

Section

C

Financial Management Analysis

General overview

Objectives

The Education Directorate (the Directorate) is a leading learning organisation where its people are valued and work together to deliver high quality early childhood education and public school education in an accessible and inclusive environment. Empowering children and young people to learn creates a lifelong legacy. By fostering student engagement and centring teaching and learning around students as individuals the Directorate enables educational growth for every child year on year. By focusing on engagement and learning growth the Directorate will strengthen equity across our system and ensure that all children and young people get a great education and the life opportunities that flow from that.

The Directorate is dedicated to facilitating high quality and equitable 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 child and young person in the ACT to learn for life.

Over the coming years, the Directorate will continue to focus on creating opportunities for every student to have equitable access to quality teaching, delivered by professional and skilled learning professionals.

Risk Management

The Directorate's annual Strategic Risk Management Framework identifies risks related to the Directorate's operations and objectives. Key risks provided below are medium to long-term risks that are monitored by the Directorate's senior executive and the Audit Committee.

Key risk themes, 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 and has comprehensive corporate governance processes. Risk management planning at various levels is integrated with the Directorate's Strategic Plan and annual action plans.

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. All new staff attend induction which includes training on key policies and procedures 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: 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 stakeholder engagement strategy to engage students, families and the community.

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

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

The Directorate continues to strengthen risk management practices in the workplace, raising awareness and reporting 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 and participates in ACT Government emergency management planning and established governance forums. Evacuation and lock down exercises are undertaken on a regular basis. The Directorate has programs, policies and procedures in place to monitor risks associated with the safety of students, staff, families, visitors and contractors.

The Directorate is participating in the whole of government COVID-19 Coordinator General group in response to the COVID-19 pandemic.

5. Information/data security

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 align 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. In addition, the Directorate has defined processes for managing privacy and data security breaches.

6. Inadequate asset management planning and investment

The Directorate maintains a Strategic Asset Management Plan. This plan provides 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 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 three new or updated accounting standards that the Directorate was required to apply during the 2019-20 financial year. The standards are:

- AASB 1058 – Income for Not-for-Profit Entities;
- AASB 15 – Revenue from Contracts with Customers; and
- AASB 16 – Leases.

The changes did not have a material impact on the 2019-20 financial statements.

The Directorate's Revised Budget presented in this Management Discussion and Analysis incorporates changes to the budget following the 2019-20 Budget Review.

COVID-19 pandemic – Impact on the Directorate's 2019-20 Financial Performance

The Directorate's 2019-20 operations were impacted by the COVID-19 pandemic. The Directorate received additional funding through the ACT Government's Economic Survival package to support the community during the financial year. This included funding for screwdriver ready projects in schools, the purchase of devices for students (Education Digital Delivery) to assist with remote learning and Jobs for Canberrans. The Directorate also incurred costs, from within existing resources, to provide additional support to schools and the community for increased cleaning and cleaning supplies and continuation of temporary and casual staff.

The total impact on the financial performance of the Directorate was immaterial and therefore has not significantly impacted the 2019-20 financial statements. As the Directorate is primarily government funded through controlled recurrent payments, the COVID-19 pandemic is not expected to have a material impact on future financial performance.

Directorate Financial Performance

The Directorate managed its operations within the 2019-20 budgeted appropriation including additional funding provided through a Treasurer's Advance and access to undrawn appropriation. Revised Budgets presented in the Management Discussion and Analysis reflect amounts presented in the 2019-20 Supplementary Budget Papers.

The table below provides a summary of the financial operations based on the audited financial statements for 2018-19 and 2019-20.

Table 46 Net cost of services

Net Cost of Services	Actual 2019-20 \$m	Revised Budget 2019-20 \$m	Actual 2018-19 \$m
Total expenditure	913.7	891.1	842.6
Total own source revenue ¹	44.7	46.5	42.7
Net cost of services	869.1	844.6	800.00

1. Relates to Total Revenue excluding Controlled Recurrent Payments.

Net Cost of Services

The Directorate's net cost of services for 2019-20 of \$869.1 million was \$24.5 million or 2.9 per cent higher than the 2019-20 revised budget of \$844.6 million. The variance was primarily due to higher superannuation costs associated with a change in the actuarial estimate of future costs, an increase in the present value factor applied to long service leave and additional costs and reduced revenue associated with the COVID-19 pandemic including lower international student revenue and lower revenue from hire of facilities.

In comparison to 2018-19 the net cost of services in 2019-20 increased by \$69.1 million or 8.6 per cent. The net increase is primarily due to additional employee expenses associated with staff wage and salary increases, additional superannuation expenses and additional costs and reduced revenue associated with the COVID-19 pandemic.

