

# Part C

Financial Management  
Reporting

# FINANCIAL MANAGEMENT ANALYSIS

## General overview

### Objectives

The Education Directorate (the Directorate) is a leading learning organisation where people know they matter, delivering high quality early childhood education and public school education in an accessible and inclusive environment.

The Directorate is dedicated to facilitating quality education services across the ACT through:

- > the provision of government learning institutions in the form of public preschools, primary, secondary and special schools and colleges;
- > access to quality teaching, specialised learning programs and well-being supports for individual student needs;
- > enrolment and support of international students; and
- > the registration and regulation of home education, early childhood learning centres and non-government schools.

Through engaging with students, families and the community the Directorate is shaping the future of education and establishing strong foundations for the continual development and provision of educational services that empower each young person in the ACT to learn for life.

Over the coming years, the Directorate will continue to provide opportunities for every student to have equitable access to quality teaching, delivered by professional and skilled educators.

### Risk Management

The development of the Directorate's annual Strategic Risk Management Register identifies risks that could impact on the Directorate's operations and objectives. The key risks provided below are medium to long-term risks that are monitored by the Directorate's senior executive and the Audit Committee.

Key risks, including mitigation strategies, are identified below:

#### **1. Inadequate planning, prioritisation and implementation of system reforms.**

The Directorate has a maturing project management culture; has rigorous project management around complex reform programs (such as project planning for the Student Resource Allocation and School Administration System reform programs) and has comprehensive corporate governance processes. Risk management planning at various levels is being integrated in alignment with the Directorate's 2018-2021 Strategic Plan and annual action plan.

#### **2. Lack of workforce capability and increasing efficiency demands to deliver core education services and strategic reforms.**

The Directorate has a comprehensive professional development planning process in place for school leaders and provides professional learning opportunities to staff including through a maturing approach to professional learning communities. In addition, all staff are required to attend induction on commencement, have a professional development plan and undertake professional development training. The Directorate is continuing to implement initiatives to reduce teacher workload.

#### **3. Insufficient stakeholder engagement and management of stakeholder expectations.**

The Directorate provides alignment through key strategic documents including the Directorate's *Strategic Plan 2018-21: A Leading Learning Organisation*. The Strategic Plan outlines the mechanisms by which the Government's *Future of Education Strategy* will be delivered and the Plan is communicated to schools and the community. The *Future of Education Strategy* is supported by a comprehensive communication strategy to engage students, families and the community.

#### **4. Inadequate prevention, preparedness and response to environmental threats, including:**

- > Occupational violence;
- > Physical security threats;
- > Bushfire;
- > Violent extremism;
- > Terrorist attacks; and
- > Workplace health and safety incidences.

The Directorate has undertaken a number of actions to continue to improve risk management practices in the workplace, raising awareness of workplace health and safety and occupational violence obligations of staff and delivery of refresher training for school Principals and staff. The Directorate annually reviews emergency management frameworks and plans. Evacuation and lock down exercises are undertaken on a regular basis. Through the Protective Security Policy Framework, the Directorate has programs, policies and procedures in place to continue to improve the safety of students, staff, families, visitors and contractors.

#### **5. Inadequate information management and storage.**

The Directorate has undertaken an information security threat assessment and information security risk assessment. The Directorate ensures that assessments and certification of third-party providers are in alignment with Territory Privacy and Security Requirements. The Directorate has utilised the Attorney General's Protective Security Policy Framework (PSPF) and Threat Risk Assessments for software and cloud systems.

#### **6. Inadequate asset management planning and investment.**

The Directorate is continuing to develop and implement a Strategic Asset Management Plan. This plan will provide timely advice to government about risks and associated remediation options and has focused investment on core issues – such as the growth of the Territory and the impact on the Directorate's infrastructure. The Directorate is undertaking significant work in the area of system growth to ensure the timely provision of expanded capacity within growth regions to meet the student demand coming from greenfield sites and infill development.

In addition, the Directorate continues its significant investment in ICT Infrastructure and software to meet the needs of students and staff.

#### **7. Lack of data analysis, systems and tools to inform good decision making and improve system performance.**

The Directorate has increased the visibility of data for decision making and has developed a tiered approach. The Directorate has provided masterclasses for school leaders as they develop their strategic plans (focusing on the schools that have just completed school review) and developed a professional learning program to provide guidance and support for schools. The Directorate has established performance indicators with a clear line of sight between government priorities and achievements in each school, based on student performance data over time. The Directorate is continuing to build agency-wide evaluation expertise and skills.

## **Accounting Changes**

There were no significant accounting changes that impacted the 2018-19 financial statements.

## Directorate Financial Performance

The Directorate has managed its operations within the 2018-19 budgeted appropriation. During the financial year, the Directorate achieved savings targets and internally managed cost pressures associated with increased enrolments including increases in numbers of students with additional needs.

The table below provides a summary of the financial operations based on the audited financial statements for 2017-18 and 2018-19.

Table 40 Net cost of services

Net Cost of Services	Actual 2018-19 \$m	Original Budget 2018-19 \$m	Actual 2017-18 \$m
Total expenditure	842.6	826.4	780.8
Total own source revenue <sup>1</sup>	42.6	44.5	43.5
<b>Net cost of services</b>	<b>800.0</b>	<b>781.9</b>	<b>737.3</b>

<sup>1</sup> Relates to Total Revenue excluding Controlled Recurrent Payments.

### Net Cost of Services

The Directorate's net cost of services for 2018-19 of \$800.0 million was \$18.1 million or 2.3 per cent higher than the 2018-19 original budget of \$781.9 million. The variance was primarily due to change in the present value factor applied to employee benefits including annual and long service leave, in addition to increased expenditure related to learning professionals and support staff to meet enrolment growth in ACT Public Schools.

In comparison to 2017-18, the net cost of services in 2018-19 increased by \$62.7 million or 8.5 per cent. The net increase is primarily due to additional employee expenses associated with staff wage and salary increases, an increase in learning professionals and support staff numbers to meet enrolment growth in ACT Public Schools, along with increased depreciation expense due to additional Information and Communications Technology (ICT) assets, and increased school based expenditure on utilities and maintenance costs.

## Operating Result

In 2018-19, the operating and comprehensive deficit for the Directorate was \$91.4 million and was \$17.1 million or 23 per cent greater than the original budget deficit of \$74.3 million. The variance was primarily due to change in the present value factor applied to employee benefits including long service leave and annual leave, in addition to increased expenditure related to learning professionals and support staff to meet enrolment growth in ACT Public schools.

Table 41 Line item explanation of significant variances from the amended budget – Controlled operating statement

Variance from Budget	Actual 2018-19 \$m	Original Budget 2018-19 \$m	Variance \$m <sup>1</sup>
Revenue			
Controlled Recurrent Payments	708.6	707.5	1.1
User charges <sup>2</sup>	16.4	20.0	(3.6)
Interest and distribution from investments	1.3	1.4	(0.1)
Resources received free of charge	0.7	0.7	-
Other revenue	24.2	22.5	1.7
<b>Total Revenue<sup>1</sup></b>	<b>751.2</b>	<b>752.1</b>	<b>(0.9)</b>
Expenses			
Employee expenses <sup>3</sup>	555.8	539.7	16.1
Superannuation expenses	75.8	75.9	(0.1)
Supplies and services	61.6	61.8	(0.2)
Depreciation	72.4	72.8	(0.4)
Grants and purchased services <sup>4</sup>	2.0	3.2	(1.2)
Other	75.0	73.0	2.0
<b>Total Expenses<sup>1</sup></b>	<b>842.6</b>	<b>826.4</b>	<b>16.2</b>
<b>Operating Deficit<sup>5</sup></b>	<b>(91.4)</b>	<b>(74.3)</b>	<b>(17.1)</b>

Notes:

<sup>1</sup> Figures may not add due to rounding.

<sup>2</sup> The lower than budgeted User Charges revenue primarily relates to lower numbers of International students and decreased user charges from the Active Leisure Centre due to the temporary closure of the pool for rectification works.

<sup>3</sup> Higher than anticipated expenditure primarily relates to change in the present value factor applied to employee benefits including annual and long service leave, and growth in staff numbers to meet increased student enrolment in ACT public schools.

<sup>4</sup> Lower than anticipated grant expenditure relates to funds rolled over to 2019-20.

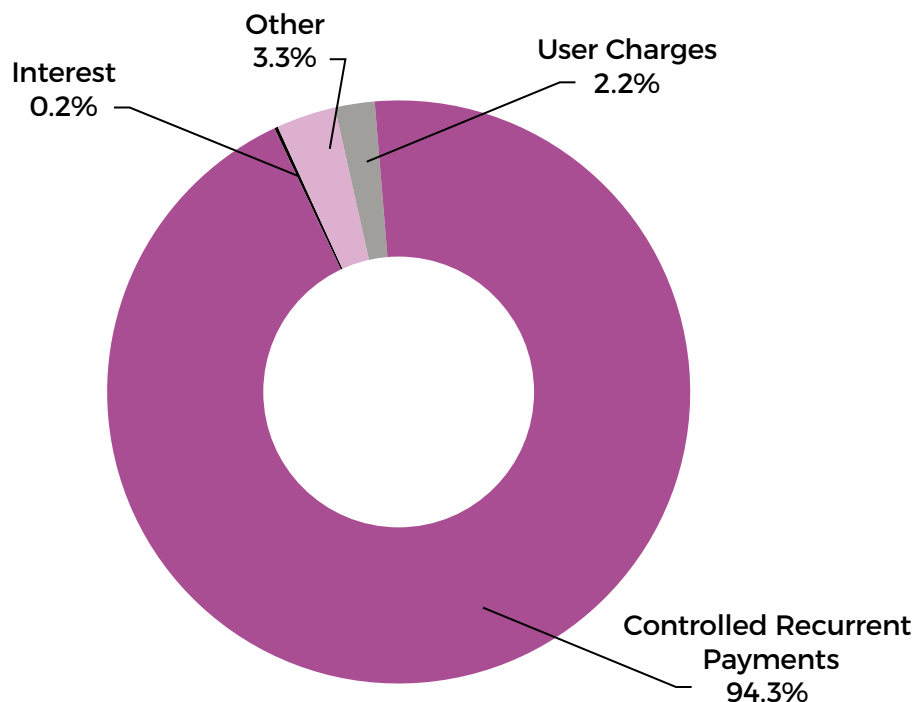
<sup>5</sup> The higher than expected operating deficit is mainly due to a change in the present value factor applied to employee benefits including annual and long service leave.

# Total Revenue

## Components of Revenue

The Directorate's revenue for 2018-19 totalled \$751.2 million. The main source of revenue for the Directorate is Controlled Recurrent Payments.

Figure 17 Components of Revenue 2018-19



Source: Education Directorate's 2018-19 Financial Statements.

The Directorate's revenue for 2018-19 was \$0.9 million or 0.1 per cent lower than the original budget (\$752.1 million). In comparison to the 2017-18 actual, revenue increased by \$45.6 million or 6.5 per cent.

The increased revenue from 2017-18 is primarily due to additional funding received for increased salaries and wages associated with the enterprise agreements for teaching and non-teaching staff combined with increased funding for enrolment growth, Commonwealth grants and funding related to new initiatives. The increase has been partially offset by:

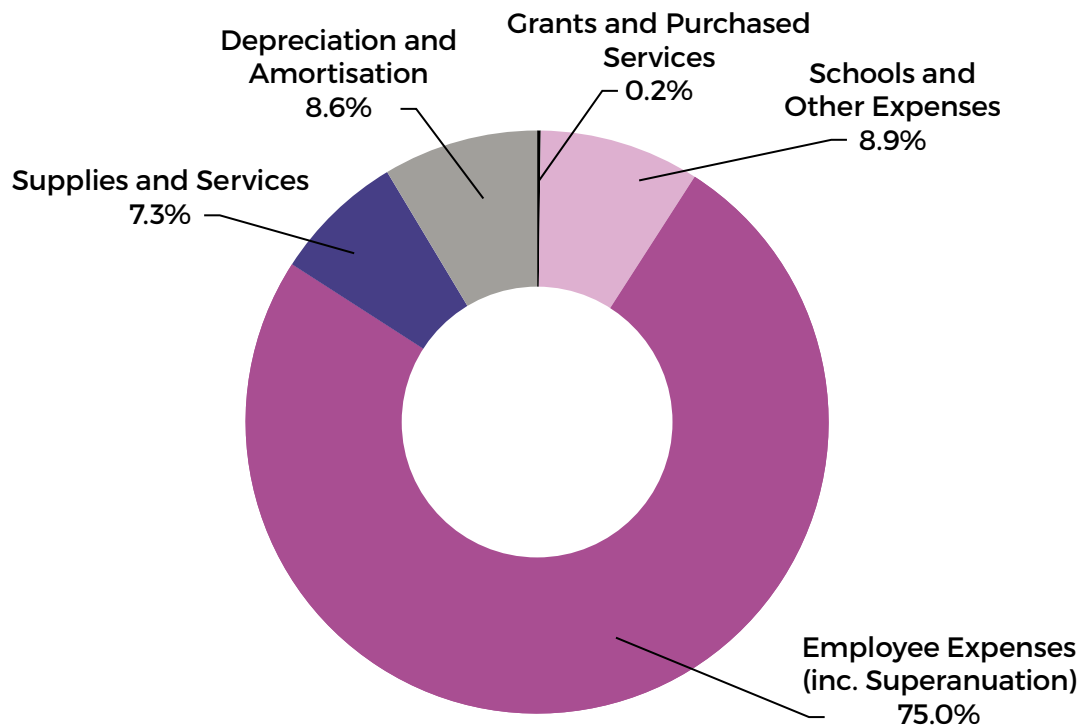
- > reduced costs related to superannuation due to a changing workforce profile;
- > decreased revenue from international students associated with a decision by the Directorate to accept a reduced number of international students to ensure equity of access for local students in a growing system; and
- > decreased user charges from the Active Leisure Centre due to the temporary closure of the pool for rectification works.

# Total Expenses

## Components of Expenses

Expenses for the Directorate totalled \$842.6 million for 2018-19. As shown in Figure 18, the main component of expenses is employee expenses, including superannuation.

Figure 18 Components of Expenditure 2018-19



Source: Education Directorate's 2018-19 Financial Statements

In 2018-19, total expenses were \$16.2 million or two per cent higher than the original budget of \$826.4 million. The variance is primarily due to change in the present value factor applied to employee benefits including annual and long service leave.

Total expenses were \$61.8 million or 7.9 per cent higher than the previous year (\$780.8 million). The increase is primarily due to additional employee expenses associated with staff wage and salary increases, an increase in learning professionals and support staff numbers to meet enrolment growth in ACT Public Schools, along with increased depreciation expense due to additional Information and Communications Technology (ICT) assets, and increased school based expenditure on utilities and maintenance costs.

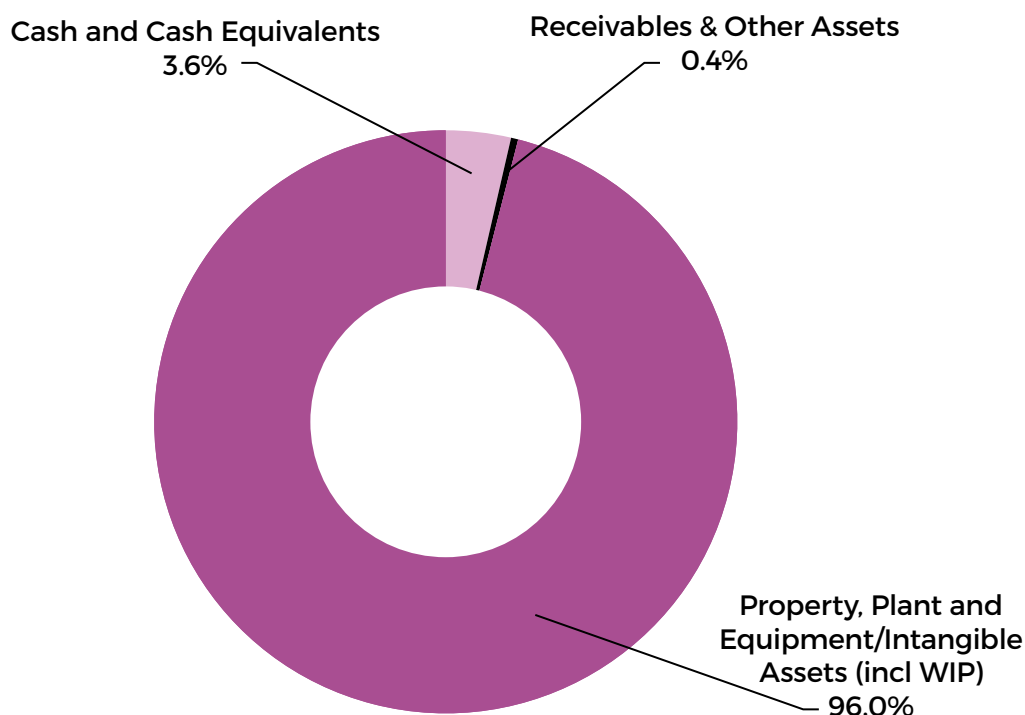
# Financial Position

## Total Assets

### Components of Total Assets

The Directorate held most of its assets in property, plant and equipment including capital works in progress.

Figure 19 Total Assets at 30 June 2019



Source: Education Directorate's 2018-19 Financial Statements.

### Comparison to Budget

At 30 June 2019, the Directorate's assets totalled \$2.0 billion, which was materially in line with the 2018-19 original budget.

In comparison to 30 June 2018, total assets increased by \$18 million or 0.9 per cent primarily due to the addition of completed capital works projects to the Directorate's assets base, including works currently underway at Narrabundah College, Campbell Primary School, North Gungahlin Primary- Year 6 School, Belconnen High School and for various ICT projects.

