

The Department acts as an agent for the State Government for revenues and expenditure associated with education, training and the arts, statutory bodies and government corporations. In 2006-07, the Department's budget totalled \$5.55 billion, one of the largest budgets in the State.

The Department operates in a dynamic public sector environment. The 2006-07 financial data reflect the impact of the addition of Training to the portfolio, as a result of the machinery-of-Government changes during 2006, and changing enrolment demographics.

In the five-year period from 2002-03 to 2006-07, the Department has steadily improved its budget position.

The operating surplus for 2006-07 was \$60.8 million balancing the fluctuations in the operating position over the past five years.

A comprehensive set of financial statements covering all aspects of the Department's activities commence at page 125 of this report.

Our Controlled Income Statement (\$'000)

Our organisation's annual summary of income and expenses, and the resulting financial surplus or deficit at the end of the financial year

Financial year	2006-07*	2005-06	2004-05	2003-04	2002-03	5-year change
Employee expenses	3,919,516	3,346,039	3,224,681	3,050,202	2,920,107	34%
Supplies & services	1,120,632	798,438	678,294	616,676	573,559	95%
Depreciation & amortisation	285,037	203,236	160,792	132,653	119,878	138%
Other expenses	193,226	126,828	102,693	79,282	59,688	224%
Output revenue	4,461,478	3,752,162	3,485,378	3,214,542	3,024,135	48%
Grants & contributions	908,783	676,692	629,772	593,631	559,344	62%
Other revenue	208,964	56,362	55,649	45,369	26,583	686%
Net surplus/(deficit)	60,814	10,675	4,339	(25,271)	(63,170)	-196%

Our Controlled Balance Sheet (\$'000)

Our organisation's financial condition, showing what we own (assets), what we owe (liabilities), and our net worth after what we owe is deducted from what we own (equity)

Total current assets	623,229	407,405	268,841	199,564	203,409	207%
Total non-current assets	14,875,257	11,798,133	10,901,955	8,320,756	6,353,670	134%
Total current liabilities	609,785	502,357	322,157	280,957	241,686	152%
Total non-current liabilities	113,584	83,951	101,716	111,903	126,600	-10%
Total equity	14,775,883	11,619,230	10,746,923	8,127,460	6,188,793	139%

Ratios

Our assets divided by our liabilities to show our ability to meet obligations

Current assets/ current liabilities	1.0	0.8	0.8	0.7	0.8	28%
Total assets / total liabilities	21.4	20.8	26.4	21.7	17.8	20%

* Note - due to machinery-of-Government changes, 2006-07 is the only year that includes Training.

Machinery-of-Government changes

In 2006-07 the Government created the Department of Education, Training and the Arts. This new Department is the outcome of machinery-of-Government changes in September 2006 when the Training functions from the former Department of Employment and Training were merged with the functions of the former Department of Education and the Arts.

Key challenges – 2007 and beyond

We live in an environment of rapid social, economic and technological change. The Queensland Government's vision for the *Smart State* supports knowledge, creativity and innovation. This will drive economic growth and improve prosperity and the quality of life for all Queenslanders.

The Department faces a range of challenges to:

- optimise the use of new technologies to improve service delivery and client outcomes
- meet business, industry and community expectations for education and training, and arts and culture
- influence the national policy agenda on education, training and the arts to meet the needs of Queenslanders
- deliver flexible education and training to meet labour market dynamics and demand
- optimise the social and economic outcomes for Queenslanders

- attract and retain a motivated and skilled workforce
- develop Queensland's cultural identity as a source of competitive advantage domestically and internationally
- engage Indigenous families and communities in successful education, training and arts outcomes
- maximise the benefits of investment in infrastructure
- support the viability and sustainability of arts and cultural organisations
- maximise social and economic outcomes from investment in arts and cultural initiatives
- build effective pathways for lifelong learning.

Linking of strategic intent

This Annual Report reflects the strategies and performance measures of the two former departments' strategic plans. The Department of Education, Training and the Arts' performance and achievement from these strategic plans will be reported under the *clever*, *skilled* and *creative* performance report sections, which reflect the vision of the new Department. The performance indicators are available in Appendix Seven of this report.

The objectives and strategies from the former strategic plans and corresponding pages numbers are provided in Figure 1.

Figure 1: Objectives and Strategies:

Objective	Page number
Education Queensland	
To provide a quality public education system that delivers opportunities for all students to achieve learning outcomes and reach their potential	
Improve the learning engagement and achievement of students by embedding the early, middle and senior phases of learning	12, 14, 18, 26, 246, 247, 248
Provide coherent, cohesive learning experiences through the alignment of quality curriculum, teaching, assessment and reporting	16
Enhance the educational success of all students and embed safe and inclusive education practices at all state schools	25, 28, 30, 38, 243, 244
Create sustainable learning environments by shaping and monitoring the human resource management, finance, professional development, facilities and information technology management services provided to state schools	8, 30, 34, 90, 92, 102, 111
Higher Education and International	
To support the continuing development of a quality, accessible higher education sector that meets the needs of Queensland communities and contributes to the State's economic, social and cultural development	
Pursue State objectives for higher education	36, 37
Monitor institutional viability and higher education affordability	36, 252
Foster the internationalisation of the higher education and schools sectors	32, 37
Maintain the quality of the higher education system	37

Figure 1: Objectives and Strategies continued

Objective	Page number
Non-State and International	
To support diversity and choice through high-quality education within the non-state education sector	
Enhance and consolidate partnerships with the non-state education sector	37
Support the operation of the regulatory framework for Queensland non-state schools, home education and international education providers	36, 37
Operate a transparent and equitable funding framework for non-state schools	37, 161, 253
Support a system of quality assurance and accreditation within the non-state education sector	37
Vocational Education and Training	
Skills, employment and community capability - A society in which individuals can achieve personal and economic prosperity through learning, skilling and work	
Improve the wellbeing and employability of Queenslanders	19, 27, 31, 40-52, 90
Improve the alignment of Queensland's training provision with changes in labour market demand.	44
Increase access to the labour market for all sectors of the community	41, 42, 48, 57, 66
Improve the capability of individuals to participate in their communities and build community capacity	41, 46, 52, 66-68, 98-100
Employment and Training - Improved access to and opportunities for employment and training and better quality of life	40-52
<ul style="list-style-type: none"> Improve economic and social outcomes through the delivery of employment and skilling programs and services Enable young people to enjoy social and economic success by supporting their transitions from school to further education, training and employment Ensure Queenslanders most in need are able to gain the skills, confidence and opportunity to be employed 	19, 27, 45, 46, 48 27, 28 31, 40
Strategic policy, planning and partnering - State and national policy that delivers key outcomes for communities, industry and individuals	43, 46, 49, 50 50-52
<ul style="list-style-type: none"> Lead and influence policy development and implementation at national and state levels Identify current, new and emerging skills and employment requirements for Queensland Build effective relationships and partnerships at national, state and local levels 	50-52
Arts Queensland	
To build a strong arts sector, which celebrates Queensland's unique identity and cultural heritage, drives a thriving creative economy, develops the creative capital of Queensland communities, and enriches the lives of Queenslanders	
Broaden, deepen and diversify participation in the arts	54-70
Develop policy and funding programs to support sector growth and commercial prosperity	56, 66
Build the creative capital of Queensland communities	54-70