costs of leases for maintaining property, plant and equipment that is costed to that services activity
- Contracted services, which excludes contracted teachers, are mainly property plant and equipment services for contracted costs for cleaning, security, repairs and maintenance of buildings, grounds and equipment, including repairs and maintenance of computer software and hardware. However, there may be some contracted personnel for administration and delivery provision and support, for example, curriculum work, and for student and other services
- Repairs and maintenance are mainly property, plant and equipment services
- Travel and transfer are delivery provision and support for teachers and administration and general services for others
- Marketing and promotions are mainly administration and general services activities
- Fees and charges are mainly administration and general services activities
- Other supplies and services expenses are mainly administration and general services, although professional development for teachers, library and text books would be delivery provision and support.
- Grants and subsidies are mainly student services activity for travel and accommodation expenses, delivery provision and support for VET program expenses, depending on the details of the expense and administration and general services for adult and community education administrative infrastructure expenses
- Depreciation expenses reflect an annual decrease in the service potential of non-current assets in providing their service or producing revenues. Amortisation applies the same principle to intangible assets such as research and development costs, software development costs, patents, intellectual property etc. These assets primarily include the educational and administrative buildings and equipment and other delivery and administrative cost investment. Therefore, depreciation and amortisation costs should be mostly attributable to delivery provision and support and administration and general services activity categories, with a minor relationship to student and other services activity. Where individual asset usage bases are available for educational and administrative assets, these could be applied to distribute expenses to these activity categories. In the absence of this information, the expenses should be apportioned to these categories on their relative total operating expenses. States and territories are required to provide details of their depreciation expenses costed to activities for further review and consultation

- Impairment losses would be costed to deliveries on the basis of the type and use of the asset, for example, asset used for training delivery, administration, or student services
- Loss on sale of property, plant and equipment, as per impairment losses above
- Borrowing costs expenses are mainly delivery provision and support and administration and general services activities
- Other expenses are mainly administration and general services and other services activities.

DELIVERY PROVISION AND SUPPORT ACTIVITY Expenses included are:

- salaries, wages and on-costs for teachers and tutors, including supervisory teaching staff, heads of departments and schools
- salaries, wages and on-costs for learning area, classroom and teaching support roles, for example, librarians, program coordinators and technical and educational assistants
- materials, equipment and consumables specifically for the delivery of training
- curriculum development for major curriculum projects
- course accreditation
- library expenses, including all library resource material such as textbooks, periodicals, audio- visuals, day-to-day operating expenses of libraries and the purchasing and distribution function
- rental, leasing and depreciation expenses (refer to comments on depreciation above)
- borrowing costs expenses.

ADMINISTRATION AND GENERAL SERVICES ACTIVITY Expenses include:

- corporate services expenses for accounting, financial and clerical functions, policy and planning, information technology, internal audit, human resource management, staff development, marketing and promotions, secretariat and central communication services
- prizes and awards
- examination supervision
- student administration
- expenses of recognition of training and training providers, regulatory activities and advisory and consultative arrangements which are mainly incurred within state/territory training authorities
- rental, leasing and depreciation expenses (refer to Depreciation and amortisation above)
- motor vehicle insurance
- fees and charges
- borrowing costs expenses.

Note: Where administration staff are employed to directly support teaching or learning areas, their expenses should be allocated to the delivery provision and support activity.

PROPERTY, PLANT AND EQUIPMENT SERVICES ACTIVITY Expenses include:

- wages etc. of ancillary grounds and building services staff
- costs of contracted maintenance, cleaning and security personnel
- repairs and maintenance of equipment and facilities, including repairs and maintenance of computer software and hardware, excluding leasing costs for equipment
- utilities costs of facilities
- expenses for asset management, project planning and project management of major capital works

- insurance of property, plant and equipment (except motor vehicles).

STUDENT SERVICES Student services expenses include:

- expenses of services provided for students such as counselling, disabilities, health services, employment services, child care, accommodation services, student amenities and student associations

STUDENT SCHOLARSHIPS AND OTHER SUPPORT include:

- scholarships which are paid to a student, provision of accommodation and transport, financial assistance to students

OTHER SERVICES include:

- depreciation expenses (refer to Depreciation and amortisation expenses above):
- as a general rule this activity might be used where funds are expended on an activity that has no immediate or perceived outcome benefits to the training organisation incurring the expense, for example, redundancies, research and development expenses, commercial operations, specialist consulting and paid staff released to industry.

REVENUE FROM GOVERNMENT—CAPITAL REVENUE

- Revenues allocated to capital purposes, including construction of buildings or development of computer systems which are capitalised when complete.
- Note: Where the transfer is in the nature of a contribution by owners it does not affect revenues but is a direct adjustment to equity, that is, contributed capital.