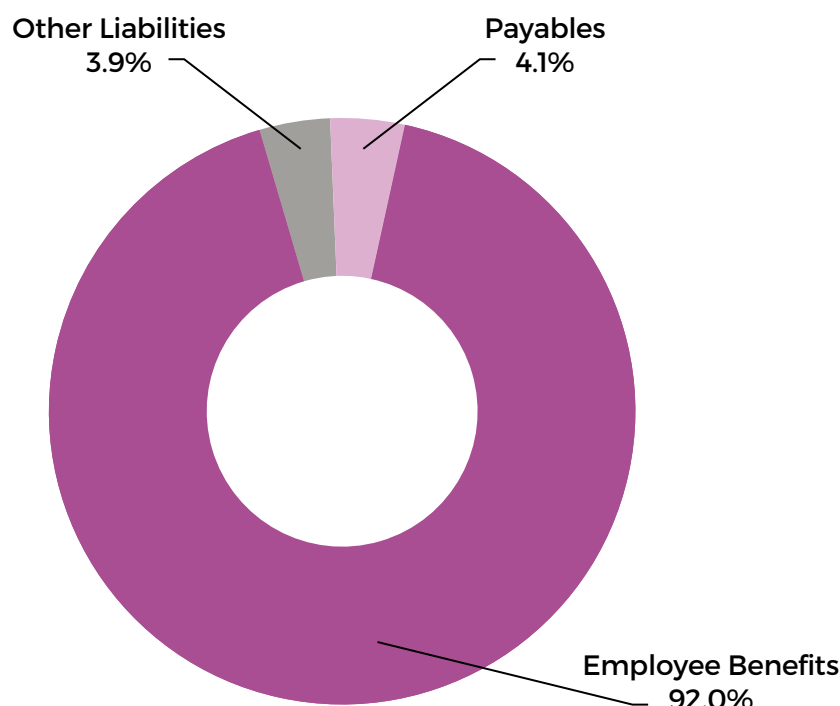


# Financial Position

## Components of Total Liabilities

The Directorate's liabilities comprised mostly of employee benefits.

Figure 20 Total liabilities at 30 June 2019



Source: Education Directorate's 2018-19 Financial Statements.

At 30 June 2019, the Directorate's liabilities totalled \$190.3 million. This was \$22.8 million or 13.6 per cent higher than the original budget of \$167.5 million. The variance is primarily due to change in the present value factor applied to employee benefits such as annual and long service leave which increased from budget by 6.4 per cent (long service leave) and 1.9 per cent (annual leave).

In comparison to 30 June 2018, total liabilities increased by \$22.6 million or 13.5 per cent which is primarily due to change in the present value factor applied to employee benefits such as annual and long service leave.

## Current Assets to Current Liabilities

At 30 June 2019, the Directorate's current assets (\$82.0 million) were lower than its current liabilities (\$172.6 million). The Directorate does not consider this as a liquidity risk as working capital needs are funded through appropriation from the ACT Government on a cash needs basis.

The Directorate's current liabilities primarily relate to employee benefits, and while the majority are classified under a legal entitlement as current, the estimated amount payable within 12 months is significantly lower and can be met with current assets. In addition, in the event of high termination levels requiring significant payment for leave balances, the Directorate is able to meet its obligations by seeking additional appropriation under Section 16A of the [Financial Management Act 1996](#).

Table 42 Line item explanation of significant variances from the amended budget - Controlled balance sheet

Variance from budget	Actual 30 June 2019 \$m	Original Budget 30 June 2019 \$m	Variance \$m <sup>1</sup>
<b>Current assets</b>			
Cash and cash equivalents <sup>2</sup>	73.8	77.3	(3.5)
Receivables <sup>3</sup>	6.2	2.9	3.3
Investments	-	0.3	(0.3)
Other Assets	2.0	1.8	0.2
<b>Total current assets</b>	<b>82.0</b>	<b>82.3</b>	<b>(0.3)</b>
<b>Non-current assets</b>			
Investments	-	1.9	(1.9)
Property, plant and equipment and intangible assets (including capital works in progress) <sup>4</sup>	1,955.7	1,951.8	3.9
<b>Total non-current assets</b>	<b>1,955.7</b>	<b>1,953.7</b>	<b>2.0</b>
<b>Total assets<sup>1</sup></b>	<b>2,037.7</b>	<b>2,036.0</b>	<b>1.7</b>
<b>Variance from budget</b>	<b>Actual 30 June 2019 \$m</b>	<b>Original Budget 30 June 2019 \$m</b>	<b>Variance \$m<sup>1</sup></b>
<b>Current liabilities</b>			
Payables	7.8	7.1	0.7
Employee benefits <sup>5</sup>	160.1	139.5	20.6
Other liabilities	4.7	6.8	(2.1)
<b>Total current liabilities</b>	<b>172.6</b>	<b>153.4</b>	<b>19.2</b>
<b>Non-current liabilities</b>			
Employee benefits <sup>5</sup>	15.0	11.7	3.3
Other liabilities	2.7	2.4	0.3
<b>Total non-current liabilities</b>	<b>17.7</b>	<b>14.1</b>	<b>3.6</b>
<b>Total liabilities<sup>1</sup></b>	<b>190.3</b>	<b>167.5</b>	<b>22.8</b>

Notes:

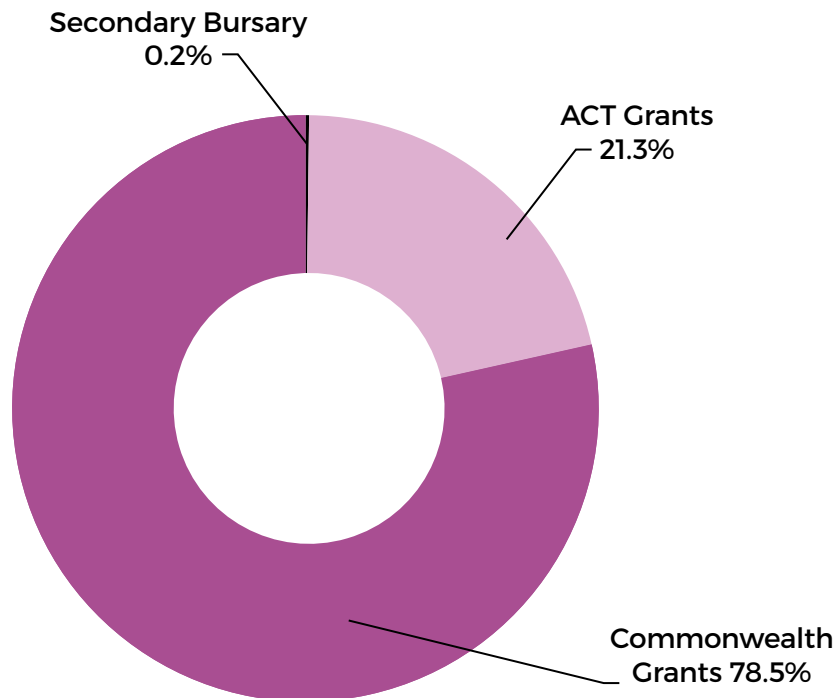
<sup>1</sup> Figures may not add due to rounding.<sup>2</sup> Decrease primarily due to expenditure related to use of cash for specific projects and mitigation of cost pressures within the Directorate, offset by increase in school cash balances.<sup>3</sup> Increase primarily relates to higher than budgeted schools receivables, salary recoveries and GST receivables.<sup>4</sup> Increase primarily relates to addition of completed capital works projects to the Directorate's asset base.<sup>5</sup> Primarily due to a change in the present value factor applied to employee benefits including annual and long service leave.

# Territorial Statement of Revenue and Expenses

## Territorial Revenue

Total income received included revenue for expenses on behalf of the Territory, primarily for the provision of grants to non-government schools.

Figure 21 Sources of Territorial revenue



Source: Education Directorate's 2018-19 Financial Statements.

Territorial revenue is mainly comprised of funding for non-government schools from the Commonwealth and ACT Government. It also included ACT Government funding for the Secondary Bursary Scheme.

Territorial revenue totalled \$317.2 million in 2018-19, which was \$17.2 million or 5.7 per cent higher than original budget of \$300.0 million. The increase in revenue primarily related to Australian Government grants reflecting the impact of the National Schools Reform Agreement, and the associated Bilateral Agreement between the ACT and the Commonwealth on Quality Schools Reform. The Agreements implemented a change in education funding to transition to a revised needs-based approach.

When compared to the same period last year, total revenue increased by \$21.1 million or 7.1 per cent primarily due to higher levels of general recurrent grants for nongovernment schools reflecting the impact of the new bilateral agreement.

## Territorial Expenses

Territorial expenses comprised of grant payments to non-government schools (\$316.6 million) and payments made under the Junior Bursary Scheme (\$0.6 million). Territorial expenses in 2018-19 were \$17.2 million or 5.7 per cent higher than the original budget. The increase in expenses is primarily related to the impact of the new bilateral agreement.

When compared to the same period last year, total expenses increased by \$21.1 million or 7.1 per cent primarily due to higher levels of general recurrent grants for non-government schools reflecting the impact of increased Commonwealth and ACT Government grants in accordance with the new bilateral agreement.

**Further information may be obtained from the Chief Finance Officer, Strategic Finance and Procurement, (02) 6205 2685**

# FINANCIAL STATEMENTS



AUDITOR-GENERAL AN OFFICER  
OF THE ACT LEGISLATIVE ASSEMBLY 

## INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

### Opinion

I have audited the financial statements of the Education Directorate (the Directorate) for the year ended 30 June 2019 which comprise the:

- Controlled financial statements – operating statement, balance sheet, statement of changes in equity, cash flow statement and controlled statement of appropriation;
- Territorial financial statements – statement of income and expenses on behalf of the Territory, statement of assets and liabilities on behalf of the Territory, statement of changes in equity on behalf of the Territory, cash flow statement on behalf of the Territory and territorial statement of appropriation; and
- Notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- (i) present fairly, in all material respects, the Directorate's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended; and
- (ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards.

### Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the Directorate in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code). I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of the Directorate for the financial statements

The Director-General is responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996*, and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Directorate to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

### Auditor's responsibilities for the audit of the financial statements

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statements of the Directorate.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Directorate's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directorate;
- conclude on the appropriateness of the Directorate's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Directorate's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Directorate to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Director-General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Michael Harris  
Auditor-General  
18 September 2019

**Financial Statements**  
**For the Year Ended**  
**30 June 2019**

**Education Directorate**

**Education Directorate  
Financial Statements  
For the Year Ended 30 June 2019**

**Statement of Responsibility**

In my opinion, the financial statements are in agreement with the Directorate's accounts and records and fairly reflect the financial operations of the Directorate for the year ended 30 June 2019 and the financial position of the Directorate on that date.


A handwritten signature in dark ink, appearing to read 'megbrighton', with a stylized, flowing script.

Meg Brighton  
Director-General  
Education Directorate  
17 September 2019

**Education Directorate  
Financial Statements  
For the Year Ended 30 June 2019**

**Statement by the Chief Finance Officer**

In my opinion, the financial statements have been prepared in accordance with the Australian Accounting Standards, and are in agreement with the Directorate's accounts and records and fairly reflect the financial operations of the Directorate for the year ended 30 June 2019 and the financial position of the Directorate on that date.

A handwritten signature in black ink, appearing to read 'LDaly'.

Lynette Daly  
Chief Finance Officer  
Education Directorate  
17 September 2019



**EDUCATION DIRECTORATE**

**CONTROLLED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2019**

**Education Directorate  
Operating Statement  
For the Year Ended 30 June 2019**

		<b>Actual</b>	<b>Original</b>	
	<b>Note</b>	<b>2019</b>	<b>Budget</b>	<b>Actual</b>
	<b>No.</b>	<b>\$'000</b>	<b>2019</b>	<b>2018</b>
			<b>\$'000</b>	<b>\$'000</b>
<b>Income</b>				
<i>Revenue</i>				
Controlled Recurrent Payments	4	708,562	707,538	662,146
User Charges	5	16,427	19,964	18,952
Interest		1,252	1,396	1,199
Distribution from Investments with the Territory Banking Account		22	84	61
Resources Received Free of Charge		756	682	688
Other Revenue	6	24,217	22,417	22,587
<i>Total Revenue</i>		<u>751,236</u>	<u>752,081</u>	<u>705,633</u>
<b>Total Income</b>		<b>751,236</b>	<b>752,081</b>	<b>705,633</b>
<b>Expenses</b>				
Employee Expenses	7	555,777	539,687	506,780
Superannuation Expenses	8	75,837	75,885	71,914
Supplies and Services	9	61,660	61,851	59,344
Depreciation and Amortisation	10	72,363	72,762	68,777
Grants and Purchased Services		1,959	3,245	2,231
School and Other Expenses	11	75,039	72,990	71,734
<b>Total Expenses</b>		<b>842,635</b>	<b>826,420</b>	<b>780,780</b>
<b>Operating (Deficit)</b>		<b>(91,399)</b>	<b>(74,339)</b>	<b>(75,147)</b>
<b>Other Comprehensive Income</b>				
(Decrease) in Asset Revaluation Surplus		-	-	(7,917)
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>(7,917)</b>
<b>Total Comprehensive (Deficit)</b>		<b>(91,399)</b>	<b>(74,339)</b>	<b>(83,064)</b>

The above Operating Statement should be read in conjunction with the accompanying notes.

**Education Directorate  
Balance Sheet  
As at 30 June 2019**

	<b>Note</b>	<b>Actual</b>	<b>Original</b>	<b>Actual</b>
	<b>No.</b>	<b>2019</b>	<b>Budget</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current Assets</b>				
Cash and Cash Equivalents	13	73,798	77,326	72,389
Receivables	14	6,220	2,865	5,400
Investments	15	-	261	261
Other Assets		1,954	1,859	1,600
<b>Total Current Assets</b>		<b>81,972</b>	<b>82,311</b>	<b>79,650</b>
<b>Non-Current Assets</b>				
Investments	15	-	1,860	1,860
Property, Plant and Equipment	16	1,941,512	1,912,411	1,903,969
Intangible Assets	17	4,435	8,207	5,654
Capital Works in Progress	18	12,485	31,200	28,210
<b>Total Non-Current Assets</b>		<b>1,958,432</b>	<b>1,953,678</b>	<b>1,939,693</b>
<b>Total Assets</b>		<b>2,040,404</b>	<b>2,035,989</b>	<b>2,019,343</b>
<b>Current Liabilities</b>				
Payables	19	7,752	7,057	7,628
Employee Benefits	20	160,104	139,493	138,274
Other Liabilities	21	4,713	6,805	5,887
<b>Total Current Liabilities</b>		<b>172,569</b>	<b>153,355</b>	<b>151,789</b>
<b>Non-Current Liabilities</b>				
Employee Benefits	20	15,021	11,727	12,545
Other Liabilities	21	2,672	2,422	3,361
<b>Total Non-Current Liabilities</b>		<b>17,693</b>	<b>14,149</b>	<b>15,906</b>
<b>Total Liabilities</b>		<b>190,262</b>	<b>167,504</b>	<b>167,695</b>
<b>Net Assets</b>		<b>1,850,142</b>	<b>1,868,485</b>	<b>1,851,648</b>
<b>Equity</b>				
Accumulated Funds		852,171	862,597	853,677
Asset Revaluation Surplus		997,971	1,005,888	997,971
<b>Total Equity</b>		<b>1,850,142</b>	<b>1,868,485</b>	<b>1,851,648</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

**Education Directorate  
Statement of Changes in Equity  
For the Year Ended 30 June 2019**

	Accumulated	Asset	Total	Original
	Funds	Revaluation	Equity	Budget
	Actual	Surplus	Actual	
Note	2019	2019	2019	2019
No.	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2018</b>	<b>853,677</b>	<b>997,971</b>	<b>1,851,648</b>	<b>1,858,726</b>
<b>Comprehensive Income</b>				
Operating (Deficit)	(91,399)	-	(91,399)	(74,339)
<b>Total Comprehensive (Deficit)</b>	<b>(91,399)</b>	<b>-</b>	<b>(91,399)</b>	<b>(74,339)</b>
<b>Transactions Involving Owners Affecting Accumulated Funds</b>				
Capital Injections	89,893	-	89,893	84,098
<b>Total Transactions Involving Owners Affecting Accumulated Funds</b>	<b>89,893</b>	<b>-</b>	<b>89,893</b>	<b>84,098</b>
<b>Balance at 30 June 2019</b>	<b>852,171</b>	<b>997,971</b>	<b>1,850,142</b>	<b>1,868,485</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Education Directorate**  
**Statement of Changes in Equity - Continued**  
**For the Year Ended 30 June 2019**

	Accumulated	Asset	Total
	Funds	Revaluation	Equity
	Actual	Surplus	Actual
Note	2018	2018	2018
No.	\$'000	\$'000	\$'000
<b>Balance at 1 July 2017</b>	<b>833,088</b>	<b>1,005,888</b>	<b>1,838,976</b>
<b>Comprehensive Income</b>			
Operating (Deficit)	(75,147)	-	(75,147)
(Decrease) in Asset Revaluation Surplus	-	(7,917)	(7,917)
<b>Total Comprehensive (Deficit)</b>	<b>(75,147)</b>	<b>(7,917)</b>	<b>(83,064)</b>
<b>Transactions Involving Owners Affecting Accumulated Funds</b>			
Capital Injections	95,736	-	95,736
<b>Total Transactions Involving Owners Affecting Accumulated Funds</b>	<b>95,736</b>	<b>-</b>	<b>95,736</b>
<b>Balance at 30 June 2018</b>	<b>853,677</b>	<b>997,971</b>	<b>1,851,648</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Education Directorate  
Cash Flow Statement  
For the Year Ended 30 June 2019**

	<b>Note No.</b>	<b>Actual 2019 \$'000</b>	<b>Original Budget 2019 \$'000</b>	<b>Actual 2018 \$'000</b>
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Controlled Recurrent Payments		708,562	707,538	662,146
User Charges		16,049	19,964	17,428
Interest Received		1,252	1,396	1,199
Distribution from Investments with the Territory Banking Account		39	84	61
Schools and Other		22,785	43,618	22,128
Goods and Services Tax Received		25,241	-	21,402
<b>Total Receipts from Operating Activities</b>		<b>773,928</b>	<b>772,600</b>	<b>724,364</b>
<b>Payments</b>				
Employees		533,680	538,073	498,008
Superannuation		75,802	76,159	71,891
Supplies and Services		60,749	61,169	60,101
Grants and Purchased Services		1,959	3,245	2,231
Schools and Other		74,324	94,092	70,918
Goods and Services Tax Paid		24,350	-	23,016
<b>Total Payments from Operating Activities</b>		<b>770,864</b>	<b>772,738</b>	<b>726,165</b>
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>	26	<b>3,064</b>	<b>(138)</b>	<b>(1,801)</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts</b>				
Proceeds from the Sale of Property, Plant and Equipment		2	-	54
Proceeds Divestment of Investments		2,121	-	-
<b>Total Receipts from Investing Activities</b>		<b>2,123</b>	<b>-</b>	<b>54</b>
<b>Payments</b>				
Purchase of Property, Plant and Equipment		92,982	83,080	98,812
<b>Total Payment from Investing Activities</b>		<b>92,982</b>	<b>83,080</b>	<b>98,812</b>
<b>Net Cash (Outflows) from Investing Activities</b>		<b>(90,859)</b>	<b>(83,080)</b>	<b>(98,758)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts</b>				
Capital Injections		89,893	84,098	95,736
<b>Payments</b>				
Repayment of Loan		689	772	607
<b>Net Cash Inflows from Financing Activities</b>		<b>89,204</b>	<b>83,326</b>	<b>95,129</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents Held</b>		<b>1,409</b>	<b>108</b>	<b>(5,430)</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		72,389	77,218	77,819
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	26	<b>73,798</b>	<b>77,326</b>	<b>72,389</b>

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

**Education Directorate**  
**Summary of Directorate Output Classes**  
**For the Year Ended 30 June 2019**

	Output Class 1 \$'000	Output Class 2 \$'000	Total \$'000
<b>2019</b>			
Total Income	747,882	3,354	751,236
Total Expenses	(839,309)	(3,326)	(842,635)
<b>Operating (Deficit)/Surplus</b>	<b>(91,427)</b>	<b>28</b>	<b>(91,399)</b>
<b>2018</b>			
Total Income	702,369	3,264	705,633
Total Expenses	(777,170)	(3,610)	(780,780)
<b>Operating (Deficit)</b>	<b>(74,801)</b>	<b>(346)</b>	<b>(75,147)</b>

**Education Directorate**  
**Operating Statement for Output Class 1 - Public School Education**  
**For the Year Ended 30 June 2019**

**Description**

This output contributes to the provision of preschool, primary, high, secondary and special school education in public schools to all enrolled students, and regulation of education and care services.