Operating Result

In 2019-20, the operating deficit for the Directorate was \$96.6 million and was \$13.7 million or 16.5 per cent greater than the revised budget deficit of \$82.9 million. The variance was primarily due to change in the present value factor applied to long service leave, reduced revenue and additional costs associated with the COVID-19 pandemic and increased expenditure related to learning professionals and support staff to meet enrolment growth in ACT Public schools.

Table 47 Line item explanation of significant variances from the revised budget – Controlled Operating Statement

Variance from Budget	Actual 2019-20 \$m	Revised Budget 2019-20 \$m	Variance \$m ¹
Revenue			
Controlled Recurrent Payments ²	772.5	761.8	10.7
Sale of Goods and Services from Contracts with Customers ³	15.0	16.8	-1.8
Interest	0.8	1.4	-0.6
Resources Received Free of Charge	6.7	6.6	0.1
Other Revenue ⁴	17.9	21.4	-3.5
Other Gains ⁵	4.2	0.2	4.0
Total Revenue¹	817.1	808.2	8.9

Variance from Budget	Actual 2019-20 \$m	Revised Budget 2019-20 \$m	Variance \$m ¹
Expenses			
Employee expenses ⁶	609.4	590.5	18.9
Superannuation expenses ⁷	91.4	88.5	2.9
Supplies and services ⁸	80.9	77	3.9
Depreciation	72.6	74.3	-1.7
Grants and purchases services	2.7	3.8	-1.1
Borrowing Cost	0.5	0.0	0.5
School and Other ⁹	56.2	57.0	-0.8
Total Expenses¹	913.7	891.1	22.3
Operating Deficit¹⁰	(96.6)	(82.9)	(13.7)

1. Figures may not add due to rounding.
2. The higher than budgeted Controlled Recurrent Payments primarily relates to additional funding for increased enrolments and additional funding to support the ACT Government's Economic Survival Package.
3. The lower than budgeted Sales of Goods and Services from Contracts with Customers primarily relates to lower numbers of International students.
4. The lower than budgeted Other Revenue mainly relates to the cancellation of a number of school excursions as a result of the COVID-19 pandemic.
5. Other gains mainly relate to the transfer of land to the Directorate for schools.
6. Higher than anticipated employee expenditure primarily relates to change in the present value factor applied to long service leave, the cash funded payment of a sign-on bonus as part of the Teaching Staff Enterprise Agreement, additional costs associated with the COVID-19 pandemic and growth in staff numbers to meet increased student enrolment in ACT public schools.

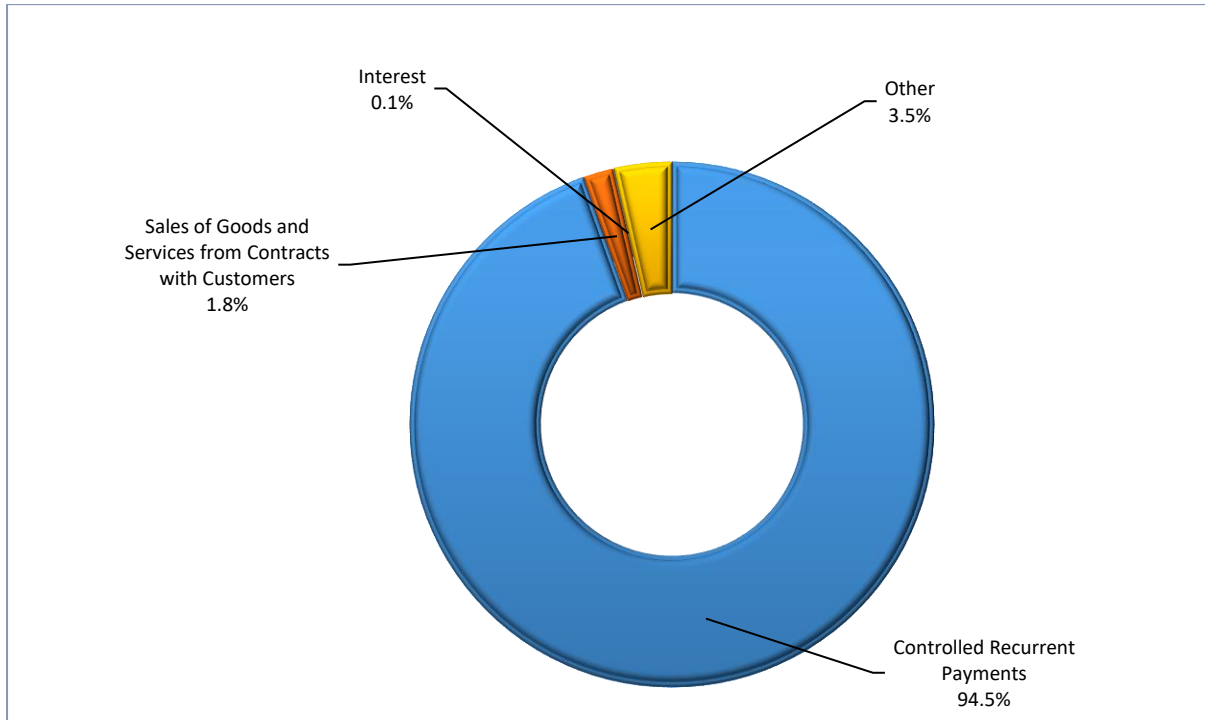
7. The higher than budgeted superannuation expenditure mainly relates to a change in the actuarial costs of the future value of superannuation liabilities.
8. The higher than budgeted supplies and services expenditure mainly relates to the insourcing of school cleaning which was previously reflected under schools and other expenses and the cost of Screwdriver Ready projects funded as part of the ACT Government's Economic Survival Package.
9. The lower than budgeted schools and other expenditure primarily relates to the insourcing of school cleaning with the costs reflected in employee expenses and supplies and services in 2019-20 combined with reduced expenditure associated with school excursions.
10. The higher than expected operating deficit is mainly due to a change in the present value factor applied to long service leave, the cash funded payment of a sign-on bonus as part of the Teaching Staff Enterprise Agreement and expenditure and reduced revenue associated with the COVID-19 pandemic.