REVENUE FROM GOVERNMENT—ASSUMPTION OF LIABILITIES

- This revenue category discloses the revenue equivalents of expenses incurred and settled by a (non TVET) government agency but reported in the TVET entity's financial statements. Examples would include revenue equivalents of employer superannuation contributions and property service charges paid by another government agency.

REVENUE FROM GOVERNMENT—RESOURCES RECEIVED FREE OF CHARGE

These are for any other inflows of service potential or future economic benefits such as grants and gifts that increase net assets. Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably.

Current assets

CURRENT ASSETS—CASH includes:

- cash on hand—cash, cheques and cash advances
- cash at bank—bank balances adjusted for unrepresented/unmatched drawings and outstanding deposits and
- cash equivalents, that is, highly liquid investments which are readily convertible to cash on hand at the investor's option and which are used in the cash-management function on a day-to-day basis.

Where a government entity is holding any cash of the TVET entity for the purpose of investing those funds, the TVET entity's financial statements should disclose those funds as investments.

CURRENT ASSETS—RECEIVABLES

- Receivables (debts) are amounts owing to the TVET entity at the end of the reporting period for goods the entity sold or services the entity rendered prior to the end of the reporting period.

- Receivables could arise through normal invoicing, contracts not involving normal billing, bills of exchange and outstanding loans, and advances and goods and services tax (GST) input tax credits owing by the Taxation Office.
- Any debts that are unlikely to be collectable should be provided for as doubtful debts, while those that will not be collected should be written off as bad debts. As finance officers have agreed not to disclose the make-up of the receivables total in a note to the accounts, officers are to keep working papers of amounts for current debtors, provision for doubtful debts, loans and advances, bills of exchange, and other current debtors.

CURRENT ASSETS—INVESTMENTS

- Classes of investments include term deposits, short-term securities, government fixed-interest bonds, shares and equities, property investments, and interests in business undertakings.

CURRENT ASSETS—ASSETS HELD FOR SALE

- Any non-current assets classified as held for sale should be disclosed separately in the Statement of Financial Position. The assets are to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease.

CURRENT ASSETS—OTHER

Other current assets mainly comprise inventories and prepayments. Inventories are defined as: goods, other than property and services, which are:

- held for sale in the ordinary course of operations
- in the process of production for such sale or to be used up in the production of goods and
- other property or services for sale, including consumable stores and supplies, raw materials, work-in-progress, finished goods and land held for resale.
- Prepayments are payments made in one reporting period with respect to goods or services that the entity expects to receive or consume in future periods. Examples include rent, telephone, electricity and subscriptions.

Non-current assets

NON-CURRENT ASSETS—RECEIVABLES

- Include bills of exchange, debts owing on long-term contracts and outstanding loans and advances.

NON-CURRENT ASSETS—INVESTMENTS

- These include longer-term fixed-interest bonds and deposits.

NON-CURRENT ASSETS—PROPERTY, PLANT AND EQUIPMENT

- This category includes land, unimproved and improved, buildings, plant and equipment, motor vehicles, livestock, libraries, capitalised furniture and fittings, capital work-in-progress and including goods and services taxation (GST) costs on acquisition which are not recoverable from the taxation authority. It includes both owned (that is, purchased/constructed) property and property subject to finance leases. A note to the financial statements provides for the disclosure of the net values of these assets. (Net value refers to depreciated values and after accounting for any revaluations, acquisitions, disposals, transfers etc. as at 31 December.)

NON-CURRENT ASSETS—OTHER, INCLUDING INTANGIBLES

- This item includes, as examples, purchased goodwill, computer software

(purchased and internally developed), patents, licenses, rights, brand names and intellectual property.

- *Note:* Assets acquired at no cost or for nominal consideration should, where material, be recognised at their fair value at date of acquisition.

Current liabilities

CURRENT LIABILITIES—PAYABLES

- Includes trade creditors, accrued expenses for rent, telephones, electricity, etc. revenue in advance, unpaid salaries, wages etc. and GST collected from sales but not yet paid to the Taxation Office. (Refer to comments above under Current assets—receivable for netting-off GST balances in the Statement of Financial Position.) Also included are any non-interest-bearing liabilities, including non-interest-bearing borrowings.

CURRENT LIABILITIES—INTEREST-BEARING LIABILITIES

- Includes bank overdrafts, short-term bank and other loans, bills payable and short-term finance lease liability based on the fair value of the leased property or, if lower, the present value of the lease payments, both at the inception of the lease.