	<b>Actual 2019 \$'000</b>	<b>Original Budget 2019 \$'000</b>	<b>Actual 2018 \$'000</b>
<b>Income</b>			
<i>Revenue</i>			
Controlled Recurrent Payments	705,648	704,628	659,178
User Charges	16,299	19,931	18,949
Interest	1,242	1,396	1,192
Distribution from Investments with the Territory Banking Account	22	83	61
Resources Received Free of Charge	755	677	686
Other Revenue	23,916	21,994	22,303
<i>Total Revenue</i>	<u>747,882</u>	<u>748,709</u>	<u>702,369</u>
<b>Total Income</b>	<u><b>747,882</b></u>	<u><b>748,709</b></u>	<u><b>702,369</b></u>
<b>Expenses</b>			
Employee Expenses	554,110	538,117	504,896
Superannuation Expenses	75,610	75,622	71,647
Supplies and Services	60,768	60,698	58,468
Depreciation and Amortisation	72,270	72,553	68,639
Grants and Purchased Services	1,521	2,859	1,801
Other Expenses	75,030	72,990	71,719
<b>Total Expenses</b>	<u><b>839,309</b></u>	<u><b>822,839</b></u>	<u><b>777,170</b></u>
<b>Operating (Deficit)</b>	<u><b>(91,427)</b></u>	<u><b>(74,130)</b></u>	<u><b>(74,801)</b></u>



**Education Directorate**  
**Operating Statement for Output Class 2 – Non Government Education**  
**For the Year Ended 30 June 2019**

**Description**

This output contributes to the maintenance of standards in non-government schools and home education through compliance and registration, accreditation and certification of senior secondary courses, support and liaison with the non-government sector, administration and payment of Commonwealth Government and Territory grants for the non-government sector and the conduct of an annual non-government schools census.

	<b>Actual</b>	<b>Original</b>	
	<b>2019</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$'000</b>	<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Income</b>			
<i>Revenue</i>			
Controlled Recurrent Payments	2,914	2,910	2,968
User Charges	128	33	3
Interest	10	-	7
Distribution from Investments with the Territory Banking Account	-	1	-
Resources Received Free of Charge	1	5	2
Other Revenue	301	423	284
<i>Total Revenue</i>	3,354	3,372	3,264
<b>Total Income</b>	<b>3,354</b>	<b>3,372</b>	<b>3,264</b>
<b>Expenses</b>			
Employee Expenses	1,667	1,570	1,884
Superannuation Expenses	227	263	267
Supplies and Services	892	1,153	876
Depreciation and Amortisation	93	209	138
Grants and Purchased Services	438	386	430
Other Expenses	9	-	15
<b>Total Expenses</b>	<b>3,326</b>	<b>3,581</b>	<b>3,610</b>
<b>Operating Surplus/(Deficit)</b>	<b>28</b>	<b>(209)</b>	<b>(346)</b>

**Education Directorate  
Financial Statements  
For the Year Ended 30 June 2019**

**DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES**

Year Ended 30 June 2019

	Output Class 1 \$'000	Output Class 2 \$'000	Unallocated \$'000	Total \$'000
<b>Current Assets</b>				
Cash and Cash Equivalents <sup>1</sup>	72,942	479	377	73,798
Receivables	6,147	73	-	6,220
Other Assets	1,941	13	-	1,954
<b>Total Current Assets</b>	<b>81,030</b>	<b>565</b>	<b>377</b>	<b>81,972</b>
<b>Non-Current Assets</b>				
Property, Plant and Equipment	1,938,988	2,524	-	1,941,512
Intangible Assets	4,159	276	-	4,435
Capital Works in Progress	12,469	16	-	12,485
<b>Total Non-Current Assets</b>	<b>1,955,616</b>	<b>2,816</b>	<b>-</b>	<b>1,958,432</b>
<b>Total Assets</b>	<b>2,036,646</b>	<b>3,381</b>	<b>377</b>	<b>2,040,404</b>
<b>Current Liabilities</b>				
Payables	7,721	31	-	7,752
Employee Benefits	159,624	480	-	160,104
Other Liabilities	4,713	-	-	4,713
<b>Total Current Liabilities</b>	<b>172,058</b>	<b>511</b>	<b>-</b>	<b>172,569</b>
<b>Non-Current Liabilities</b>				
Employee Benefits	14,976	45	-	15,021
Other Liabilities	2,668	4	-	2,672
<b>Total Non-Current Liabilities</b>	<b>17,644</b>	<b>49</b>	<b>-</b>	<b>17,693</b>
<b>Total Liabilities</b>	<b>189,702</b>	<b>560</b>	<b>-</b>	<b>190,262</b>
<b>Net Assets</b>	<b>1,846,944</b>	<b>2,821</b>	<b>377</b>	<b>1,850,142</b>

1. Some cash and cash equivalents have been included in the 'Unallocated' column above as parts of the line item cannot be reliably attributed to the Directorate's output classes. As the amount in cash and cash equivalents held by the Directorate is comprised of a number of disparate components, no single allocation driver can be used to reliably attribute this asset class. The components include working capital, cash for un-presented cheques and for specific purpose payments.

**Education Directorate  
Financial Statements  
For the Year Ended 30 June 2019**

**DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES - CONTINUED**

Year Ended 30 June 2018

	Output Class 1 \$'000	Output Class 2 \$'000	Unallocated \$'000	Total \$'000
<b>Current Assets</b>				
Cash and Cash Equivalents <sup>1</sup>	68,553	285	3,551	72,389
Investments	261	-	-	261
Receivables	5,341	59	-	5,400
Other Assets	1,593	7	-	1,600
<b>Total Current Assets</b>	<b>75,748</b>	<b>351</b>	<b>3,551</b>	<b>79,650</b>
<b>Non-Current Assets</b>				
Investments	1,860	-	-	1,860
Property, Plant and Equipment	1,900,160	3,809	-	1,903,969
Intangible Assets	5,427	227	-	5,654
Capital Works in Progress	28,154	56	-	28,210
<b>Total Non-Current Assets</b>	<b>1,935,601</b>	<b>4,092</b>	<b>-</b>	<b>1,939,693</b>
<b>Total Assets</b>	<b>2,011,349</b>	<b>4,443</b>	<b>3,551</b>	<b>2,019,343</b>
<b>Current Liabilities</b>				
Payables	7,586	42	-	7,628
Employee Benefits	137,674	600	-	138,274
Other Liabilities	5,887	-	-	5,887
<b>Total Current Liabilities</b>	<b>151,147</b>	<b>642</b>	<b>-</b>	<b>151,789</b>
<b>Non-Current Liabilities</b>				
Employee Benefits	12,491	54	-	12,545
Other Liabilities	3,354	7	-	3,361
<b>Total Non-Current Liabilities</b>	<b>15,845</b>	<b>61</b>	<b>-</b>	<b>15,906</b>
<b>Total Liabilities</b>	<b>166,992</b>	<b>703</b>	<b>-</b>	<b>167,695</b>
<b>Net Assets</b>	<b>1,844,357</b>	<b>3,740</b>	<b>3,551</b>	<b>1,851,648</b>

1. Some cash and cash equivalents have been included in the 'Unallocated' column above as parts of the line item cannot be reliably attributed to the Directorate's output classes. As the amount in cash and cash equivalents held by the Directorate is comprised of a number of disparate components, no single allocation driver can be used to reliably attribute this asset class. The components include working capital, cash for un-presented cheques and for specific purpose payments.

**Education Directorate**  
**Controlled Statement of Appropriation**  
**For the Year Ended 30 June 2019**

	<b>Note</b>	<b>Original</b>	<b>Total</b>	<b>Appropriation</b>	<b>Appropriation</b>
	<b>No.</b>	<b>Budget</b>	<b>Appropriated</b>	<b>Drawn</b>	<b>Drawn</b>
		<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Controlled</b>					
Controlled Recurrent Payments	4	707,538	715,846	708,562	662,146
Capital Injections		84,098	89,893	89,893	95,736
<b>Total Controlled Appropriation</b>		<b>791,636</b>	<b>805,739</b>	<b>798,455</b>	<b>757,882</b>

The above Controlled Statement of Appropriation should be read in conjunction with the accompanying notes.

**Column Heading Explanations**

The *Original Budget* column shows the amounts that appear in the Cash Flow Statement in the Budget Papers. This amount also appears in the Cash Flow Statement.

The *Total Appropriated* column is inclusive of all appropriation variations occurring after the Original Budget.

The *Appropriation Drawn* is the total amount of appropriation received by the Directorate during the year. This amount appears in the Cash Flow Statement.

**Variances between 'Original Budget' and 'Total Appropriated'**

***Controlled Recurrent Payments***

The difference between the Original Budget and the Total Appropriated mainly related to the transfer of funds from 2017-18 (\$2.356m) which mainly includes professional development funds (\$0.981m) and the Independent Public Schools national partnership (\$0.763m), increased Commonwealth Government grants (\$1.502m) and a Treasurer's Advance to provide for increased enrolments in public schools (\$3.700m).

***Capital Injection***

The difference between the Original Budget and the Total Appropriated mainly related to the rollover of funds from 2017-18 (\$4.984m). Funds transferred from 2017-18 mainly related to Supporting our School System - Improving ICT (\$2.694m) following deployment issues and the IT Upgrade for School Administration (\$1.880m) resulting from delays in the release of the first stage of functionality.

**Variances between 'Total Appropriated' and 'Appropriated Drawn'**

***Controlled Recurrent Payments***

The difference between the Total Appropriated and the Appropriation Drawn down largely related to lower than budgeted workers' compensation costs (\$1.681m) and undrawn funds to be transferred to 2019-20 (\$4.536m). Funds to be transferred to 2019-20 included transfers associated with Early Childhood Scholarships (\$0.975m) to enable finalisation of a revised program structure, the Independent Public Schools National Partnership (\$0.754m) following delays in implementation of the National Partnership Agreement and the Academy for Coding and Cyber Skills initiative (\$0.400m) due to delayed purchase of specialised equipment.

***Capital Injection***

There was no variance between the Total Appropriated and Appropriation Drawn.

## EDUCATION DIRECTORATE CONTROLLED NOTE INDEX

	<b>General Notes</b>	
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Note	2	Significant Accounting Policies (see Appendices A, B and C) <i>Appendix A - Basis of Preparation of the Financial Statements</i> <i>Appendix B - Significant Accounting Policies</i> <i>Appendix C - Impact of Accounting Standards Issued But yet to be Applied</i>
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# Education Directorate

## Notes to and Forming Part of the Financial Statements

### For the Year Ended 30 June 2019

#### NOTE 1. OBJECTIVES OF THE DIRECTORATE

##### Operations and Principal Activities

The Directorate is a leading learning organisation where people know they matter, delivering high quality early childhood education and public school education in an accessible and inclusive environment.

The Directorate is dedicated to facilitating quality education services across the ACT through:

- the provision of government learning institutions in the form of public preschools, primary, secondary and special schools and colleges;
- access to quality teaching, specialised learning programs and well-being supports for individual student needs;
- enrolment and support of international students; and
- the registration and regulation of home education, early childhood learning centres and non-government schools.

#### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Refer to the following appendices for the notes comprising significant accounting policies and other explanatory information.

Appendix A – Basis of Preparation of the Financial Statements

Appendix B – Significant Accounting Policies

Appendix C – Impact of Accounting Standards Issued But Yet to be Applied

#### NOTE 3. CHANGE IN ACCOUNTING ESTIMATES

Refer to Appendix D – Change in Accounting Estimates.

#### NOTE 4. CONTROLLED RECURRENT PAYMENTS

	2019 \$'000	2018 \$'000
<b>Revenue from ACT Government</b>		
Controlled Recurrent Payments <sup>1</sup>	708,562	662,146
<b>Total Controlled Recurrent Payments</b>	<b>708,562</b>	<b>662,146</b>

1. The increase primarily relates to additional funding for pay increases associated with teaching, administrative and other staff enterprise agreements and salary costs due to enrolment increases in public schools.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 5. USER CHARGES**

	2019 \$'000	2018 \$'000
<b>User Charges - ACT Government</b>		
User Charges - ACT Government	362	357
<b>Total User Charges - ACT Government</b>	<b>362</b>	<b>357</b>
<b>User Charges - Non-ACT Government</b>		
International Private Students Program <sup>1</sup>	8,967	10,462
Active Leisure Centre <sup>2</sup>	1,633	2,891
Hire of Facilities and Recreational Activities	717	689
Commonwealth National Agreements	4,126	4,000
Commonwealth Own Purpose Payments (COPE) / Specific Projects	233	389
Other	389	164
<b>Total User Charges - Non-ACT Government</b>	<b>16,065</b>	<b>18,595</b>
<b>Total User Charges for Goods and Services</b>	<b>16,427</b>	<b>18,952</b>

1. The decrease relates to lower international student numbers.

2. The decrease relates to lower revenue associated with the temporary closure of the swimming pool at the Active Leisure Centre for rectification works during 2018-19.

**NOTE 6. OTHER REVENUE**

Other Revenue is mainly comprised of schools' revenue from voluntary contributions, fund raising revenue and excursion funds.

<b>Other Revenue</b>		
School Revenue <sup>1</sup>	22,485	21,420
ACT Teacher Quality Institute	977	923
Other <sup>2</sup>	755	244
<b>Total Other Revenue</b>	<b>24,217</b>	<b>22,587</b>

1. The increase mainly relates to additional transitory revenue associated with student excursions.

2. The increase is mainly due to revenue from the Health Directorate for the Healthcare Access at School program.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 7. EMPLOYEE EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and Salaries <sup>1</sup>	526,050	491,708
Movement in Employee Benefits <sup>2</sup>	18,348	6,561
Workers' Compensation Insurance Premium <sup>3</sup>	11,379	8,511
<b>Total Employee Expenses</b>	<b>555,777</b>	<b>506,780</b>

1. The increase is mainly due to pay increases associated with teaching, administrative and other staff enterprise agreements and salary costs related to enrolment increases in public schools.
2. The increase is primarily related to a change in the present value factor used to calculate employee benefits.
3. The increase is mainly due to timing of recoveries and payments associated with workers compensation combined with an increase in the 2018-19 premium.

**NOTE 8. SUPERANNUATION EXPENSES**

Superannuation Contributions to the Territory Banking Account	32,975	33,042
Productivity Benefit	4,528	4,433
Superannuation to External Providers <sup>1</sup>	38,334	34,439
<b>Total Superannuation Expenses</b>	<b>75,837</b>	<b>71,914</b>

1. The increase is mainly due to increased staff utilising external superannuation providers following the closure of the Public Sector Superannuation Scheme, the Commonwealth Superannuation Scheme and the Public Sector Superannuation Accumulation Plan to new entrants.

**NOTE 9. SUPPLIES AND SERVICES**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Property and Maintenance	18,226	18,575
Materials and Services <sup>1</sup>	33,525	30,803
Travel and Transport	741	749
Administrative	4,193	4,055
Financial	3,554	3,739
Audit Fees Paid to the ACT Audit Office	145	153
Operating Lease Costs	1,267	1,214
Write-Off of Assets	9	56
<b>Total Supplies and Services</b>	<b>61,660</b>	<b>59,344</b>

1. The increase is mainly due to indexation, information communication technology costs associated with system growth and new initiatives, early planning for school infrastructure, the audit and operational activities associated with school cleaning services.



**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 10. DEPRECIATION AND AMORTISATION**

**Depreciation**

Buildings and Land Improvements	57,808	56,668
Plant and Equipment	13,069	11,786
Leasehold Improvements	11	5
<b>Total Depreciation</b>	<b>70,888</b>	<b>68,459</b>

**Amortisation**

Intangible Assets <sup>1</sup>	1,475	318
<b>Total Amortisation</b>	<b>1,475</b>	<b>318</b>

<b>Total Depreciation and Amortisation</b>	<b>72,363</b>	<b>68,777</b>
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1. The increase is mainly due to assets associated with the School Administration System.

**NOTE 11. SCHOOL AND OTHER EXPENSES**

Mainly comprise utilities, cleaning, security and maintenance costs in schools as well as educational enrichment activities.

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
School Expenses <sup>1</sup>	71,403	68,060
Other Expenses	3,636	3,674
<b>Total School and Other Expenses</b>	<b>75,039</b>	<b>71,734</b>

1. The increase primarily relates to higher utilities and maintenance costs in schools as well as additional transitory revenue for school excursions.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 12. ACT OF GRACE PAYMENTS, WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS**

**Write-Offs**

Write-Off of Assets	9	56
<b>Total Write-Offs</b>	<b>9</b>	<b>56</b>

**Impairment Losses**

Property, Plant and Equipment <sup>1</sup>	-	7,917
<b>Total Impairment Losses</b>	<b>-</b>	<b>7,917</b>

**Act of Grace Payments**

Payments relating to cleaning contracts <sup>2</sup>	-	202
<b>Total Act of Grace Payments</b>	<b>-</b>	<b>202</b>

<b>Total Act of Grace payments, Waivers, Impairment Losses and Write-offs</b>	<b>9</b>	<b>8,175</b>
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1. There were no impairment losses in 2018-19.

2. There were no Act of Grace payments in 2018-19.

**NOTE 13. CASH AND CASH EQUIVALENTS**

The Directorate holds a number of bank accounts with the Westpac Bank as part of the whole-of-government banking arrangements.