Total Revenue

Components of Revenue

The Directorate's revenue for 2019-20 totalled \$817.1 million. The main source of revenue for the Directorate is Controlled Recurrent Payments.

Figure 12 Components of Revenue 2019-20



Source: Education Directorate's 2019-20 Financial Statements.

The Directorate's revenue for 2019-20 was \$8.9 million or 1.1 per cent higher than the revised budget (\$808.2 million), which is materially in line. The increase against budget related to funding provided via Treasurer's Advance for the ACT Government's Economic Survival package associated with the COVID-19 pandemic and land transfers partially offset by lower revenue in schools related to the COVID-19 pandemic.

In comparison to the 2018-19 actual, revenue increased by \$65.9 million or 8.8 per cent. The increased revenue from 2018-19 is primarily due to additional funding received for increased salaries and wages associated with the enterprise agreements for teaching and non-teaching staff combined, Commonwealth grants and funding related to new initiatives. The Directorate also received additional revenue against the revised budget through a Treasurer's Advance to fund the ACT Government's Economic Survival package as well as enrolment growth in schools. The increase has been partially offset by:

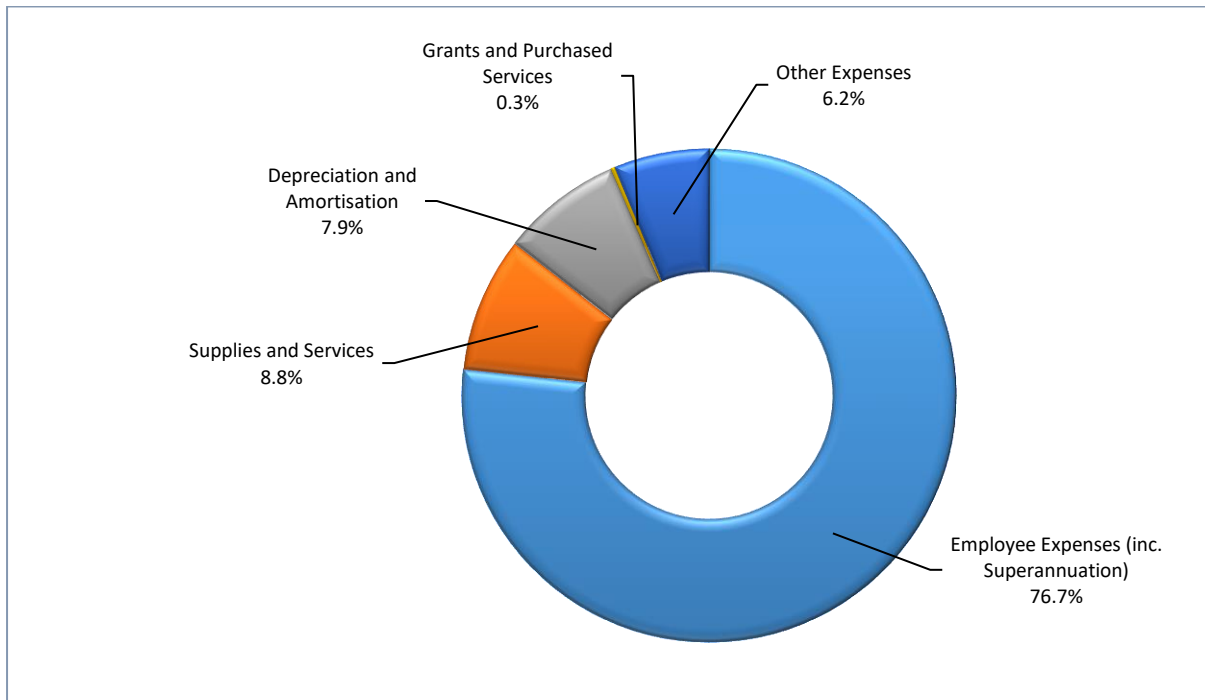
- lower revenue in schools associated with the COVID-19 pandemic; and
- decreased revenue from international students due to lower student numbers associated with the COVID-19 pandemic and a decision by the Directorate to accept a reduced number of international students to ensure equity of access for local students in a growing system.