CURRENT LIABILITIES—PROVISIONS

- The main provision is for employee entitlements. These are benefit entitlements which employees accumulate as a result of the rendering of their services to an employer up to the reporting date and include, but are not limited to, wages and salaries (including fringe benefits and non-monetary benefits), annual leave, sick leave, long service leave, superannuation, termination and other post-employment benefits.

CURRENT LIABILITIES—OTHER

- Include any obligations, other than obligations for payables, interest-bearing items or provisions, to other parties that must be met either on demand or within a period not exceeding 12 months from the end of the current reporting period. In general this item would be used for non-routine obligations, for example, in relation to contractual or legal matters.

Non-current liabilities

The main types of non-current liabilities are in relation to borrowings, finance lease obligations and employee entitlements that are expected to be met in a period exceeding 12 months from the end of the reporting period. Descriptions of these are as per their descriptions in the current liabilities' guidelines.

Equity

CAPITAL CHARGE

- A capital charge is a charge that the government levies on an entity's capital funds. The capital funds represent government's investment in the entity and equate to the net assets (or net worth) of the entity. A capital charge is reported as a direct adjustment to equity in the statement of changes in equity.

EQUITY—ACCUMULATED SURPLUSES/(LOSSES)

- There is a note to the financial statements disclosing the progressive balance of accumulated surpluses/(losses) resulting from surpluses/deficits total comprehensive result, transfers to and from reserves and other direct adjustments to accumulated surpluses resulting from the introduction of a new/amended

accounting policy or other adjustments.

EQUITY—RESERVES

- There is a note to the financial statements that discloses the progressive balance of reserves resulting, for example, from transfers to and from accumulated funds for specific purposes and from adjustments to the carrying values of fixed assets, particularly in accordance with AASB116.

EQUITY—CONTRIBUTED CAPITAL

- Contributions and distributions can take the form of cash, non-monetary assets such as property, plant and equipment or the provision of services. These transactions are a direct adjustment against equity and do not appear in the Statement of Comprehensive Income.

Contingency

- There is a note to the Statement of Financial Position that provides for a description and amount of any assets/liabilities which are uncertain because of unfinalised events such as current claims/legal action and which may have material impact on future financial statements.

Commitments for expenditure

- There is a note to the Statement of Financial Position that provides for the disclosure of material commitments for expenditure. Commitments arise where there is a future obligation to make a payment, whereas liabilities represent current obligations to make a payment. These commitments principally arise from lease contracts and contracts for future capital expenditures.

Accrual accounting

- Financial statements are prepared on an accrual basis in accordance with the requirements of the International Financial Reporting Standards or its equivalent in particular countries.

APPENDIX 1: LIST OF TVET PROVIDERS IDENTIFIED AS BEING IN SCOPE OF RESEARCH ON FINANCING TVET IN THE PACIFIC⁴

SAMOA

Public provider

- National University of Samoa (NUS) - Faculties of Applied Science, and Business and Entrepreneurship, Oloamanu Centre for Professional Studies and Continuing Education

Private providers

- Don Bosco
- Laumua o Puna'oa Technical & Vocational Centre (LPTVC)
- Uesiliana Technical & Vocational Centre (UTVC)
- Tesese Institute of Administrative Studies (TIAS)

Regional providers

- Australia-Pacific Technical College (APTC)
- University of the South Pacific (USP) Alafua Centre for Community and Continuing Education (CCCE)

Other structured training providers

- Other government ministries – primarily the Ministry of Agriculture
- Samoa Umbrella for Non-Government Organisations (SUNGO) and Samoa Chamber of Commerce and the Public Service Commission (for the Samoa In-Country Training Program)
- Employers in SOE and private corporate sectors

TVET regulators

- Samoa Qualifications Authority (SQA)
- Ministry of Commerce Industry and Labour (MCIL) – Administration of Apprenticeship Scheme and Employment Services

TONGA

Government system

- Tonga Institute of Science and Technology (TIST)
- Tonga Institute of Higher Education (TIHE)

Free Wesleyan Church

- Tupou Tertiary Institute (TTI) (Pouono Trade Campus, Tupou College and Queen Salote College provide training services under the auspice of TTI)
- Pouono Trade Campus
- Tupou College

⁴ This list is extracted from ACER (2014); Bateman, A., Brown, J. & Uera, M. (2014); Bateman, A., Cassity, E. & Fangalasuu, J. (2014); Horne, R., Ngangan, K., Tavi-Melachon, S. & Brown, J. (2014); Maglen, L., Brown, J. & Lene, P.T. (2013); Maglen, L., Wall, M.W. & Rokovunisei, M. (2014); Majumdar, P. & Teaero, T. (2014)

- Queen Salote College
- Hango Agricultural College

Catholic Church

- Ahopanilolo Technical College
- St Joseph's Business College
- Montfort Technical Institute