Educational Support Office Bank Accounts	20,072	22,137
School Management Accounts <sup>1</sup>	52,473	49,481
ACT Teacher Quality Institute Bank Account	1,198	712
Other Operations Bank Accounts	49	49
Cash on Hand	6	10
<b>Total Cash and Cash Equivalents</b>	<b>73,798</b>	<b>72,389</b>

1. The increase mainly relates to cash held for excursions and the timing of expenditure associated with grants.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
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**NOTE 14. RECEIVABLES**

	2019 \$'000	2018 \$'000
<b>Current Receivables</b>		
Trade Receivables	1,652	1,643
Less: Allowance for Impairment Losses	(451)	(146)
	<b>1,201</b>	<b>1,497</b>
Other Trade Receivables <sup>1</sup>	1,143	434
Less: Allowance for Impairment Losses	-	-
	<b>1,143</b>	<b>434</b>
Accrued Revenue <sup>2</sup>	1,338	41
Net Goods and Services Tax Receivable	2,538	3,428
<b>Total Current Receivables</b>	<b>3,876</b>	<b>3,469</b>
<b>Total Receivables</b>	<b>6,220</b>	<b>5,400</b>

1. The increase relates to additional receivables in schools associated with hire of school facilities.
2. The increase is due to accrued revenue associated with Commonwealth payments for the Jervis Bay School and payments from the ACT Health Directorate for Healthcare Access at Schools Program.

Ageing of Receivables	Days Past Due				
	Total	Not Overdue	1-30 days	31 - 60 days	> 61 days
	\$	\$	\$	\$	\$
<b>30 June 2019</b>					
Expected credit loss rate		0.0%	0.0%	0.0%	46%
Estimated total gross carrying amount at default	6,220	5,028	88	128	976
Expected credit losses	(451)	-	-	-	(451)
<b>1 July 2018 (remeasurement)</b>					
Expected credit loss rate		0.0%	0.0%	0.0%	39%
Estimated total gross carrying amount at default	5,400	4,727	142	158	373
Expected credit losses	(146)	-	-	-	(146)

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
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**NOTE 14. RECEIVABLES – CONTINUED**

An impairment loss from receivables was recognised in 2017-18 and prior years on an incurred loss basis. From 2018-19, Expected Credit Loss Expense is recognised as the movement in the allowance for expected credit losses. The allowance for expected credit losses of trade receivables is measured based on an assessment of each debtor.

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of the Allowance for Impairment Losses</b>		
Allowance for Impairment Losses at the Beginning of the Reporting Period	146	207
Remeasurement under AASB 9	-	-
Restated Allowance for Impairment Losses at the Beginning of the Reporting Period	146	207
Additional Allowance Recognised During the Reporting Period	305	-
Reduction in Allowance from Amounts Written-Off During the Reporting Period	-	(61)
<b>Allowance for Impairment Losses at the End of the Reporting Period</b>	<b>451</b>	<b>146</b>
<b>Classification of ACT Government/Non-ACT Government Receivables</b>		
<b>Receivables from ACT Government Entities</b>		
Net Trade Receivables	174	149
Net Other Trade Receivables	809	28
Accrued Revenue	600	17
<b>Total Receivables from ACT Government Entities</b>	<b>1,583</b>	<b>194</b>
<b>Receivables from Non-ACT Government Entities</b>		
Net Trade Receivables	1,478	1,494
Net Other Trade Receivables	334	406
Accrued Revenue	738	24
Net Goods and Services Tax Receivable	2,538	3,428
Less: Allowance for Impairment Losses	(451)	(146)
<b>Total Receivables from Non-ACT Government Entities</b>	<b>4,637</b>	<b>5,206</b>
<b>Total Receivables</b>	<b>6,220</b>	<b>5,400</b>

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
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**NOTE 15. INVESTMENTS**

Short-term investments were held with the Territory Banking Account in the Cash Enhanced Portfolio throughout the year. These funds are able to be withdrawn upon request.

The purpose of the investment in the Fixed Interest Portfolio is to hold it for a period of longer than 12 months. The total carrying amount of the Fixed Interest Portfolio investment below has been measured at fair value.

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current Investments</b>		
Investments with the Territory Banking Account - Cash Enhanced Portfolio <sup>1</sup>	-	261
<b>Total Current Investments</b>	<u>-</u>	<u>261</u>
<b>Non-Current Investments</b>		
Investments with the Territory Banking Account - Fixed Interest Portfolio <sup>1</sup>	-	1,860
<b>Total Non-Current Investments</b>	<u>-</u>	<u>1,860</u>
<b>Total Investments</b>	<u><u>-</u></u>	<u><u>2,121</u></u>

1. The Directorate divested all cash held as investments in 2018-19 in accordance with revised ACT Government policy.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
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**NOTE 16. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment includes the following classes of assets – land, buildings, improvement to land, leasehold improvements and plant and equipment.

	2019 \$'000	2018 \$'000
<b>Land and Buildings</b>		
Land at Fair Value	358,518	358,518
<b>Total Land Assets</b>	<b>358,518</b>	<b>358,518</b>
Buildings and Improvements to Land at Fair Value	1,665,113	1,566,081
Less: Accumulated Depreciation	(114,476)	(56,668)
<b>Total Written-Down Value of Buildings and Improvements to Land</b>	<b>1,550,637</b>	<b>1,509,413</b>
<b>Total Land and Written-Down Value of Buildings and Improvements to Land</b>	<b>1,909,155</b>	<b>1,867,931</b>
<b>Leasehold Improvements</b>		
Leasehold Improvements at Cost	5,758	5,697
Less: Accumulated Depreciation	(5,659)	(5,648)
<b>Total Written-Down Value of Leasehold Improvements</b>	<b>99</b>	<b>49</b>
<b>Plant and Equipment</b>		
Plant and Equipment at Cost	148,177	138,939
Less: Accumulated Depreciation	(115,919)	(102,950)
<b>Total Written-Down Value of Plant and Equipment</b>	<b>32,258</b>	<b>35,989</b>
<b>Total Property, Plant and Equipment</b>	<b>1,941,512</b>	<b>1,903,969</b>

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
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**NOTE 16. PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**Reconciliation of Property, Plant and Equipment**

The following table shows the movement of Property, Plant and Equipment during 2018-19

	Land \$'000	Buildings and Improvements to Land \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Total \$'000
<b>Carrying Amount at the Beginning of the Reporting Period</b>	<b>358,518</b>	<b>1,509,413</b>	<b>49</b>	<b>35,989</b>	<b>1,903,969</b>
Additions	-	99,032	61	9,347	108,440
Depreciation	-	(57,808)	(11)	(13,069)	(70,888)
Write-offs/Other	-	-	-	(9)	(9)
<b>Carrying Amount at the End of the Reporting Period</b>	<b>358,518</b>	<b>1,550,637</b>	<b>99</b>	<b>32,258</b>	<b>1,941,512</b>

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
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**NOTE 16. PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**Reconciliation of Property, Plant and Equipment**

The following table shows the movement of Property, Plant and Equipment during 2017-18.

	Land \$'000	Buildings and Improvements to Land \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Total \$'000
<b>Carrying Amount at the Beginning of the Reporting Period</b>	<b>358,518</b>	<b>1,517,223</b>	<b>27</b>	<b>30,579</b>	<b>1,906,347</b>
Additions	-	56,775	27	17,252	74,054
Depreciation	-	(56,668)	(5)	(11,786)	(68,459)
Impairment Losses Recognised Directly in Other Comprehensive Income	-	(7,917)	-	-	(7,917)
Write-Offs/Other	-	-	-	(56)	(56)
<b>Carrying Amount at the End of the Reporting Period</b>	<b>358,518</b>	<b>1,509,413</b>	<b>49</b>	<b>35,989</b>	<b>1,903,969</b>



**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 16. PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**Fair Value Hierarchy**

The Fair Value Hierarchy below reflects the significance of the inputs used in determining their fair value. The Fair Value Hierarchy is made up of the following three levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Directorate can access at the measurement date;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs that are unobservable for particular assets or liabilities.

Details of the Directorate's property, plant and equipment at fair value and information about the Fair Value Hierarchy as at 30 June 2019 are as follows:

**2019**

	<b>Classification According to Fair Value Hierarchy</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Property, Plant and Equipment at Fair Value</b>				
Land	-	-	358,518	358,518
Buildings and Improvements to Land	-	-	1,550,637	1,550,637
	-	-	<b>1,909,155</b>	<b>1,909,155</b>

**2018**

	<b>Classification According to Fair Value Hierarchy</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Property, Plant and Equipment at Fair Value</b>				
Land	-	-	358,518	358,518
Buildings and Improvements to Land	-	-	1,509,413	1,509,413
	-	-	<b>1,867,931</b>	<b>1,867,931</b>

**Transfers Between Categories**

There have been no transfers between Levels 1, 2 and 3 during the current or previous reporting period.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 16. PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**Valuation Techniques, inputs and processes**

***Level 3 Valuation Techniques and Significant Unobservable Inputs***

Valuation Technique: Land where there is no active market or significant restrictions is valued through the market approach.

Significant Unobservable Inputs: Selecting land with similar approximate utility. In determining the value of land with similar approximate utility significant adjustment to market based data was required.

Valuation Technique: Buildings, and improvements to land were considered specialised assets by the valuers and measured using the cost approach.

Significant Unobservable Inputs: Estimating the cost to a market participant to construct assets of comparable utility adjusted for obsolescence. In determining the value of buildings and improvements to land regard was given to the age and condition of the assets, their estimated replacement cost and current use. This required use of data internal to the Directorate.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
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**NOTE 17. INTANGIBLE ASSETS**

The Directorate has internally generated software and externally purchased software.

	2019 \$'000	2018 \$'000
<b>Information Communication Technology Software</b>		
<i>Internally Generated/Externally Purchased Software</i>		
Software at Cost	7,090	6,834
Less: Accumulated Amortisation	(2,655)	(1,180)
<b>Total Information Communication Technology Software<sup>1</sup></b>	<b>4,435</b>	<b>5,654</b>

1. The movement primarily relates to amortisation of assets associated with the School Administration System.

**NOTE 18. CAPITAL WORKS IN PROGRESS**

Assets under construction include buildings, infrastructure assets and software.

Capital Works in Progress	12,485	28,210
<b>Total Capital Works in Progress</b>	<b>12,485</b>	<b>28,210</b>

**Reconciliation of Capital Works in Progress<sup>1</sup>**

The following table shows the movement of Capital Works in Progress during the reporting periods.

Balance at the Beginning of the Reporting Period	28,210	8,494
Additions <sup>2</sup>	88,160	96,395
Capitalised to Property, Plant and Equipment <sup>3</sup>	(103,885)	(76,679)
<b>Carrying Amount at the End of the Reporting Period</b>	<b>12,485</b>	<b>28,210</b>

1. The reconciliation of capital works in 2018-19 has been prepared on a gross movement basis to reflect the full amount of capital works in progress during the year.
2. The additions primarily relate to North Gungahlin Primary School, Modernising Belconnen High School, Expanding Gungahlin Schools, works at Narrabundah College and Campbell Primary School and Information Communication Technology projects.
3. The capitalisations primarily relate to North Gungahlin Primary School, Modernising Belconnen High School, Expanding Gungahlin Schools and works at Narrabundah College and Campbell Primary School.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
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**NOTE 19. PAYABLES**

	2019 \$'000	2018 \$'000
<b>Current Payables</b>		
Payables	1,105	172
Accrued Expenses	6,647	7,456
<b>Total Current Payables</b>	<b>7,752</b>	<b>7,628</b>

**Payables are aged as followed**

Not Overdue	7,408	7,608
Overdue for Less than 30 Days	270	20
Overdue for 30 to 60 Days	31	-
Overdue for More than 60 Days	43	-
<b>Total Payables</b>	<b>7,752</b>	<b>7,628</b>

**Classification of ACT Government/Non-ACT Government Payables**

**Payables with ACT Government Entities**

Payables	324	15
Accrued Expenses	2,920	3,267
<b>Total Payables with ACT Government Entities</b>	<b>3,244</b>	<b>3,282</b>

**Payables with Non-ACT Government Entities**

Payables	781	157
Accrued Expenses	3,727	4,189
<b>Total Payables with Non-ACT Government Entities</b>	<b>4,508</b>	<b>4,346</b>
<b>Total Payables</b>	<b>7,752</b>	<b>7,628</b>

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 20. EMPLOYEE BENEFITS**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current Employee Benefits</b>		
Annual Leave	40,614	38,437
Long Service Leave <sup>1</sup>	109,041	95,347
Accrued Salaries <sup>2</sup>	10,449	4,490
<b>Total Current Employee Benefits</b>	<b>160,104</b>	<b>138,274</b>
<b>Non-Current Employee Benefits</b>		
Long Service Leave <sup>1</sup>	15,021	12,545
<b>Total Non-Current Employee Benefits</b>	<b>15,021</b>	<b>12,545</b>
<b>Total Employee Benefits</b>	<b>175,125</b>	<b>150,819</b>
<b>Estimate of when Leave is Payable</b>		
<b>Estimated Amount Payable within 12 months</b>		
Annual Leave	33,964	32,118
Long Service Leave	6,267	5,786
Accrued Salaries	10,449	4,490
<b>Total Employee Benefits Payable within 12 months</b>	<b>50,680</b>	<b>42,394</b>
<b>Estimated Amount Payable after 12 months</b>		
Annual Leave	6,650	6,319
Long Service Leave	117,795	102,106
<b>Total Employee Benefits Payable after 12 months</b>	<b>124,445</b>	<b>108,425</b>
<b>Total Employee Benefits</b>	<b>175,125</b>	<b>150,819</b>

1. The increase is mainly due to a change in the present value factor used to calculate long service leave from 100.9% in 2017-18 to 110.1% in 2018-19.
2. The increase is primarily due to an accrual associated with the Teaching Staff Enterprise Agreement.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 21. OTHER LIABILITIES**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current Other Liabilities</b>		
International Students Revenue Received in Advance <sup>1</sup>	4,042	5,030
Schools Revenue Received in Advance	671	857
<b>Total Current Other Liabilities</b>	<b>4,713</b>	<b>5,887</b>
<b>Non-Current Other Liabilities</b>		
Other Loans <sup>2</sup>	2,672	3,361
<b>Total Non-Current Other Liabilities</b>	<b>2,672</b>	<b>3,361</b>
<b>Total Other Liabilities</b>	<b>7,385</b>	<b>9,248</b>

1. The reduction is due to reduced international student numbers in 2018-19.

2. Relates to loans from the Environment, Planning and Sustainable Development Directorate for environmentally sustainable projects.  
The reduction in 2018-19 is due to the repayment of loans.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 22. FINANCIAL INSTRUMENTS**

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability are disclosed in Appendix B – Significant Accounting Policies.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Directorate's financial assets consist of cash and cash equivalents, investments (divested in 2018-19) and receivables. Its financial liabilities are comprised of payables. The Directorate's exposure to interest rate risk relating to these financial assets and liabilities is shown below in the table later in this note on 'Maturity Analysis and Exposure to Interest Rates'.

As receivables and payables are held in non-interest bearing arrangements, the Directorate is not exposed to movements in interest rates in respect of these financial assets and liabilities.

A significant proportion of the Directorate's financial assets consist of cash and cash equivalents. As these are held in floating interest arrangements with the Territory's Banking Provider, the Directorate is exposed to movements in the amount of interest it may earn on cash and cash equivalents.

There have been no changes in risk exposure or processes for managing risk since the last financial reporting period.

As the Directorate's operating cash flows are not significantly dependant on interest earned from cash and cash equivalents, a sensitivity analysis of interest rate risk has not been performed.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial assets consist of cash, investments and receivables. The Directorate's maximum exposure to credit is limited to the amount of these financial assets net of any allowance made for impairment. This is shown below in the table 'Maturity Analysis and Exposure to Interest Rates'.

Cash and investment accounts are held with high credit quality financial institutions under whole-of-government banking arrangements. Cash at bank is held with the Westpac Bank and cash not immediately required is invested with the Territory Banking Account. The Chief Minister, Treasury and Economic Development Directorate coordinates the investment of this money with various fund managers. These fund managers have the discretion to invest money in a variety of different investments within certain parameters.

The Directorate's allowance for impairment losses changed following the adoption of the expected credit loss approach under AASB 9. Refer to Note 14, Appendix A and D for the impact of this change in accounting policy.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 22. FINANCIAL INSTRUMENTS – CONTINUED**

**Credit Risk - Continued**

The majority of receivables consist of Goods and Services Tax (GST) refunds due from the Australian Taxation Office (ATO) and ACT Government Agencies which have a strong credit history. Credit risk for investments was managed by the Directorate through only investing with the Territory Banking Account, which has appropriate investment criteria for the external fund manager engaged to manage the Territory's surplus funds and therefore the credit risk is considered low.

There have been no significant changes to credit risk exposure since the last reporting period. Trade receivables are measured at lifetime expected credit losses (the simplified approach).

**Liquidity Risk**

Liquidity risk is the risk that the Directorate will not be able to meet its financial obligations as they fall due.

The Directorate's exposure to liquidity risk is shown below in the table later in this note on 'Maturity Analysis and Exposure to Interest Rates'. This note discloses when the Directorate expects its financial assets and financial liabilities to mature.

Appropriations received to fund operations are drawn down progressively throughout the year to meet the operating requirements. Under the cash management framework, the Directorate cannot hold excess cash, however, in the event of a cash pressure, access to additional appropriation from the Territory Banking Account can be obtained.

The Directorate's exposure to liquidity risk has not changed since the previous reporting period.

**Price Risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price (other than arising from interest rate risk or currency risk).

The only price risk which the Directorate was exposed to results from investments in the Fixed Interest Portfolio which have now been divested.

Cash and cash equivalents do not have a price risk.

The Directorate's exposure to price risk and the management of this risk has not significantly changed since last reporting period. A sensitivity analysis has not been undertaken for the price risk of the Directorate as it has been determined that the possible impact on profit and loss or total equity from fluctuations in price is immaterial.



**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 22. FINANCIAL INSTRUMENTS – CONTINUED**

**Fair Value of Financial Assets and Liabilities**

The carrying amounts and fair values of financial assets and financial liabilities at the end of the reporting period are:

	<b>Note</b>	<b>Carrying</b>	<b>Fair</b>	<b>Carrying</b>	<b>Fair</b>
	<b>No.</b>	<b>Amount</b>	<b>Value</b>	<b>Amount</b>	<b>Value</b>
		<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>					
Cash and Cash Equivalents	13	73,798	73,798	72,389	72,389
Receivables <sup>1</sup>	14	3,682	3,682	1,972	1,972
Investments	15	-	-	2,121	2,121
<b>Total Financial Assets</b>		<b>77,480</b>	<b>77,480</b>	<b>76,482</b>	<b>76,482</b>
<b>Financial Liabilities</b>					
Payables	20	7,752	7,752	7,628	7,628
Other Loans	22	2,672	2,672	3,361	3,361
<b>Total Financial Assets</b>		<b>10,424</b>	<b>10,424</b>	<b>10,989</b>	<b>10,989</b>

1. Receivables reported under Financial Instruments do not include receivables relating to goods and service tax.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 22. FINANCIAL INSTRUMENTS - CONTINUED**

**Fair Value Hierarchy**

The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the table below. All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not included in the table below. The Directorate divested all investments during 2018-19 and therefore no fair value hierarchy classification is required.