Total Expenses

Components of Expenses

Expenses for the Directorate totalled \$913.7 million for 2019-20. As shown in Figure 13, the main component of expenses is employee expenses, including superannuation.

Figure 13 Components of Expenditure 2019-20



Source: Education Directorate's 2019-20 Financial Statements.

In 2019-20, total expenses were \$22.6 million or 2.5 per cent higher than the revised budget of \$891.1 million, which is materially in line. The variance is primarily due to change in the present value factor applied to employee benefits for long service leave, higher superannuation costs and expenditure associated with the ACT Government's Economic Survival package for the COVID-19 pandemic.

Total expenses were \$71.1 million or 8.4 per cent higher than the previous year (\$842.6 million). The increase is primarily due to additional employee expenses associated with staff wage and salary increases, higher superannuation expenses, an increase in learning professionals and support staff numbers to meet enrolment growth and expenditure associated with the ACT Government's Economic Survival package for the COVID-19 pandemic.

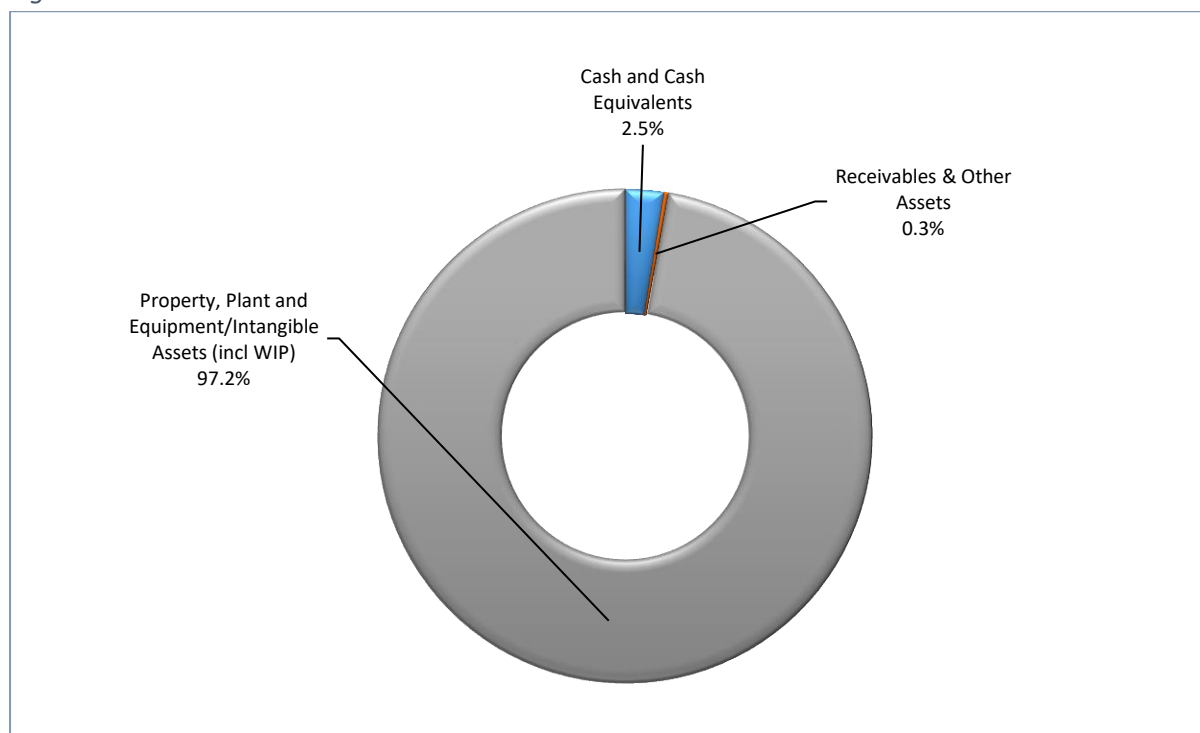
Financial Position

Total Assets

Components of Total Assets

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

Figure 14 Total assets at 30 June 2020



Source: Education Directorate's 2019-20 Financial Statements.