Private providers

- 'Unuaki 'o Tonga Royal Institute

Regional providers

- University of South Pacific

Quality assurance, government administration

- Tonga National Qualifications and Accreditation Board (TNQAB)

VANUATU

TVET providers

- Vanuatu Institute of Technology
 - *Certificat Professionnel de Base (CPB)*
 - *Certificat Professionnel de Haut (CPH)*
 - *Vocational Foundation Certificate (VFC)*
 - *Higher Vocational Certificate (HVC)*
- Vanuatu Agriculture College (VAC)*
- Vanuatu Maritime College (VMC)
- Vanuatu College of Nursing Education (VCNE)
- Australia Pacific Technical College (APTC)
- Rural Training Centres (RTCs)

SOLOMON ISLANDS

Public provider

- Solomon Islands National University

Mission/private training centres

- Vocational and rural training centres (39)
- Don Bosco Technical Institute - Henderson

Regional providers

- University of the South Pacific (USP) Solomon Islands Campus:
 - *Centre for Community and Continuing Education (CCCE)*
 - *College of Foundation Studies*
- Open College of UPNG

Other structured training provider(s)

- SI Small Business Enterprise Centre
- MASE
- Business Proficiency Training Centre
- Kastom Garden (NGO)

- E.N. Technologies

Public and private enterprise(s)

- Institute of Public Administration and Management (IPAM)
- Training supported/delivered by MDAs

TVET regulation

Ministry of Education and Human Resource Development

Note that the following providers were deemed out of scope by ACER for varying reasons in terms of data collection and/or for reporting purposes:

- Red Cross (Handicap Centre);
- Community Based Training Centres (56 centres);
- Royal Solomon Islands Police Academy;
- Helena Goldie Hospital College of Nursing (Western Province); and
- Atoifi College of Nursing (Malaita Province).

PAPUA NEW GUINEA

TVET provision in PNG which was within the scope of ACER's study included:

- The technical and business colleges which are national institutions under the National Department of Education (NDoE);
- Courses within the universities below the level of bachelor degree which have a vocational aim;
- Certain colleges offering more specialist TVET, often supervised by Ministries other than NDoE and the Ministry of Higher Education, Research, Science and Technology (MHERST) ;
- Vocational training centres, technical secondary schools and community colleges;
- Private colleges and firms engaged in formal training;
- Structured training for the informal economy.

FIJI

Public providers

- Fiji National University (FNU) - TVET programs conducted through its five colleges and their constituent schools, departments and divisions
- FNU - National Training and Productivity Centre (NTPC)
- Ministry of Education (MoE) – four government-owned vocational schools and centres
- MoE - Ratu Mara College
- MoE - Suva Vocational College
- MoE – Vinekananda Technical Centre
- Ministry of Youth and Sport (MoYS) – four youth training centres
- Ministry of Agriculture (MoA) – Tutu Rural Training Centre (run by the Marist Brothers)
- Ministry of Forests and Fisheries (MoFF) – a forestry training centre and a timber industry training centre
- Ministry of iTaukei Affairs (MoIT) – Centre for Appropriate Technology Development (CATD)
- Ministry of Labour, Industrial Relations and Employment (MoLIRE) - National Employment Centres (NEC) short-course training programs
- Ministry of Women, Social Welfare and Poverty Alleviation (MWSWPA) - community-based short-course training programs

Private providers

- MoE – 80 privately-owned vocational schools and centres
- Fiji Higher Education Commission (FHEC) – 26 recognised and/or registered private training providers

Regional providers

- Australia-Pacific Technical College (APTC)
- University of the South Pacific (USP) Regional Centre for Community and Continuing Education (RCCCE)
- South Pacific Commission (SPC) Community Education and Training Centre (CETC)

Other structured training providers

- Fiji Vocational Technical Training Centre for Persons with Disabilities (FVTTCPD)

TVET regulators

- Fiji Higher Education Commission (FHEC)
- National Training Levy Grant Scheme – levy collected, managed and disbursed as grants by FNU
- National Apprenticeship Training Scheme - managed by NTPC at FNU
- National Trade Testing - managed by NTPC at FNU

KIRIBATI

Public providers

- Kiribati Institute of Technology
- Marine Training Services
- Fisheries Training Services
- Kiribati School of Nursing
- Kiribati Teachers College

Mission providers

- Kiribati Protestant Church (Albert Sadd Memorial College)

Regional provider

- University of the South Pacific (USP) Kiribati Campus: Centre for Community and Continuing Education (CCCE)

Other structured training providers

- KCCI
- Training supported/delivered by other Ministries – MELAD, MCIC, MFRD

TVET regulation

- Ministry of Labour and Human Resource Development

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