30 June 2018	<u>Classification According to Fair Value Hierarchy</u>			<b>Total</b> \$'000
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	\$'000	\$'000	\$'000	
<b>Financial Assets</b>				
Financial Assets at Fair Value through the Profit and Loss	-	-	-	-
Investment with the Territory Banking Account - Cash Enhanced Portfolio	-	261	-	<b>261</b>
Investment with the Territory Banking Account - Fixed Interest Portfolio	-	1,860	-	<b>1,860</b>
	-	<b>2,121</b>	-	<b>2,121</b>

**Transfer between Categories**

There were no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the previous reporting period.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 22. FINANCIAL INSTRUMENTS – CONTINUED**

The following tables set out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2019. Except for non-current payables, financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

As at 30 June 2019		Weighted	Fixed Interest Maturing In:				Non-Interest Bearing \$'000	Total \$'000
Note No.	Average Interest Rate	Floating Interest Rate	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000			
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	13	1.47%	53,720	-	-	-	20,078	73,798
Investments	15	-	-	-	-	-	-	-
Receivables	14	-	-	-	-	-	3,682	3,682
Total			53,720	-	-	-	23,760	77,480
Financial Liabilities								
Payables	20	-	-	-	-	-	(7,752)	(7,752)
Other Liabilities	22	-	-	-	-	-	(2,672)	(2,672)
Total			-	-	-	-	(10,424)	(10,424)
Net Financial Assets								
			53,720	-	-	-	13,336	67,056

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 22. FINANCIAL INSTRUMENTS – CONTINUED**

The following tables set out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2018. Except for non-current payables, financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

As at 30 June 2018		Weighted	Fixed Interest Maturing In:				Non-Interest Bearing \$'000	Total \$'000
Note No.	Average Interest Rate	Floating Interest Rate	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000			
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	13	1.36%	50,242	-	-	-	22,147	72,389
Investments	15	-	-	-	-	-	2,121	2,121
Receivables	14	-	-	-	-	-	1,972	1,972
Total Financial Assets			50,242	-	-	-	26,240	76,482
Financial Liabilities								
Payables	20	-	-	-	-	-	(7,628)	(7,628)
Other Liabilities	22	-	-	-	-	-	(3,361)	(3,361)
Total Financial Liabilities			-	-	-	-	(10,989)	(10,989)
Net Financial Assets								
50,242			-	-	-	-	15,251	65,493

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 22. FINANCIAL INSTRUMENTS - CONTINUED**

	2019 \$'000	2018 \$'000
<b>Carrying Amount of Each Category of Financial Asset and Financial Liability</b>		
<b>Financial Assets</b>		
Financial Assets at Fair Value through the Profit and Loss		
Designated upon Initial Recognition	-	2,121
Financial Assets at Amortised Cost	3,682	1,972
<b>Financial Liabilities</b>		
Financial Liabilities Measured at Amortised Cost	10,424	10,989

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 23. COMMITMENTS**

**Capital Commitments**

Capital commitments contracted at reporting date that have not been recognised as liabilities, are as follows:

	2019 \$'000	2018 \$'000
<b>Capital Commitments - Property, Plant and Equipment</b>		
Payable:		
Within one year	23,379	12,984
Later than one year but not later than five years	7,896	16,880
Later than five years	2,642	10,375
<b>Total Capital Commitments - Property, Plant and Equipment<sup>1</sup></b>	<b>33,917</b>	<b>40,239</b>

1. The decrease mainly relates to completion of major works including Belconnen High School and North Gungahlin Primary School.

**Other Commitments**

Other commitments contracted at reporting date that have not been recognised as liabilities are payable as follows:

Within one year	17,813	22,157
Later than one year but not later than five years	6,030	16,220
Later than five years	61	-
<b>Total Other Commitments<sup>1</sup></b>	<b>23,904</b>	<b>38,377</b>

1. The decrease is mainly associated with the expected expiration of a number of existing contracts in 2020, primarily due to the cessation of cleaning contracts as a result of the Directorate's 2019-20 initiative 'Delivering Secure Local Jobs for School Cleaners'.

**Operating Lease Commitments<sup>1</sup>**

Within one year	3,809	3,927
Later than one year but not later than five years <sup>2</sup>	3,656	4,504
Later than five years	307	332
<b>Total Operating Lease Commitments</b>	<b>7,772</b>	<b>8,763</b>

- Operating lease commitments mainly relate to building leases and information communication technology leases.
- The reduction mainly relates to lower building lease commitments associated with the transition of accommodation for staff to the whole-of-government office block in 2020.

All amounts shown in the commitment note are inclusive of goods and services tax.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

**Contingent Liabilities**

As at 30 June 2019 the Directorate had contingent liabilities in relation to known personal injury cases not settled of \$2.965 million. As at 30 June 2018, the liability was \$2.891 million. The liabilities will be offset by insurance and the final settlement amounts are unknown as at 30 June 2019.

**NOTE 25. INTEREST IN A JOINT OPERATION**

Gold Creek Primary School operates adjacent to the Holy Spirit Primary School that is operated by the Catholic Education Office. Both schools share joint facilities including a hall/gymnasium, canteen, library, car park and meeting rooms. The shared facilities are managed by a Joint Facilities Management Committee which was created under a formal agreement in December 1995 between the ACT Government and the Catholic Education Office. All assets and liabilities relating to the shared facilities are owned by the ACT Government and Catholic Education Office in accordance with the participating share of each party, which is 53% for the ACT Government and 47% for the Catholic Education Office.

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Share of the Jointly Controlled Operation is as follows:</b>		
Revenue	94	104
Expenses	(155)	(152)
<b>Operating (Deficit)</b>	<b>(61)</b>	<b>(48)</b>
<b>Share of Asset in the Jointly Controlled Operation</b>		
Current Assets	104	105
Non-Current Assets	3,393	3,455
<b>Total Assets</b>	<b>3,497</b>	<b>3,560</b>
Current Liabilities	4	6
<b>Total Liabilities</b>	<b>4</b>	<b>6</b>
<b>Net Assets</b>	<b>3,493</b>	<b>3,554</b>

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 26. CASH FLOW RECONCILIATION**

	2019 \$'000	2018 \$'000
<b>(a) Reconciliation of Cash and Cash Equivalents at the End of the Reporting in the Cash Flow Statement to the Equivalent Items in the Balance Sheet</b>		
Total Cash and Cash Equivalents Recorded in the Balance Sheet	73,798	72,389
<b>Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement</b>	<b>73,798</b>	<b>72,389</b>
<b>(b) Reconciliation of Operating (Deficit) to Net Cash Inflows from Operating Activities</b>		
Operating (Deficit)	(91,399)	(75,147)
<b>Add/(Less) Non-Cash Items</b>		
Depreciation and Amortisation	72,363	68,777
Assets Written-Off/Other Asset Adjustments	9	56
(Gain) from Sale of Assets	(2)	(54)
<b>Cash Before Changes in Operating Assets and Liabilities</b>	<b>(19,029)</b>	<b>(6,368)</b>
<b>Changes in Operating Assets and Liabilities</b>		
(Increase) in Receivables	(820)	(2,534)
(Increase)/Decrease in Prepayments	(354)	259
Increase in Payables	135	898
Increase in Employee Benefits	24,306	6,861
(Decrease) in Revenue Received in Advance	(1,174)	(917)
<b>Net Changes in Operating Assets and Liabilities</b>	<b>22,093</b>	<b>4,567</b>
<b>Net Inflows/(Outflows) from Operating Activities</b>	<b>3,064</b>	<b>(1,801)</b>



**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 27. RELATED PARTY DISCLOSURES**

A related party is a person that controls or has significant influence over the reporting entity or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity and includes their close family members and entities in which the KMP and/or their close family members individually or jointly have controlling interests.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Directorate, directly or indirectly.

KMP of the Directorate are the Portfolio Minister, Director-General and certain members of the Senior Executive Team.

The Head of Service and the ACT Executive comprising the Cabinet Ministers are KMP of the ACT Government and therefore related parties of Directorate.

This note does not include typical citizen transactions between the KMP and Directorate that occur on terms and conditions no different to those applying to the general public.

**(A) CONTROLLING ENTITY**

The Directorate is an ACT Government controlled entity.

**(B) KEY MANAGEMENT PERSONNEL**

**B.1 Compensation of Key Management Personnel**

Compensation of all Cabinet Ministers, including the Portfolio Minister, is disclosed in the note on related party disclosures included in the ACT Executive's financial statements for the year ended 30 June 2019.

Compensation of the Head of Service is included in the note on related party disclosures included in the CMTEDD financial statements for the year ended 30 June 2019.

Compensation by the Directorate to KMP employed by the Directorate is set out below.

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	2,068	2,294
Post-employment benefit	305	363
Other long-term benefit	48	54
<b>Total Compensation by the Education Directorate to KMP</b>	<b>2,421</b>	<b>2,711</b>

1. The total full time equivalent (FTE) staff identified as key management personnel in 2018-19 was 10. The total FTE key management personnel in 2017-18 was 10.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**NOTE 27. RELATED PARTY DISCLOSURES – CONTINUED**

**B.2 Transactions with Key Management Personnel**

There were no transactions with KMP that were material to the financial statements of the Directorate.

**B.3 Transactions with parties related to Key Management Personnel**

There were no transactions with parties related to KMP, including transactions with KMP's close family members or other related entities that were material to the financial statements of the Directorate.

**(C) TRANSACTIONS WITH OTHER ACT GOVERNMENT CONTROLLED ENTITIES**

All transactions with ACT Government controlled entities are disclosed in the relevant notes to the financial Statements of the Directorate.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements**  
**For the Year Ended 30 June 2019**

**Note 28. BUDGETARY REPORTING**

Balance Sheet Line Items	Actual 2018-19 \$'000	Original Budget <sup>1</sup> 2018-19 \$'000	Variance \$'000	Variance %	Variance Explanation <sup>2</sup>
Employee Benefits - Current	160,104	139,493	20,611	15	The variance against budget is mainly due to a change in the present value for long service leave from 100.9% in 2017-18 to 110.1% in 2018-19.

Cash Flow Statement Line Items	Actual 2018-19 \$'000	Original Budget 2018-19 <sup>1</sup> \$'000	Variance \$'000	Variance %	Variance Explanation <sup>2</sup>
Purchase of Property Plant and Equipment	92,982	83,080	9,902	12	The variance against budget is mainly due to acceleration of works associated with the Public School Infrastructure Upgrades Program

1. Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2018-19 Budget Statements). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.
2. Explanations for variations in from budget for Controlled Recurrent Payments and Capital Injection are provided in the Statement of Appropriation.

**EDUCATION DIRECTORATE**

**TERRITORIAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2019**

**Education Directorate**  
**Statement of Income and Expenses on Behalf of the Territory**  
**For the Year Ended 30 June 2019**

		Actual	Original	Actual
	Note	2019	Budget	2018
	No.	\$'000	\$'000	\$'000
<b>Income</b>				
Payments for Expenses on Behalf of the Territory	29	317,169	300,018	296,072
<b>Total</b>		<b>317,169</b>	<b>300,018</b>	<b>296,072</b>
<b>Expenses</b>				
Grants and Purchased Services	30	317,169	300,018	296,072
<b>Total</b>		<b>317,169</b>	<b>300,018</b>	<b>296,072</b>
<b>Operating Result</b>		<b>-</b>	<b>-</b>	<b>-</b>

The above Statement of Income and Expenses on Behalf of the Territory should be read in conjunction with the accompanying notes.

**Education Directorate**  
**Statement of Assets and Liabilities on Behalf of the Territory**  
**For the Year Ended 30 June 2019**

	<b>Note No.</b>	<b>Actual 2019 \$'000</b>	<b>Original Budget 2019 \$'000</b>	<b>Actual 2018 \$'000</b>
<b>Current Assets</b>				
Cash and Cash Equivalents	31	158	201	51
Receivables	32	437	-	-
<b>Total Current Assets</b>		<b>595</b>	<b>201</b>	<b>51</b>
<b>Total Assets</b>		<b>595</b>	<b>201</b>	<b>51</b>
<b>Current Liabilities</b>				
Payables	33	595	201	51
<b>Total Current Liabilities</b>		<b>595</b>	<b>201</b>	<b>51</b>
<b>Total Liabilities</b>		<b>595</b>	<b>201</b>	<b>51</b>
<b>Net Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity</b>				
Accumulated Funds		-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>

The above Statement of Assets and Liabilities on Behalf of the Territory should be read in conjunction with the accompanying notes.  
Net Assets and Total Equity has remained at nil, therefore a Statement of Changes in Equity on Behalf of the Territory has not been prepared.

**Education Directorate**  
**Cash Flow Statement on Behalf of the Territory**  
**For the Year Ended 30 June 2019**

	<b>Note No.</b>	<b>Actual 2019 \$'000</b>	<b>Original Budget 2019 \$'000</b>	<b>Actual 2018 \$'000</b>
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Cash from Government for Expenses on Behalf of the Territory		317,713	300,018	295,923
Goods and Services Tax Received		6,633	6,963	6,395
<b>Total Receipts from Operating Activities</b>		<b>324,346</b>	<b>306,981</b>	<b>302,318</b>
<b>Payments</b>				
Grants and Purchased Services		317,230	300,018	296,072
Goods and Services Tax Paid		7,009	6,963	6,396
<b>Total Payments from Operating Activities</b>		<b>324,239</b>	<b>306,981</b>	<b>302,468</b>
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>	35	<b>107</b>	<b>-</b>	<b>(150)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents Held</b>				
Cash and Cash Equivalents at the Beginning of the Reporting Period		51	201	201
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	35	<b>158</b>	<b>201</b>	<b>51</b>

The above Cash Flow Statement on Behalf of the Territory should be read in conjunction with the accompanying notes.

# Education Directorate Territorial Statement of Appropriation For the Year Ended 30 June 2019

	Original Budget 2019 \$'000	Total Appropriated 2019 \$'000	Appropriation Drawn 2019 \$'000	Appropriation Drawn 2018 \$'000
<b>Expenses on Behalf of the Territory</b>				
Expenses on Behalf of the Territory	300,018	318,602	317,713	295,923
<b>Total Territorial Appropriation</b>	<b>300,018</b>	<b>318,602</b>	<b>317,713</b>	<b>295,923</b>

The above Territorial Statement of Appropriation should be read in conjunction with the accompanying notes.

## Column Heading Explanations

The *Original Budget* column shows the amounts that appear in the Cash Flow Statement in the Budget Papers.

The *Total Appropriated* column is inclusive of all appropriation variations occurring after the Original Budget.

The *Appropriation Drawn* is the total amount of appropriation received by the Directorate during the year. This amount appears in these financial statements, in the Cash Flow Statement.

## Variances between 'Original Budget' and 'Total Appropriated'

### Expenses on Behalf of the Territory

The difference between the original budget and the total appropriated mainly related to increased Commonwealth Government Quality Schools grants (\$19.214m) in line with the National School Reform Agreement: Australian Capital Territory Bilateral Agreement.

## Variances between 'Total Appropriated' and 'Appropriation Drawn'

### Expenses on Behalf of the Territory

The difference between the total appropriated and appropriation drawn mainly related to transfer of funds to 2019-20 for the Supporting Non-Government Preschools program (\$0.815m) due to completion of the program. The program has now been replaced by the Supporting Non-Government School Infrastructure program.



## **TERRITORIAL NOTE INDEX**

### **Income Notes**

Note 29          Payment for Expenses on behalf of the Territory – Territorial

### **Expenses Notes**

Note 30          Grants and Purchased Services – Territorial

### **Assets Notes**

Note 31          Cash and Cash Equivalents – Territorial

Note 32          Receivables – Territorial

### **Liabilities Notes**

Note 33          Payables – Territorial

### **Other Notes**

Note 34          Financial Instruments – Territorial

Note 35          Cash Flow Reconciliation – Territorial

Note 36          Budgetary Reporting – Territorial

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements - Territorial**  
**For the Year Ended 30 June 2019**

**NOTE 29. PAYMENT FOR EXPENSES ON BEHALF OF THE TERRITORY – TERRITORIAL**

Under the *Financial Management Act 1996*, the Directorate receives this appropriation to fund a number of expenses incurred on behalf of the Territory, the main one being the payment of grants to non-government schools. Refer **Note 30 – Grants and Purchased Services – Territorial** for the details of the expenses.

	2019 \$'000	2018 \$'000
Expenses Incurred on Behalf of the Territory	317,169	296,072
<b>Total Payment for Expenses on Behalf of the Territory<sup>1</sup></b>	<b>317,169</b>	<b>296,072</b>

1. The increase from 2017-18 primarily relates to increased Commonwealth and ACT Government Grants in accordance with the *Commonwealth Education Act 2013* and the National Education School Agreement: Australian Capital Territory Bilateral Agreement.

**NOTE 30. GRANTS AND PURCHASED SERVICES – TERRITORIAL**

	2019 \$'000	2018 \$'000
<b>Grants and Purchased Services</b>		
<i>Payments for grants and subsidies were as follows:</i>		
Grants - Non-Government Schools <sup>1</sup>	316,550	295,396
Bursary Scheme	619	676
<b>Total Grants and Purchased Services</b>	<b>317,169</b>	<b>296,072</b>

1. The increase from 2017-18 primarily relates to increased Commonwealth and ACT Government Grants in accordance with the *Commonwealth Education Act 2013* and the National School Reform Agreement: Australian Capital Territory Bilateral Agreement.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements - Territorial**  
**For the Year Ended 30 June 2019**

**NOTE 31. CASH AND CASH EQUIVALENTS – TERRITORIAL**

	2019 \$'000	2018 \$'000
Cash at Bank <sup>1,2</sup>	158	51
<b>Total Cash and Cash Equivalents</b>	<b>158</b>	<b>51</b>

1. The Territorial accounts are programs administered by the Directorate on behalf of the Territory. Territorial accounts are not expected to generate an operating result and hold nil equity balance. This means cash held at year-end is recorded as a payable owed to the Territory Banking Account. The increase in 2018-19 is due to the timing of payments.
2. Under whole-of-government banking arrangements interest is not earned on cash at bank held with the Territory Banking Account.

**NOTE 32. RECEIVABLES – TERRITORIAL**

All receivables at 30 June 2019 are current and not overdue.

**Current Receivables**

Non-Government Schools – Enrolment Adjustment <sup>1</sup>	61	-
Goods and Services Tax Receivable from the Australian Taxation Office	376	-
<b>Total Receivables</b>	<b>437</b>	<b>-</b>

1. Reflects grant recoveries associated with reduced enrolments in some non-government schools.

**NOTE 33. PAYABLES – TERRITORIAL**

All payables at 30 June 2019 are current and not overdue.