Comparison to Budget

At 30 June 2020, the Directorate's assets totalled \$2.2 billion, which was \$120.2 million or 5.8 per cent higher than the revised budget due mainly to the revaluation of the Directorate's assets in 2019-20.

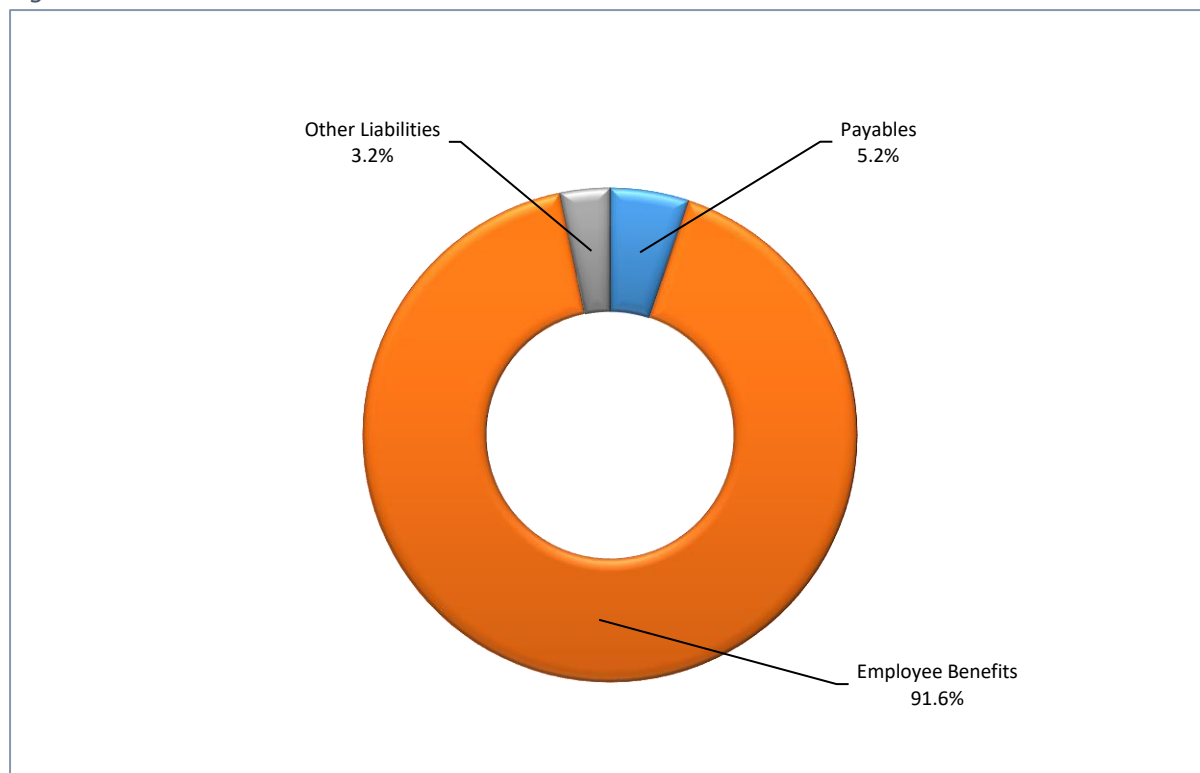
In comparison to 30 June 2019, total assets increased by \$140.0 million or 6.9 per cent primarily due to the revaluation of the Directorate's assets in 2019-20 and completed capital works projects partially offset by depreciation.

Financial Position

Components of Total Liabilities

The Directorate's liabilities comprised mostly of employee benefits.

Figure 15 Total liabilities at 30 June 2020



Source: Education Directorate's 2019-20 Financial Statements

At 30 June 2020, the Directorate's liabilities totalled \$212.3 million. This was \$11.7 million or 5.8 per cent higher than the revised budget of \$200.6 million. The variance is primarily due to a change in the present value factor applied to long service leave which increased from budget by 3.5 per cent as well as higher payables at year-end mainly due to higher capital works accruals due to timing of work performed and invoicing.