**Current Payables**

Payable to the Territory Banking Account <sup>1</sup>	595	51
<b>Total Payables</b>	<b>595</b>	<b>51</b>

1. The Territorial accounts are programs administered by the Directorate on behalf of the Territory. Territorial accounts are not expected to generate an operating result and hold nil equity balance. This means cash held at year-end is recorded as a payable owed to the Territory Banking Account.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements - Territorial**  
**For the Year Ended 30 June 2019**

**NOTE 34. FINANCIAL INSTRUMENTS – TERRITORIAL**

**Terms, Conditions and Accounting Policies**

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, with respect to each class of financial asset and financial liability are disclosed in Appendix B - Significant Accounting Policies.

The carrying amounts for all financial assets and liabilities reflect their fair-value and are non-interest bearing. The Directorate on behalf of the Territory has no exposure to interest rate, credit, liquidity or price risk.

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements - Territorial**  
**For the Year Ended 30 June 2019**

**NOTE 35. CASH FLOW RECONCILIATION – TERRITORIAL**

**(a) Reconciliation of Cash and Cash Equivalents at the end of the Reporting Period in the Cash Flow Statement on Behalf of the Territory to the Related Items in the Statement of Assets and Liabilities on Behalf of the Territory.**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory	158	51
<b>Cash at the end of the Reporting Period as Recorded in the Cash Flow Behalf of the Territory</b>	<b>158</b>	<b>51</b>

**(b) Reconciliation of Net Cash Inflows/(Outflows) from Operating Activities to the Operating Surplus/(Deficit)**

Operating Result	-	-
<b>Cash Before Changes in Operating Assets and Liabilities</b>	<b>-</b>	<b>-</b>
<b>Changes in Operating Assets and Liabilities</b>		
(Increase) in Receivables	(437)	-
Increase/(Decrease) in Payables	544	(150)
<b>Net Changes in Operating Assets and Liabilities</b>	<b>107</b>	<b>(150)</b>
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>	<b>107</b>	<b>(150)</b>

**Education Directorate**  
**Notes to and Forming Part of the Financial Statements - Territorial**  
**For the Year Ended 30 June 2019**

**Note 36. BUDGETARY REPORTING – TERRITORIAL**

Balance Sheet Line Items	Actual 2018-19 \$'000	Original Budget <sup>1</sup> 2018-19 \$'000	Variance \$'000	Variance %	Variance Explanation <sup>2</sup>
Cash and Cash Equivalents	158	201	43	21	The increase in the closing cash balance relates to the timing of payments to non-government schools and payments associated with the ACT Bursary Scheme.
Receivables	437	-	437	#	Reflects grant recoveries associated with reduced enrolments in some non-government schools.
Payables	595	201	394	196	The increase relates to the timing of payments and recoveries from the Australian Taxation Office.

1. Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2018-19 Budget Statements). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.
2. Explanations for variations in from budget for Expenses on Behalf of the Territory are provided in the Statement of Appropriation.

**Note:** # in the Line Item Variance % column represents a variance that is greater than 999 per cent or less than -999 per cent.

**Education Directorate**  
**APPENDIX A - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**APPENDIX A - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

**LEGISLATIVE REQUIREMENT**

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for ACT Government Agencies.

The FMA and the *Financial Management Guidelines* issued under the FMA, requires the Education Directorate's financial statements to include:

- i. an Operating Statement for the year;
- ii. a Balance Sheet at the end of the year;
- iii. a Statement of Changes in Equity for the year;
- iv. a Cash Flow Statement for the year;
- v. a Statement of Appropriation for the year;
- vi. an Operating Statement for each class of output for the year;
- vii. significant accounting policies adopted for the year; and
- viii. other statements as are necessary to fairly reflect the financial operations of the Education Directorate during the year and its financial position at the end of the year.

These general-purpose financial statements have been prepared to comply with Australian Accounting Standards as required by the FMA. Accordingly, these financial statements have been prepared in accordance with:

- i. Australian Accounting Standards; and
- ii. ACT Accounting and Disclosure Policies.

**ACCRUAL ACCOUNTING**

The financial statements have been prepared using the accrual basis of accounting. The financial statements have also been prepared according to the historical cost convention, except for assets such as those included in property, plant and equipment and financial instruments which were valued at fair value in accordance with the revaluation policies applicable to the Directorate during the reporting period.

**CURRENCY**

These financial statements are presented in Australian dollars, which is the Directorate's functional currency.

**INDIVIDUAL REPORTING ENTITY**

The Directorate is an individual reporting entity.

**Education Directorate**  
**APPENDIX A - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**CONTROLLED AND TERRITORIAL ITEMS**

The Directorate produces Controlled and Territorial financial statements. The Controlled financial statements include income, expenses, assets and liabilities over which the Directorate has control. The Territorial financial statements include income, expenses, assets and liabilities that the Directorate administers on behalf of the ACT Government, but does not control.

The purpose of the distinction between Controlled and Territorial is to enable an assessment of the Directorate's performance against the decisions it has made in relation to the resources it controls, while maintaining accountability for all resources under its responsibility.

The basis of preparation described applies to both Controlled and Territorial financial statements except where specified otherwise.

**REPORTING PERIOD**

These financial statements state the financial performance, changes in equity and cash flows of the Directorate for the year ended 30 June 2019 together with the financial position of the Directorate as at 30 June 2019.

**COMPARATIVE FIGURES**

*Budget Figures*

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2018-19 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the Budget Statements.

*Prior Year Comparatives*

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified where practical. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

There were no changes from the adoption of AASB 9 recognised against the opening equity at 1 July 2018.

*Rounding*

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000). Use of "-" represents zero amounts or amounts rounded down to zero.



**Education Directorate**  
**APPENDIX A - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**GOING CONCERN**

As at 30 June 2019, the Directorate's current assets are insufficient to meet its current liabilities. This is not considered a liquidity risk as its cash needs are funded through appropriation from the ACT Government on a cash-needs basis. This is consistent with the whole-of-government cash management regime, which requires excess cash balances to be held centrally rather than within individual agency bank accounts.

The 2018-19 financial statements have been prepared on a going concern basis as the Directorate has been funded in 2019-20 Budget and Budget Papers include forward estimates for the Directorate.

**Education Directorate**  
**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES**

Appendix B – Significant Accounting Policies applies to both the Controlled and Territorial financial statements.

**SIGNIFICANT ACCOUNTING POLICIES – INCOME**

Where significant accounting policies and other explanatory information is applicable it is provided in this Appendix. Additional information is not provided for all notes in the financial statements.

**REVENUE RECOGNITION**

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. In addition, the following specific recognition criteria must be met before revenue is recognised: Revenue for user charges is recorded when received with the exception of international private students, which is recognised on an accrual basis.

**NOTE 4 – CONTROLLED RECURRENT PAYMENTS**

Controlled Recurrent Payments are recognised as revenues when the Directorate gains control over the funding. Control over appropriated funds is obtained upon the receipt of cash.

**NOTE 5 – USER CHARGES**

User Charges

Revenue for user charges is recorded when received except for international private student's revenue which is recognised when the fee is earned.

**NOTE 6 – OTHER REVENUE**

Revenue Received in Advance

Revenue received in advance is recognised as a liability if there is a present obligation to return the funds received, otherwise all are recorded as revenue.

**Education Directorate**  
**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**SIGNIFICANT ACCOUNTING POLICIES – EXPENSES**

**NOTE 7 – EMPLOYEE EXPENSES**

Employee benefits include:

- short-term employee benefits such as wages and salaries, annual leave loading, and applicable on cost if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services – wages and salaries, annual leave loading, and applicable on-costs;
- other long-term benefits such as long service leave and annual leave; and
- termination benefits.

On-costs include annual leave, long service leave, superannuation and other costs that are incurred when employees take annual and long service leave.

(See Appendix B – **Note 20 Employee Benefits** for accrued wages and salaries, and annual and long service leave).

**NOTE 8 – SUPERANNUATION EXPENSES**

Employees of the Directorate will have different superannuation arrangements due to the type of superannuation scheme available at the time of commencing employment, including both defined benefit and defined contribution superannuation scheme arrangements.

For employees who are members of the defined benefit Commonwealth Superannuation Scheme and Public Sector Superannuation Scheme, the Directorate makes employer superannuation contribution payments to the Territory Banking Account at a rate determined by the Chief Minister, Treasury and Economic Development Directorate. The Directorate also makes productivity superannuation contribution payments on behalf of these employees to the Commonwealth Superannuation Corporation, which is responsible for administration of the schemes.

For employees who are members of defined contribution superannuation schemes (the Public Sector Superannuation Scheme Accumulation Plan (PSSAP) and schemes of employee choice) the Directorate makes employer superannuation contribution payments directly to the employees' relevant superannuation fund.

All defined benefit employer superannuation contributions are recognised as expenses on the same basis as the employer superannuation contributions made to defined contribution schemes. The accruing superannuation liability obligations are expensed as they are incurred and extinguished as they are paid.

**SUPERANNUATION LIABILITY RECOGNITION**

For Directorate employees who are members of the defined benefit Commonwealth Superannuation Scheme and Public Sector Superannuation Scheme, the employer superannuation liabilities for superannuation benefits payable upon retirement are recognised in the financial statements of the Superannuation Provision Account.

**Education Directorate**  
**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**SIGNIFICANT ACCOUNTING POLICIES – EXPENSES CONTINUED**

**NOTE 9 – SUPPLIES AND SERVICES**

**Insurance**

The Directorate insures its major risks through the ACT Insurance Authority. The excess payable, under this arrangement, varies depending on each class of insurance held.

**Repairs and Maintenance**

The Directorate undertakes major cyclical maintenance on its assets. Where the maintenance leads to an upgrade of the asset, and increases the service potential of the existing asset, the cost is capitalised. Maintenance expenses which do not increase the service potential of the asset are expensed.

**Operating Leases**

Operating lease payments are recorded as an expense in the Operating Statement on a straight-line basis over the term of the lease.

**NOTE 10 – DEPRECIATION AND AMORTISATION**

Land has an unlimited useful life and is therefore not depreciated.

Depreciation or amortisation for non-current assets is determined as follows:

<b>Class of Asset</b>	<b>Depreciation/Amortisation</b>	<b>Useful Life (Years)</b>
Buildings and Land Improvements	Straight Line	50
Leasehold Improvements	Straight Line	5
Plant and Equipment	Straight Line	2-20
Internally Generated Intangibles	Straight Line	2-5

**Education Directorate**  
**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**SIGNIFICANT ACCOUNTING POLICIES – ASSETS**

**ASSETS – CURRENT AND NON-CURRENT**

Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Assets which do not fall within the current classification are classified as non-current.

**Significant Accounting Judgements and Estimates - Fair Value of Assets**

The Directorate has made a significant estimate regarding the fair value of its assets. Land and buildings have been recorded at the market value of similar properties as determined by an independent valuer. In some circumstances, buildings that are purpose built may in fact realise more or less in the market. Infrastructure assets and some community and heritage assets have been recorded at fair value based on current replacement cost as determined by an independent valuer. The valuation uses significant judgements and estimates to determine fair value, including the appropriate indexation figure and quantum of assets held. The fair value of assets is subject to management assessment between formal valuations.

**NOTE 13 – CASH AND CASH EQUIVALENTS**

Cash includes cash at bank and cash on hand. The Directorate money held in the Territory Banking Account Cash Fund is classified as a Cash Equivalent.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement and are included as borrowings in the Balance Sheet.

**NOTE 14 – RECEIVABLES**

**Accounts Receivables**

Accounts receivable (including trade receivables, other receivables and loan receivables) are measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement (see Appendix B – **Note 12 Act of Grace Payments, Waivers, Impairment Losses and Write-Offs**).

**Impairment Losses – Receivables**

The allowance for expected credit losses represents the amount of receivables that the Directorate estimates will not be repaid. The allowance for credit losses is based on objective evidence and a review of overdue balances. The Directorate measures expected credit losses of a financial instrument in a way that reflects:

- a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b) the time value of money; and
- c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The amount of the expected credit loss is recognised in the Operating Statement (see Appendix B – **Note 12 Act of Grace Payments, Waivers, Impairment Loss and Write-offs**). The allowance for credit losses are written-off against the allowance account when the Directorate ceases action to collect the debt when the cost recover debt is more than the debt is worth.

**Education Directorate**  
**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**SIGNIFICANT ACCOUNTING POLICIES – ASSETS CONTINUED**

For trade receivables the Directorate applied the simplified approach under AASB 9, which uses a lifetime expected loss for all trade receivables.

A provision matrix is used to calculate the expected credit loss.

Where the Directorate has no reasonable expectation of recovering an amount owed by a debtor and ceases action to collect the debt, as the cost to recover the debt is more than the debt is worth, the debt is written-off by directly reducing the receivable against the loss allowance.

**NOTE 15 – INVESTMENTS**

Short-term investments were held with the Territory Banking Account in a unit trust called the Cash Enhanced Portfolio. Long-term investments are held with the Territory Banking Account in a unit trust called the Fixed Interest Portfolio. All investments were divested during 2018-19 in accordance with revised ACT Government policy.

**NOTE 16 – PROPERTY, PLANT AND EQUIPMENT**

**Acquisition and Recognition of Property, Plant and Equipment**

Property, plant and equipment is initially recorded at cost.

Where property, plant and equipment are acquired at no cost, or minimal cost, cost is its fair value as at the date of acquisition. However property, plant and equipment acquired at no cost or minimal cost as part of a Restructuring of Administrative Arrangements is measured at the transferor's book value

Property, plant and equipment with a minimum value of \$5,000 (exclusive of GST) are capitalised. Assets below \$5,000 are expensed in the reporting period of purchase. Assets that are individually below the threshold, but for which the aggregate value is material, may be capitalised depending on the nature of the assets.

**Measurement of Property, Plant and Equipment after Initial Recognition**

Land, buildings and improvements to land are measured at fair value. Plant and equipment including leasehold improvements are measured at cost. Land and buildings are revalued every three years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. The most recent complete revaluation of the Directorate's land, buildings and land improvements was performed in 2016-17 by the CIVAS (ACT) Pty Ltd.

**Education Directorate**  
**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**SIGNIFICANT ACCOUNTING POLICIES – ASSETS CONTINUED**

**NOTE 16 – PROPERTY, PLANT AND EQUIPMENT – CONTINUED**

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the market approach or the cost approach valuation techniques as appropriate. In estimating the fair value of an asset or liability, the Directorate takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for land and non-specialised buildings is measured using the market approach valuation technique. This approach uses prices and other relevant information generated by market transactions involving identical or similar assets. Fair value for specialised assets is measured using the cost approach that reflects the current cost to construct a comparable asset less accumulated depreciation.

**Significant Accounting Judgements and Estimates – Useful lives of Property Plant and Equipment (PPE)**

The Directorate has made a significant estimate in determining the useful lives of its PPE. The estimation of useful lives of PPE is based on the historical experience of similar assets and in some cases has been based on valuations provided by the CIVAS (ACT) Pty Ltd as at 30 June 2017. The useful lives are assessed on an annual basis and adjustments are made when necessary.

Disclosures concerning assets useful life (see Appendix B – **Note 10 Depreciation and Amortisation**).

**Impairment of Assets**

The Directorate assesses, at each reporting date, whether there is any indication that an asset may be impaired. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Any resulting impairment losses for land, buildings and improvements are recognised against the relevant class of asset in the Asset Revaluation Surplus with corresponding reduction to the carrying amount in the Balance Sheet. Where the impairment loss is greater than the balance in the Asset Revaluation Surplus, the difference is expensed in the Operating Statement.

**NOTE 17 – INTANGIBLE ASSETS**

The Directorate's intangible assets are comprised of internally generated software and externally acquired software for internal use. Externally acquired software is recognised and capitalised when:

- a) it is probable that the expected future economic benefits attributable to the software will flow to the Directorate;
- b) the cost of the software can be measured reliably; and
- c) the acquisition cost is equal to or exceeds \$50,000.

Internally generated software is recognised when it meets the general recognition criteria and where it also meets the specific recognition criteria relating to intangible assets arising from the development phase of an internal project.

Capitalised software has a finite useful life. Software is amortised on a straight line basis over its useful life, over a period not exceeding five years.

Intangible assets are measured at cost.

**Education Directorate**  
**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**SIGNIFICANT ACCOUNTING POLICIES – LIABILITIES**

**LIABILITIES – CURRENT AND NON-CURRENT**

Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the Directorate does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Liabilities which do not fall within the current classification are classified as non-current.

**NOTE 19 – PAYABLES**

Payables are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. All amounts are normally settled within 30 days after the invoice date.

Payables include Trade Payables, Accrued Expenses and Other Payables.

**NOTE 20 – EMPLOYEE BENEFITS**

**Wages & Salaries**

Accrued salaries and wages are measured at the amount that remains unpaid to employees at the end of the reporting period.

**Annual and Long Services Leave**

Annual and long service leave including applicable on-costs that are not expected to be wholly settled within twelve months are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At the end of each reporting period, the present value of annual leave and long service leave payments is estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

Annual leave liabilities have been estimated on the assumption that they will be wholly settled within three years. This financial year the rate used to estimate the present value of future:

- Annual leave payment is 101.6% (99.7% in the previous financial year);
- Payments for long service leave is 110.1% (100.9% in the previous financial year).

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years of qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and applicable on-costs.

The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in-service, the probability that employees will take annual and long service leave while in service has been taken into account in estimating the liability for on-costs.



**Education Directorate**  
**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**SIGNIFICANT ACCOUNTING POLICIES – LIABILITIES CONTINUED**

**NOTE 20 – EMPLOYEE BENEFITS CONTINUED**

Annual leave and long service leave are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because the agency has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

**Significant Accounting Judgements and Estimates – Employee Benefits**

Significant judgements have been applied in estimating the liability for employee benefits. The estimated liability for annual and long service leave requires a consideration of the future wage and salary levels, experience of employee departures, probability that leave will be taken in service and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will become payable.

The significant judgements and assumptions included in the estimation of annual and long service leave liabilities include an assessment by an actuary. The Australian Government Actuary performed this assessment in April 2019. The assessment by an actuary is performed every three years. However, it may be performed more frequently if there is a significant contractual change in the parameters underlying the 2019 report. The next actuarial review is expected to be undertaken by early 2022.

During 2018-19 the process of calculating Long Service Leave was automated using the HR management system Chris21. The automated process has resulted in a more accurate estimate of employees' long service leave entitlements.

**NOTE 21 – OTHER LIABILITIES**

**Revenue Received in Advance**

Revenue received in advance is recognised as a liability if there is a present obligation to return the funds received, otherwise all are recorded as revenue.

**Education Directorate**  
**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**SIGNIFICANT ACCOUNTING POLICIES – OTHER NOTES**

**NOTE 22 – FINANCIAL INSTRUMENTS**

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- a) the business model for managing the financial assets; and
- b) the contractual cash flow characteristics of the financial assets.

Financial liabilities are measured at amortised cost.

**NOTE 25 - INTEREST IN A JOINT OPERATION**

The Directorate is involved in a joint operation with the Catholic Education Office at Gold Creek Primary School and its share of assets, liabilities, income and expenses have been recognised in the Directorate's financial statements under appropriate headings consistent with AASB 131 'Joint Arrangements'. Please refer to **Note 25 – Interest in a Joint Operation** for details.

**NOTE 28 – BUDGETARY REPORTING**

Significant judgements have been applied in determining what variances are considered 'major variances'. Variances are considered major if both of the following criteria are met:

- The line item is a significant line item: where either the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or more than 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- The variances (original budget to actual) are greater than plus (+) or minus (-) 10% of the budget for the financial statement line item.

**Education Directorate**  
**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**TERRITORIAL – SPECIFIC SIGNIFICANT ACCOUNTING POLICIES**

**SIGNIFICANT ACCOUNTING POLICIES – SPECIFIC TO TERRITORIAL – INCOME**

**NOTE 29 – PAYMENT FOR EXPENSES ON BEHALF OF THE TERRITORY – TERRITORIAL**

The Payment for expenses on behalf of the Territory is recognised on an accrual basis. Due to the nature of territorial accounting, the Statement of Assets and Liabilities on Behalf of the Territory includes (as applicable) liabilities to, and receivables from, the Territory Banking Account.

**TERRITORIAL NOTES REFERENCED TO CONTROLLED NOTES**

**NOTE 36 BUDGETARY REPORTING – TERRITORIAL:** see Appendix B – **Note 28 Budgetary Reporting.**

**Education Directorate**  
**APPENDIX C – IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE**  
**APPLIED**  
**FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**APPENDIX C - IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED**

Appendix C - impact of accounting standards issued but yet to be applied concerns both the Controlled and Territorial financial statements. The Directorate has determined that no material impact is expected from new accounting standards.

**ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED**

The following new and revised accounting standards and interpretations that are applicable to the Directorate have been issued by the Australian Accounting Standards Board but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods. The Directorate does not intend to adopt these standards and interpretations early. Where applicable, these Australian Accounting Standards will be adopted from their application date. The Directorate will make a detailed assessment of the impact over the next 12 months.

- AASB 15 *Revenue from Contracts with Customers* (application date 1 January 2019)

The Directorate estimates the impact of the changes to be immaterial.

- AASB 16 *Leases* (application date 1 January 2019)

AASB 16 is the new standard for leases. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset value is low. This will result in the Directorate recognising a number of its operating leases as assets alongside the associated liability, rather than accounting for these as operating lease expenditure. The right-of-use asset will initially be recognised at cost and will give rise to a depreciation expense. The lease liability will initially be recognised as the present value of the lease payments during the term of the lease. Lease payments made will reduce this liability over time and result in an interest expense.

The Directorate estimates the impact of the changes to be immaterial.

- AASB 1058 *Income of Not-For-Profit Entities* (application date 1 January 2019)

The Directorate estimates the impact of the changes to be immaterial.

**Education Directorate**  
**APPENDIX D – CHANGE IN ACCOUNTING ESTIMATES**  
**FORMS PART OF NOTE 3 OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**APPENDIX D - CHANGE IN ACCOUNTING ESTIMATES**

Appendix D the change in accounting estimates applies to both the Controlled and Territorial financial statements.

**CHANGE IN ACCOUNTING ESTIMATES**

As disclosed in **Note 20 – Employee Benefits**, annual leave and long service leave, including applicable on-costs that do not fall due in the next 12 months are measured at the present value of estimated payments to be made in respect of services provided by employees up to the reporting date. The present value of future payments is estimated from an assessment made by the Australian Government Actuary.

Last financial year the rate used to estimate the present value of future long service leave and annual leave payments was 100.9% for long service leave and 99.7% for annual leave. The rate for 2018-19 is 110.1% for long service leave and 101.6% for annual leave. As such the estimate of the long service leave and annual leave liabilities has changed. This change has resulted in an increase in the estimate of the long service leave liability and expense in the current reporting period of approximately \$10.366 million and an increase to the estimate of the annual leave liability and expense in the current reporting period of approximately \$0.760 million.

# CAPITAL WORKS

In 2018-19, the Directorate continued to deliver a significant capital works program, totalling \$80.4 million, following on from the same level of investment of \$80.4 million in 2017-18 and a \$19.5 million program of works delivered in 2016-17.

Significant achievements for the reporting period include the completion of the modernisation works at the Belconnen High School, completion and occupation of the Margaret Hendry School (North Gungahlin Primary School) and the completion of additional temporary accommodation works at Neville Bonner Primary School, Gold Creek School (junior campus) and Franklin Early Childhood School. Investment in Gungahlin schools infrastructure continued with the commencement of permanent expansion works at Neville Bonner Primary School and Gold Creek School (junior campus) in preparation for the 2020 school year. The first phase of the modernisation works was completed at Narrabundah College with the installation of 22 transportable classroom buildings and amenities, which then allowed for the demolition and site remediation of three classroom blocks at the site.

Early planning and design activities have progressed throughout the reporting period for the modernisation of Campbell Primary School, the expansion of Franklin Early Childhood School, the new Throsby Primary School and the East Gungahlin High School.

## New Schools

### Margaret Hendry School (North Gungahlin Primary School)

The Margaret Hendry School commenced operation at the start of the 2019 school year delivering 21<sup>st</sup> Century pedagogy to students from Preschool to Year 6 students.

### Modernising Belconnen High School

The Belconnen High School modernisation project was completed for the start of the 2019 school year. The investment in the modernisation of Belconnen High School will now assist the school in delivering 21<sup>st</sup> Century pedagogy to students.

### Investment in Gungahlin Schools Infrastructure

Further temporary expansion works at Neville Bonner Primary School, Gold Creek School (junior campus) and Franklin Early Childhood School were completed for the start of 2019 to accommodate increased enrolment demand in the area.

Permanent expansion works have commenced at Neville Bonner Primary School and Gold Creek School (junior campus) in preparation for the 2020 school year. Construction activities for the permanent expansions commenced during the reporting period with bulk earthworks, in-ground services and building slabs.

Early planning and design activities have progressed throughout the reporting period for the permanent expansion of Franklin Early Childhood School to accommodate students from Preschool to Year 6. The expansion will be ready by mid-2021.

Early planning and design activities have progressed throughout the reporting period for the new Preschool to Year 6 school in Throsby scheduled to be ready for the start of 2022.

Early planning and design activities have progressed throughout the reporting period for the new High School in East Gungahlin. The school will be ready for 2023.

## **Narrabundah College and Campbell Primary School Modernisation**

The 22 transportable units including student amenities installed at Narrabundah College were occupied by students and staff at the start of Term 3, 2018. As part of the transportable units installation, three existing buildings containing hazardous materials were demolished over the December/January school holiday period.

Early planning and design activities have progressed throughout the reporting period for the modernisation of Campbell Primary School. The modernisation will include new learning communities and refurbishments of existing infrastructure.

A program of school and community engagement activities has been ongoing at both Narrabundah College and Campbell Primary School regarding the modernisation activities.

## **Molonglo Preschool to Year 10 School**

Procurement for the Design and Construction of the Molonglo Primary Preschool to Year 10 has progressed through the reporting period and closed at the start of June 2019.

The school will be delivered in two stages, with the first stage being the Preschool to Year 6 areas and community facilities. Stage one will be ready for the start of the 2021 school year.

## **Capital Upgrades Program**

Capital upgrade works completed in 2018-19 include:

- > Alfred Deakin High School – new small group learning environment;
- > Amaroo School – new small group learning environment;
- > Amaroo School – draught proofing upgrades;
- > Arawang Primary School – outdoor learning area upgrade;
- > Black Mountain School – security door upgrades;
- > Campbell Primary School – disability toilet upgrades;
- > Caroline Chisholm School (junior campus) - draught proofing upgrades;
- > Caroline Chisholm School (senior campus) – LED lighting upgrade to gym;
- > Caroline Chisholm School – transportable building removal;
- > Calwell Primary School – bike shelter;
- > Calwell High School – transportable building removal;
- > Canberra College – electrical upgrade;
- > Cranleigh School – internal upgrade;
- > Curtin Primary School – internal upgrade;
- > Dickson College – disability toilet upgrades;
- > Erindale College - electrical switchboard upgrade;
- > Erindale College – new small group learning environment;
- > Evatt Primary School – disability access works and sensory garden;
- > Florey Primary School – new small group learning environment;
- > Florey Primary School – LED lighting upgrade to hall;
- > Forrest Primary School – new small group learning environment;
- > Fraser Preschool – transportable classroom (replace old building);
- > Fraser Primary School – disability access work;
- > Garran Primary School – outdoor learning area addition;

- > Giralang Primary School – draught proofing upgrades;
- > Gold Creek School (senior campus) - LED lighting upgrade to gym;
- > Gordon Primary School – draught proofing upgrades;
- > Gowrie Primary School – draught proofing upgrades;
- > Gungahlin College – draught proofing upgrades;
- > Harrison School – draught proofing upgrades;
- > Hughes Primary School - draught proofing upgrades.
- > Hughes Preschool – disability access works and playground upgrade;
- > Kaleen Primary School – toilet upgrades;
- > Lake Tuggeranong College – draught proofing upgrades;
- > Latham Primary School – bike shelter;
- > Lyons Early Childhood School – draught proofing upgrades;
- > Malkara School – administration area upgrade;
- > Malkara School – draught proofing upgrades;
- > Mawson Primary School – transportable classroom;
- > Melba Copland Secondary School – disability access work;
- > Melba Copland Secondary School (college campus) – electrical upgrade;
- > Melba Copland Secondary School (college campus) – LED lighting upgrade to theatre;
- > Melrose High School – oval upgrade;
- > Miles Franklin Primary School – disability toilet upgrades;
- > Mount Stromlo High School – transportable building removal;
- > Namadgi School – draught proofing upgrades;
- > Namadgi School – new small group learning environment;
- > Ngunnawal Primary School – new small group learning environment;
- > North Ainslie Primary School – transportable classroom;
- > Red Hill Primary School – draught proofing upgrades;
- > Red Hill Primary School – transportable classroom;
- > Richardson Primary School – disability access works;
- > Torrens Primary School – disability toilet and access upgrades;
- > Theodore Primary School – disability access upgrades;
- > The Woden School – disability toilet upgrade;
- > Turner School – double glazing to pool change rooms;
- > Turner School – draught proofing upgrades;
- > University of Canberra Kaleen High School – draught proofing upgrades;
- > University of Canberra Lake Ginninderra College – draught proofing upgrades;
- > Wanniasa School (junior campus) – new small group learning environment; and
- > Wanniasa School (junior campus) - draught proofing upgrades.



Table 43 Capital Works Management 2018-19

Project	Original Project Value \$'000	Revised Project Value \$'000	Prior Year Expenditure \$'000	Actual Expenditure 2018-19 \$'000	Total Expenditure to Date \$'000	Estimated/ Actual physical completion date
<b>NEW CAPITAL WORKS</b>						
More Schools, Better Schools - Delivering Molonglo P-6	41,858	41,858	0	293	293	Jun-21
More Schools, Better Schools - More Places at Gungahlin Schools	19,830	19,830	0	1,608	1,608	Jun-22
More Schools, Better Schools - Roof Replacement Program	17,960	17,960	0	331	331	Jun-22
More Schools, Better Schools - Upgrading Campbell Primary School	18,819	18,819	0	216	216	Jun-22
<b>Total New Capital Works</b>	<b>98,467</b>	<b>98,467</b>	<b>0</b>	<b>2,448</b>	<b>2,448</b>	
<b>PUBLIC SCHOOL INFRASTRUCTURE UPGRADES</b>						
School Learning Area Improvements	5,620	4,625	0	1,991	1,991	Jun-19
School Administration and Support Area Improvements	1,800	1,629	0	2,975	2,975	Jun-19
Disability Access Compliance	1,500	1,907	0	2,675	2,675	Jun-19
School Infrastructure Revitalisation	2,330	9,298	0	9,880	9,880	Jun-19
School Security Improvements	650	477	0	326	326	Jun-19
School Safety Improvements	1,200	1,443	0	2,013	2,013	Jun-19
External Learning Environments	450	613	0	1,311	1,311	Jun-19
Environmental Sustainable Initiatives	1,050	1,395	0	1,628	1,628	Jun-19
Joint Funding Works	0	1,188	0	4,277	4,277	Jun-19
<b>Total Public School Infrastructure Upgrades</b>	<b>14,600</b>	<b>22,575</b>	<b>0</b>	<b>27,076</b>	<b>27,076</b>	
<b>Total New Works</b>	<b>113,067</b>	<b>121,042</b>	<b>0</b>	<b>29,524</b>	<b>29,524</b>	
<b>WORK IN PROGRESS</b>						
Better schools for our kids – New School Facilities in Molonglo - Early Planning	500	500	301	44	345	Jun-20
Better schools for our kids – Expanding Schools in Gungahlin	24,072	24,606	3,440	15,861	19,301	Jun-21

Project	Original Project Value \$'000	Revised Project Value \$'000	Prior Year Expenditure \$'000	Actual Expenditure 2018-19 \$'000	Total Expenditure to Date \$'000	Estimated/ Actual physical completion date
Better schools for our kids – Campbell Primary and Narrabundah College Facility upgrade	1,200	25,066	12,852	10,457	23,309	Jun-22
Better Schools – Investment in Gungahlin School Infrastructure	16,600	16,600	15,586	735	16,321	Dec-19
Schools for the Future – Caroline Chisholm School - Centre for Innovation and learning	5,896	5,696	5,249	130	5,379	Feb-18
Schools for the Future – Modernising Belconnen High	17,627	23,527	14,044	8,683	22,727	Dec-19
Schools for the Future - North Gungahlin and Molonglo	28,609	28,609	13,237	14,761	27,998	Feb-19
<b>Total Work In Progress</b>	<b>94,504</b>	<b>124,604</b>	<b>64,709</b>	<b>50,671</b>	<b>115,380</b>	
<b>PROJECTS - PHYSICALLY AND FINANCIALLY COMPLETED</b>						
Coombs P-6 School Construction Funding	47,250	35,352	35,300	6	35,306	Jan-16
Hazardous Material Removal Program – Stage 3	3,000	3,000	2,775	225	3,000	Dec-18
<b>TOTAL</b>	<b>50,250</b>	<b>38,352</b>	<b>38,075</b>	<b>231</b>	<b>38,306</b>	
<b>TOTAL CAPITAL WORKS PROGRAM 2018-19</b>	<b>257,821</b>	<b>283,998</b>	<b>102,784</b>	<b>80,426</b>	<b>183,210</b>	

Table 44 End of Financial Year Reconciliation Schedule 2018-19

<b>Reconciliation of total current year financing</b>	<b>2018-19 \$'000</b>
Total current year capital works financing	80,907
Add: Other capital initiatives financing	8,987
<b>Capital Injection as per Cash flow statement</b>	<b>89,894</b>
<b>Reconciliation of Total Current Year Actual Expenditure - against financing</b>	
Total current year capital works expenditure	79,979
Total current year capital initiatives expenditure	8,181
Add: Net Impact of accruals between financial years	13
Less: Net Impact of Capital purchases expenditure funded outside of Capital Injections	1,721
<b>Capital Injection (as per Cash flow statement)</b>	<b>89,894</b>
<b>Reconciliation of Total Current Year Actual Expenditure</b>	
Total current year capital works expenditure	79,979
Total current year capital initiatives expenditure	8,181

<b>Reconciliation of total current year financing</b>	<b>2018-19 \$'000</b>
Add: Net Impact of accruals between financial years	13
Add: Other asset purchases outside of capital works program and capital initiatives	4,809
<b>Purchase of Property, Plant and Equipment (as per Cash Flow Statement)</b>	<b>92,982</b>

Further information may be obtained from the Executive Branch Manager, Infrastructure and Capital Works, (02) 6205 1289.

## Information, Communication and Technology Projects

In 2018-19, the Directorate completed critical milestones for Information, Communication and Technology (ICT) projects including:

- > deploying around 4,000 devices to ACT public secondary students;
- > analysing and reprioritising projects to align with required school outcomes;
- > deploying Windows 10 successfully to all schools; and
- > delivering key projects aligned with the SAS deployment schedule.

Table 45 Information, Communication and Technology Projects 2018-19

Project	Original Project Value	Revised Project Value	Prior Year Expenditure	Actual Expenditure 2018-19	Total Expenditure to Date	Estimated/ Actual physical completion date
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>INFORMATION AND COMMUNICATION TECHNOLOGY PROGRAM (ICT)</b>						
<b>WORK IN PROGRESS</b>						
Better schools for our kids – Technology Enabled Learning	10,450	10,450	7,062	1,459	8,521	Jun-20
Better Schools - IT Upgrade for School Administration System (SAS)	10,000	10,000	4,230	2,184	6,414	Dec-19
Supporting our School System - Improving ICT	4,420	4,420	-	3,592	3,592	Jun-19
School Staffing Integrated Management System	356	356	216	-	216	Jun-20
<b>Total Work In Progress</b>	<b>25,226</b>	<b>25,226</b>	<b>11,508</b>	<b>7,235</b>	<b>18,743</b>	

Project	Original Project Value	Revised Project Value	Prior Year Expenditure	Actual Expenditure 2018-19	Total Expenditure to Date	Estimated/ Actual physical completion date
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PROJECTS - PHYSICALLY AND FINANCIALLY COMPLETED</b>						
ACT Teacher Quality Institute - Digital Service Delivery Phase 2	713	713	634	121	755	Jun-19
<b>TOTAL</b>	<b>713</b>	<b>713</b>	<b>634</b>	<b>121</b>	<b>755</b>	
<b>TOTAL ICT PROGRAM 2018-19</b>	<b>25,939</b>	<b>25,939</b>	<b>12,142</b>	<b>7,356</b>	<b>19,498</b>	

## Work in Progress

Please refer to page 27 for further project details on the two key ICT projects in progress: Technology Enabled Learning and the SAS.

## Projects Completed

ACT Teacher Quality Institute (TQI) – Phase 2 of the digital services delivery has been completed – TQI upgraded portal performance with an enhanced design that improves the ongoing user experience.

**Further information may be obtained from the Executive Branch Manager, Digital Strategy, Services and Transformation, (02) 6205 6749.**

# ASSET MANAGEMENT

The Directorate's asset management practices are based on the following key principles:

- > asset management activities are undertaken in an integrated and coordinated manner;
- > asset management decisions are guided by service delivery needs;
- > asset planning and management are linked to corporate and business plans, as well as budgetary and reporting processes; and
- > capital expenditure decisions are based on evaluations of alternatives that take into account estimated costs, benefits and risks, in particular workplace health and safety risks.