In comparison to 30 June 2019, total liabilities increased by \$22.1 million or 11.6 per cent which is primarily due to a change in the present value factor applied to long service leave, higher capital works accruals and the accrual impact of employee benefits.

Current Assets to Current Liabilities

At 30 June 2020, the Directorate's current assets (\$60.8 million) were lower than its current liabilities (\$193.0 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 48 Line item explanation of significant variances from the amended budget – Controlled Balance Sheet

Variance from Budget	Actual 2019-20 \$m	Revised Budget 2019-20 \$m	Variance \$m ¹
Current Assets			
Cash and cash equivalents ²	54.4	73.8	-19.4
Receivables	5.2	6.2	-1.0
Other assets	1.2	2.0	-0.8
Total current assets	60.8	82.0	-21.2
Non-current assets			
Property, plant and equipment and intangible assets (including capital works in progress) ³	2,119.4	1,978.0	141.4
Total non-current assets	2,119.4	1,978.0	141.4
Variance from Budget			
	Actual 2019-20 \$m	Revised Budget 2019-20 \$m	Variance \$m¹
Current Liabilities			
Payables ⁴	10.9	7.8	3.1
Employee benefits ⁵	177.8	168.3	9.5
Other liabilities	3.6	4.7	-1.1
Lease Liabilities	0.6	0.00	0.6
Total Current Liabilities	192.9	180.8	12.1
Non-current Liabilities			
Employee benefits ⁵	16.7	17.8	-1.1
Lease liabilities	0.6	0.1	0.5
Other liabilities	2.1	1.9	0.2
Total Non-current Liabilities	19.4	19.8	-0.4
Total Liabilities¹	212.3	200.6	11.7

1. Figures may not add due to rounding.

2. Decrease primarily due to expenditure related to use of cash for specific projects and mitigation of cost pressures within the Directorate combined with increased expenditure in schools on maintenance and COVID-19 related costs including additional cleaning.

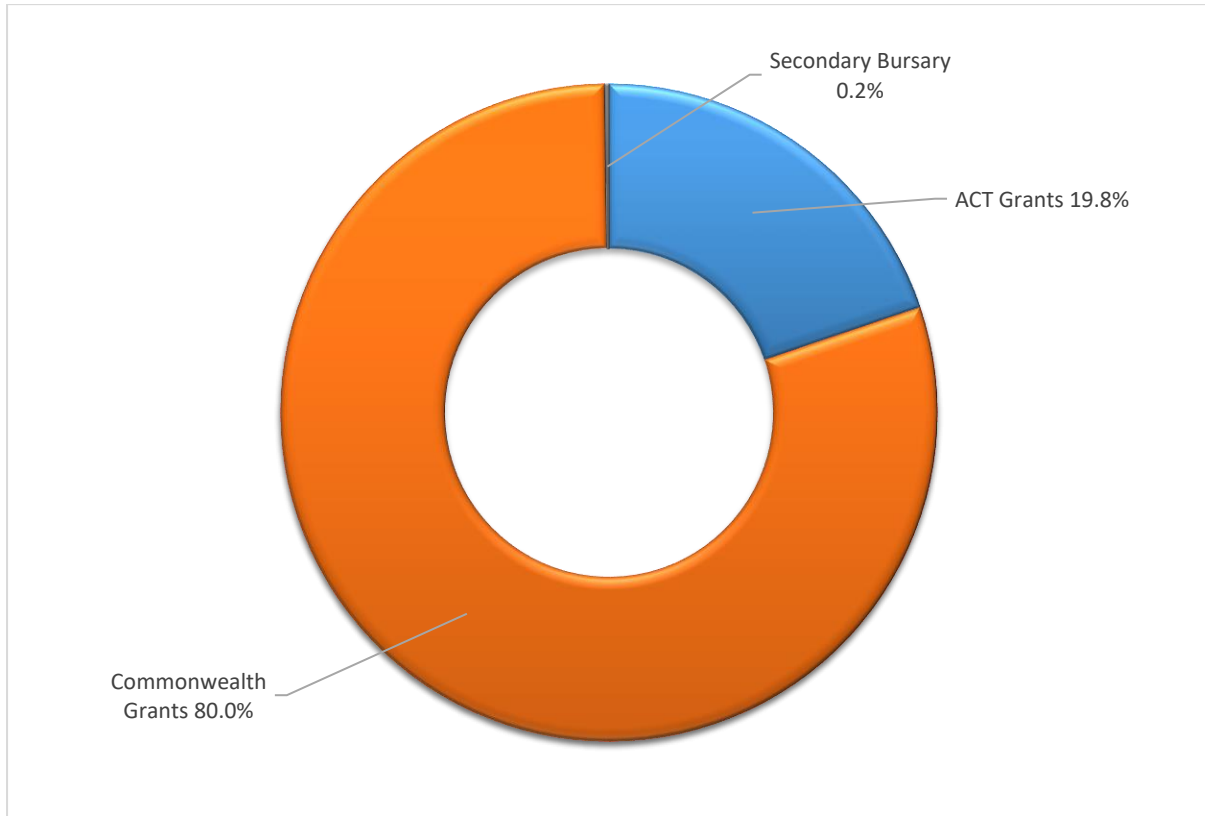
3. Increase primarily relates to revaluation of the Directorate's assets. Due to uncertainty in the current economic climate, the Directorate will consider, during 2020-21 whether the valuation needs to be reviewed.
4. Increase primarily relates to higher capital works accruals.
5. Primarily due to an increase in the present value factor applied to employee benefits for long service leave and the accrual impact of entitlements not taken during 2019-20.

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 16 Sources of Territorial revenue



Source: Education Directorate's 2019-20 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 \$341.1 million in 2019-20, which was \$20.5 million or 6.4 per cent higher than revised budget of \$320.6 million. The increase in revenue primarily related to advance payment of Commonwealth Government grants to non-government schools in response to the COVID-19 pandemic.

When compared to the same period last year, total revenue increased by \$23.9 million or 7.5 per cent primarily related to indexation and enrolment growth as well as advance payment of Commonwealth Government grants to non-government schools in response to the COVID-19 pandemic.

Territorial Expenses

Territorial expenses comprised of grant payments to non-government schools (\$340.4 million) and payments made under the Junior Bursary Scheme (\$0.7 million). Territorial expenses in 2019-20 were \$20.5 million or 6.4 per cent higher than the revised budget. The increase in revenue primarily related to advance payment of Commonwealth Government grants to non-government schools in response to the COVID-19 pandemic.

When compared to the same period last year, total expenses increased by \$23.9 million or 7.5 per cent primarily due to indexation and enrolment growth as well as advance payment of Commonwealth Government grants to non-government schools in response to the COVID-19 pandemic.

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 (Directorate) for the year ended 30 June 2020 which comprise the:

- Controlled financial statements – operating statement, balance sheet, statement of changes in equity, statement of cash flows 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, statement of cash flows 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 2020, 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* (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.

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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.

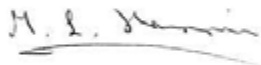
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

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
28 September 2020

Financial Statements
of the
Education Directorate

For the Year Ended
30 June 2020

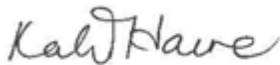
Independent Audit Report

[Insert the Report from the ACT Audit Office.]

**Education Directorate
Financial Statements
For the Year Ended 30 June 2020**

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 2020 and the financial position of the Directorate on that date.



Katy Haire
Director-General
Education Directorate

28 September 2020

**Education Directorate
Financial Statements
For the Year Ended 30 June 2020**

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 2020 and the financial position of the Directorate on that date.



Lynette Daly
Chief Finance Officer
Education Directorate
28 September 2020

EDUCATION DIRECTORATE
CONTROLLED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2020

**Education Directorate
Operating Statement
For the Year Ended 30 June 2020**

	Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Income				
<i>Revenue</i>				
Controlled Recurrent Payments	4	772 491	760 057	708 562
Sales of Goods and Services from Contracts with Customers	5	14 984	18 402	16 427
Resources Received Free of Charge		6 701	6 633	756
Interest		800	1 396	1 274
Other Revenue	6	17 945	24 090	24 217
Total Revenue		812 921	810 578	751 236
<i>Gains</i>				
Other Gains	7	4 225	200	-
Total Gains		4 225	200	-
Total Income		817 146	810 778	751 236
Expenses				
Employee Expenses	8	609 425	583 025	555 777
Superannuation Expenses	9	91 401	88 439	75 837
Supplies and Services	10	80 895	71 187	61 660
Depreciation and Amortisation	11	72 574	74 295	72 363
Grants and Purchased Services		2 688	3 421	1 959
Borrowing Costs		539	23	-
School and Other Expenses	12	56 222	65 908	75 039
Total Expenses		913 744	886 298	842 635
Operating (Deficit)		(96 598)	(75 520)	(91 399)
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Increase in Asset Revaluation Surplus	16	106 191	-	-
Reverse Asset Impairment	16	7 917	-	-
Total Other Comprehensive Income		114 108	-	-
Total Comprehensive Income/(Deficit)		17 510	(75 520)	(91 399)