In 2018-19, the Directorate progressed the following activities in relation to asset management:

- > the first set of the Sustainable Development of Public School Facilities specifications for Preschool to Year 6 schools has been implemented in the new Margaret Hendry School in Taylor. The specifications define the infrastructure requirements to meet modern pedagogy and sustainability requirements. Following the opening of the school, a review was commenced, with a view to incorporating the lessons learned; and
- > the Strategic Asset Management Plan asset database has been further developed.

The Directorate is responsible for 92 school sites and 28 offsite preschools. In addition, the Directorate manages two major facilities for ESO staff. In total, there are 122 sites under direct management by the Directorate.

The Directorate has ongoing infrastructure programs which provide sustainable, high quality learning and teaching environments for students. These programs provide facility upgrades, expansions, repairs and maintenance. The capital works program focuses on renewal and upgrade of schools and preschools and the maintenance program handles urgent and minor repairs, planned maintenance and the repair of damaged facilities.

Asset management issues which were a priority for the Directorate in 2018-19 included:

- > renewal of ageing infrastructure;
- > provision of new schools and educational facilities to meet growth-related demand;
- > refurbishment to support changing curriculum activities, including improvements to STEM learning environments;
- > modification of facilities to support students with complex needs and challenging behaviours;
- > installation of information and communication technology infrastructure;
- > building compliance upgrades to improve accessibility and learning environments for students with special needs;
- > construction of external learning environments;
- > school safety improvements including car parking and traffic management;
- > installation of security related infrastructure;
- > hazardous materials management, removal and disposal; and
- > infrastructure works to achieve energy efficiency and reduction in carbon emissions.

# Assets Managed

As at 30 June 2019, the Directorate managed school infrastructure assets with a total net book value of \$1,945.9 million.

Table 46 Assets and their values at 30 June 2019

Asset Class	Value (\$ million)
Land and Buildings (including improvements) for schools and preschools	1,909.2
Property, Plant and Equipment	32.3
Intangible Assets	4.4
<b>Total</b>	<b>1,945.9</b>

Source: Education Directorate

Assets to the value of \$106.6 million were added to the register in 2018-19.

Table 47 Assets added to the Asset Register in 2018-19

Assets	Value (\$ million)
Capital Works (Schools)	100.2
Capital Initiatives - ICT and other projects	6.4
<b>Total</b>	<b>106.6</b>

Source: Education Directorate

## Surplus Assets

As at 30 June 2019, the Directorate did not have any properties which were not being utilised by the agency or that had been identified as potentially surplus.

## Assets Maintenance and Upgrade

The Directorate undertakes maintenance and upgrades in consultation with schools and their communities. The Directorate supports schools to develop their repairs and maintenance plans on the basis of information from building condition assessments, requests from schools and information gained from other sources such as consultant reports and site visits.

Works were subsequently undertaken at a local level by schools and through the Directorate's Infrastructure and Capital Works Branch, with larger and more significant works included in the Directorate's capital works program in priority order.

Maintenance and major refurbishment are a priority for the Directorate given the increasing average age of school facilities.

## Asset Maintenance

The Directorate had an allocation in 2018-19 of approximately \$17.5 million to undertake planned and unforeseen repairs and maintenance works at ACT public schools and preschools as well as compliance programs.

Further funds are allocated each year directly to ACT public schools. This funding is for physical infrastructure costs covering minor repairs and maintenance works.

The 2018-19 repairs and maintenance works included:

- > specific works (e.g. fire panel, security system and electrical switchboard upgrades, external painting and other school requested improvements);
- > heating, ventilation and air conditioning maintenance and repairs;
- > stormwater and sewer line inspections and rectification works;
- > roof access safety system upgrades and certification;
- > lifts and auto doors inspections and maintenance;
- > emergency lighting inspections and maintenance;
- > fire alarm system monitoring;
- > asbestos materials surveys and removal;
- > building condition assessments including drone technology to streamline and improve the assessment of roof and roof components;
- > work health and safety related works;
- > tree inspections and works; and
- > school security - including targeted patrols, static guarding where required and patrol response to security sensor alerts.

The Directorate undertook five-yearly asbestos audits at 50 schools during the year. All schools with asbestos containing materials present have asbestos management plans in place.

## Capital Upgrades

In the 2018-19 Budget, funding of \$14.6 million was provided for capital upgrades at schools and preschools. Details of specific works are included in the Capital Works section.

# Office Accommodation

There were 533 staff occupying office-based workstations as at 30 June 2019 (excluding the Office of the Board of Senior Secondary Studies), occupying a total of 6,080m<sup>2</sup>. Details about the list of sites, staff numbers (head count) and space occupied are provided in Table 48. Remaining staff were employed in school environments undertaking school-based activities, including teaching, student support, school leadership and school administration. Full staffing profiles are reported in the Human Resource Management section.

Table 48 Education Support Office sites, staff numbers (headcount) and space occupied as at 30 June 2019

Building and location	Staff numbers	Approximate area occupied (m <sup>2</sup> )	Average area occupied per employee (m <sup>2</sup> )
220 Northbourne Avenue, Braddon	153	1,991	13.0
Hedley Beare Centre for Teaching and Learning, Stirling <sup>1</sup>	301	3,547	11.8
Gilmore Primary School, Majura Primary School, Melrose High School, Wanniasa (P-10) School Senior Campus & University of Canberra High School Kaleen <sup>2</sup>	79	642	8.1
Callam Offices, Phillip (The Office of the Board of Senior Secondary Studies)	14	466	33.3
<b>Total</b>	<b>547 <sup>3,4</sup></b>	<b>6,546</b>	<b>12.1</b>

Source: Education Directorate

<sup>1</sup> Approximate area occupied at Hedley Beare Centre for Teaching and Learning does not include meeting rooms and training facilities (1,855m<sup>2</sup>) available for booking by other Directorates of ACT Government and members of the public.

<sup>2</sup> School areas occupied by ESO staff are from the Network Student Engagement and Hearing & Vision Support Teams.

<sup>3</sup> Staff numbers do not include 25 SSICT staff embedded at Hedley Beare Centre for Teaching and Learning.

<sup>4</sup> Staff numbers have been calculated based on occupied work stations at 30 June 2019.

**Further information may be obtained from the Executive Branch Manager, Infrastructure and Capital Works, (02) 6205 1289.**



# GOVERNMENT CONTRACTING

All procurement processes within the Directorate are required to comply with the procurement legislative framework including the *Government Procurement Act 2001*, *Government Procurement Regulation 2007* and subordinate guidelines and circulars. The procurement selection and management processes are authorised by the appropriate delegate within the Directorate.

Under the whole of government procurement arrangements, Strategic Finance and Procurement Branch provided advice and support in relation to goods and services procurement, contract management issues and undertook higher value procurements on behalf of the Directorate.

The Directorate continued to be responsible for the management of contracts. Where obligations were not met the contractor was required to rectify the non-compliance promptly to avoid cancellation of the contract.

Expenditure by the Directorate's ESO included acquisition of expert advice regarding curriculum, national assessment testing and other education related matters, human resource issues, services to maintain assets and capital works activities. Contract information for schools covered a wide range of acquisitions including cleaning.

Refer to Appendix 2 Government Contracting for contracts executed in 2018-19 with an estimated total value of \$25,000 or more, and contracts executed in 2017-18 financial year and notified to the Contracts Register in the 2018-19 financial year.

There have been no exemptions from the secure local jobs code requirements under section 22G of *the Government Procurement Act 2001* during the 2018-19 financial year.

**Further information may be obtained from the Executive Branch Manager, Strategic Finance and Procurement, (02) 6205 2685.**

# STATEMENT OF PERFORMANCE



AUDITOR-GENERAL AN OFFICER  
OF THE ACT LEGISLATIVE ASSEMBLY 

## INDEPENDENT LIMITED ASSURANCE REPORT

To the Members of the ACT Legislative Assembly

### Conclusion

I have undertaken a limited assurance engagement on the statement of performance of the Education Directorate (the Directorate) for the year ended 30 June 2019.

Based on the procedures performed and evidence obtained, nothing has come to my attention to indicate the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2019 are not in agreement with the Directorate's records or do not fairly reflect, in all material respects, the performance of the Directorate, in accordance with the *Financial Management Act 1996*.

### Basis for conclusion

I have conducted the engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. My responsibilities under the standard and legislation are described in the 'Auditor-General's responsibilities' section of this report.

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and the ACT Audit Office applies Australian Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*.

I believe that sufficient and appropriate evidence was obtained to provide a basis for my conclusion.

### The Directorate's responsibilities for the statement of performance

The Director-General is responsible for:

- preparing and fairly presenting the statement of performance in accordance with the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*; and
- determining the internal controls necessary for the preparation and fair presentation of the statement of performance so that the results of accountability indicators and accompanying information are free from material misstatements, whether due to error or fraud.

### Auditor-General's responsibilities

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*, the Auditor-General is responsible for issuing a limited assurance report on the statement of performance of the Directorate.

My objective is to provide limited assurance on whether anything has come to my attention that indicates the results of the accountability indicators reported in the statement of performance are not in agreement with the Directorate's records or do not fairly reflect, in all material respects, the performance of the Directorate, in accordance with the *Financial Management Act 1996*.

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Level 4, 11 Moore Street Canberra City ACT 2601 PO Box 275 Civic Square ACT 2608  
T 02 6207 0833 F 02 6207 0826 E [actauditorgeneral@act.gov.au](mailto:actauditorgeneral@act.gov.au) W [www.audit.act.gov.au](http://www.audit.act.gov.au)

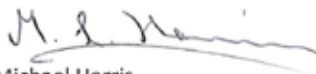
In a limited assurance engagement, I perform procedures such as making inquiries with representatives of the Directorate, performing analytical review procedures and examining selected evidence supporting the results of accountability indicators. The procedures used depend on my judgement, including the assessment of the risks of material misstatement of the results reported for the accountability indicators.

**Limitations on the scope**

The procedures performed in a limited assurance engagement are less in extent than those required in a reasonable assurance engagement and consequently the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, I do not express a reasonable assurance opinion on the statement of performance.

This limited assurance engagement does not provide assurance on the:

- relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets;
- accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations; or
- adequacy of controls implemented by the Directorate.



Michael Harris  
Auditor-General  
18 September 2019

**Education Directorate  
Statement of Performance  
For the year ended 30 June 2019**

**Statement of Responsibility**

In my opinion, the Statement of Performance is in agreement with the Directorate's records and fairly reflects the service performance of the Directorate for the year ended 30 June 2019 and also fairly reflects the judgements exercised in preparing it.

A handwritten signature in black ink, appearing to read 'megbrighton', with a stylized flourish at the end.

Meg Brighton  
Director-General  
18 September 2019

**Education Directorate**  
**Statement of Performance**  
**For the year ended 30 June 2019**

**Output Class 1: Public School Education**

**Description**

Public primary school education spans the years from preschool to year 6. It is available, on average, for eight years with a preschool age of four years and a kindergarten starting age of five years. A balanced curriculum allows the students to develop the qualities needed for lifelong learning. Public high school education covers the years 7 to 10. ACT public high schools offer a broad and comprehensive education across all key learning areas. Public secondary college education covers years 11 and 12, offering courses catering for a broad range of student needs and interests.

A range of educational settings are available in ACT public schools for students with a disability. These include special needs schools, special classes or units in mainstream schools and additional support in mainstream classes.

	<b>2018-19 Target</b>	<b>2018-19 Result</b>	<b>Percentage variance from the target</b>	<b>Explanation of material variance (±10% or higher)</b>
<b>Cost (\$'000) <sup>a</sup></b>				
1.1 Public Primary School Education	410,697	425,492	3.6%	
1.2 Public High School Education	203,458	205,520	1.0%	
1.3 Public Secondary College Education	130,091	128,710	(1.1%)	
1.4 Disability Education in Public Schools	78,593	79,586	1.3%	
<b>Total Output Class 1</b>	<b>822,839</b>	<b>839,308</b>	<b>2.0%</b>	
<b>Controlled Recurrent Payments (\$'000) <sup>a</sup></b>				
1.1 Public Primary School Education	349,270	349,776	0.1%	
1.2 Public High School Education	175,066	175,319	0.1%	
1.3 Public Secondary College Education	110,317	110,477	0.1%	
1.4 Disability Education in Public Schools	69,975	70,076	0.1%	
<b>Total Output Class 1</b>	<b>704,628</b>	<b>705,648</b>	<b>0.1%</b>	

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

**Notes:**

- a. Cost and Controlled Recurrent Payments measures were not examined by the ACT Audit Office in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*.

**Education Directorate**  
**Statement of Performance**  
**For the year ended 30 June 2019**

<b>Output Class 1: Public School Education Accountability Indicators</b>	<b>2018-19 Target</b>	<b>2018-19 Result</b>	<b>Percentage variance from the target</b>	<b>Explanation of material variance (±10% or higher)</b>
<b>Early childhood education</b>				
a. Number of enrolments in preschool in public schools	4,650	4,679	0.6%	
b. Number of enrolments of Aboriginal and Torres Strait Islander students in preschool in public schools	250	256	2.4%	
<b>School participation</b>				
a. Attendance rate of public school students in year 1 to year 10	92%	90.6%	(1.5%)	
<b>Education and care services</b>				
a. Assessment and ratings completed within legislated timeframes	100%	99%	(1%)	
b. Annual compliance audit is delivered in full	100%	100%	-	
<b>Disability education</b>				
a. Individual Learning Plans completed for students in special and mainstream schools who access special education services	100%	99%	(1%)	
<b>Senior secondary education</b>				
a. Percentage of year 10 students who proceed to public secondary college education	90%	91.7%	1.9%	
b. Percentage of year 10 Aboriginal and Torres Strait Islander students who proceed to public secondary college education	85%	83.3%	(2%)	
c. Apparent retention of public school students from year 7 to year 12	N/A	Discontinued indicator		Note 1
d. Apparent retention of Aboriginal and Torres Strait Islander public school students from year 7 to year 12	90%	100%	11.1%	Note 2
e. Percentage of year 12 students who receive a Tertiary Entrance Statement	50%	48%	(4%)	
f. Percentage of year 12 Aboriginal and Torres Strait Islander students who receive a Tertiary Entrance Statement	20%	24.2%	21%	Note 3
g. Percentage of year 12 students who receive a nationally recognised vocational qualification	60%	43.7%	(27.2%)	Note 4
h. Percentage of year 12 Aboriginal and Torres Strait Islander students who receive a nationally recognised vocational qualification	50%	34.7%	(30.6%)	Note 5
<b>Regulatory and process reform initiative</b>				
a. Commenced implementation of red tape reduction initiatives	June 2019	1 January 2019	-	
<b>Average cost (\$) per student per annum in public:</b>				
a. Preschools	7,754	7,725	(0.4%)	
b. Primary schools	15,110	15,476	2.4%	
c. High schools	19,550	19,392	(0.8%)	
d. Secondary colleges	20,999	20,903	(0.5%)	
e. Special schools	67,570	70,952	5.0%	
f. Mainstream Schools' student with a disability	27,998	27,114	(3.2%)	

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

**Notes to variances**

- The 2018-19 target for this indicator is not applicable (N/A) as the indicator has been discontinued due to the capping of the result at 100 percent for the indicator by the Australian Bureau of Statistics. The capping at 100 percent does not allow measurability of variation and reporting of meaningful information.
- More Aboriginal and Torres Strait Islander young people continued to progress to year 12 than was anticipated.
- The variance is a result of a proportionally higher number of Aboriginal and Torres Strait Islander students

**Education Directorate  
Statement of Performance  
For the year ended 30 June 2019**

receiving a Tertiary Entrance Statement (TES). The number of Aboriginal and Torres Strait Islander students receiving a TES was 23 (of 95 enrolled in year 12 in 2018) as opposed to an expected number of 19 from 95 enrolled. The small number of Aboriginal and Torres Strait Islander students counted in this data results in large percentage variances from a change in circumstances for a very small number of students and therefore must be interpreted with caution. This indicator will be reviewed and replaced by an indicator appropriately reflecting the student choice as part of the 2020-21 Budget cycle.

4. The variance is a result of a proportionally fewer number of year 12 students choosing to undertake a vocational qualification which is a reflection of student choice. A total of 1,377 (of 3,152 enrolled in year 12 in 2018) students received a nationally recognised vocational qualification leading to a result of 43.7 percent as opposed to an expected number of 1,891 students from those enrolled which could have achieved a target of 60 percent. This indicator will be reviewed and replaced by an indicator appropriately reflecting the student choice as part of the 2020-21 Budget cycle.
5. The variance is a result of a proportionally fewer number of year 12 Aboriginal and Torres Strait Islander students choosing to undertake a vocational qualification which is a reflection of student choice. The number of Aboriginal and Torres Strait Islander students receiving a nationally recognised vocational qualification was 33 (of 95 enrolled in year 12 in 2018) leading to a result of 34.7 percent as opposed to an expected number of 48 students from those enrolled which could have achieved a target of 50 percent. The small number of Aboriginal and Torres Strait Islander students counted in this data results in large percentage variances from a change in circumstances for a very small number of students and therefore must be interpreted with caution. This indicator will be reviewed and replaced by an indicator appropriately reflecting the student choice as part of the 2020-21 Budget cycle.

**Education Directorate**  
**Statement of Performance**  
**For the year ended 30 June 2019**

**Output Class 2: Non-government Education**

**Output 2.1: Non-government Education**

**Description**

The Directorate contributes to the maintenance of standards in non-government schools and home education through compliance and registration, and the accreditation and certification of senior secondary courses through the Board of Senior Secondary Studies. The Directorate also undertakes the administration and payment of the Commonwealth and ACT Government grants.

	2018-19 Target	2018-19 Result	Percentage variance from the target	Explanation of material variance (±10% or higher)
<b>Cost (\$'000) <sup>a</sup></b>	3,581	3,327	(7.1%)	Note 1
<b>Controlled Recurrent Payments (\$'000) <sup>a</sup></b>	2,910	2,914	0.1%	
<b>Accountability Indicators</b>				
a. All non-government schools operating in the ACT during the reporting period are registered	100%	100%	-	
b. The provisional registration of home educated students is completed within ten school days of the receipt of the application	100%	95.2%	(4.8%)	
c. Grants paid within the required period of receiving funds from the Commonwealth Government	100%	94%	(6%)	

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

**Notes to indicator description**

- a. Cost and Controlled Recurrent Payments measures were not examined by the ACT Audit Office in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2019*.

**Notes to variances**

1. The variance is due to a reduction in Australian Government funding for the National Schools Chaplaincy Program National Partnership.