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

**Education Directorate
Balance Sheet
As at 30 June 2020**

	Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Current Assets				
Cash and Cash Equivalents	14	54 448	72 437	73 798
Receivables	15	5 222	5 392	6 220
Other Assets		1 241	1 600	1 954
Total Current Assets		60 911	79 429	81 972
Non-Current Assets				
Property, Plant and Equipment	16	2 074 056	1 920 765	1 941 512
Intangible Assets	17	3 204	11 385	4 435
Capital Works in Progress	18	42 189	41 358	12 485
Total Non-Current Assets		2 119 449	1 973 508	1 958 432
Total Assets		2 180 360	2 052 937	2 040 404
Current Liabilities				
Payables	19	10 940	5 394	7 752
Lease Liabilities	20	590	-	-
Employee Benefits	21	177 848	155 697	160 104
Contract Liabilities	22	3 187	-	4 042
Other Liabilities	23	430	5 887	671
Total Current Liabilities		192 995	166 978	172 569
Non-Current Liabilities				
Lease Liabilities	20	572	149	-
Employee Benefits	21	16 751	14 348	15 021
Other Liabilities	23	2 092	1 815	2 672
Total Non-Current Liabilities		19 415	16 312	17 693
Total Liabilities		212 410	183 290	190 262
Net Assets		1 967 950	1 869 647	1 850 142
Equity				
Accumulated Funds		855 871	871 676	852 171
Asset Revaluation Surplus		1 112 079	997 971	997 971
Total Equity		1 967 950	1 869 647	1 850 142

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 2020**

	Note No.	Accumulated Funds Actual 2020 \$'000	Asset Revaluation Surplus Actual 2020 \$'000	Total Equity Actual 2020 \$'000	Original Budget 2020 \$'000
Balance at 1 July 2019		852 171	997 971	1 850 142	1 852 963
Comprehensive Income					
Operating (Deficit)		(96 598)	-	(96 598)	(75 520)
Increase in Asset Revaluation Surplus		-	106 191	106 191	-
Reverse Asset Impairment		-	7 917	7 917	-
Total Comprehensive (Deficit)/Income		(96 598)	114 108	17 510	(75 520)
Transactions Involving Owners Affecting Accumulated Funds					
Capital Injections		91 054	-	91 054	92 204
Net Assets Transferred in as part of an Administrative Restructure	16	9 244	-	9 244	-
Total Transactions Involving Owners Affecting Accumulated Funds		100 298	-	100 298	92 204
Balance at 30 June 2020		855 871	1 112 079	1 967 950	1 869 647

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 2020

	Accumulated Funds Actual 2019 \$'000	Asset Revaluation Surplus Actual 2019 \$'000	Total Equity Actual 2019 \$'000
Balance at 1 July 2018	853 677	997 971	1 851 648
Comprehensive Income			
Operating (Deficit)	(91 399)	-	(91 399)
Total Comprehensive (Deficit)	(91 399)	-	(91 399)
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	89 893	-	89 893
Total Transactions Involving Owners Affecting Accumulated Funds	89 893	-	89 893
Balance at 30 June 2019	852 171	997 971	1 850 142

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

**Education Directorate
Statement of Cash Flows
For the Year Ended 30 June 2020**

	Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Cash Flows from Operating Activities				
Receipts				
Controlled Recurrent Payments		772 491	760 057	708 562
Sales of Goods and Services from Contracts with Customers		14 244	18 402	16 049
Interest Received		800	1 396	1 252
Investment Receipts		-	-	39
Schools and Other		17 872	24 090	22 785
Goods and Services Tax Received		17 799	23 177	25 241
Total Receipts from Operating Activities		823 206	827 122	773 928
Payments				
Employees		590 836	579 453	533 680
Superannuation		90 547	88 439	75 802
Supplies and Services		70 291	64 554	60 749
Grants and Purchased Services		2 690	3 421	1 959
Schools and Other		57 250	65 832	74 324
Borrowing Costs		21	-	-
Goods and Services Tax Paid		18 188	23 177	24 350
Total Payments from Operating Activities		829 823	824 876	770 864
Net Cash (Outflows)/Inflows from Operating Activities	28	(6 617)	2 246	3 064
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale of Property, Plant and Equipment		13	-	2
Proceeds from Divestment of Investments		-	-	2 121
Total Receipts from Investing Activities		13	-	2 123
Payments				
Purchase of Property, Plant and Equipment		102 665	93 419	92 982
Total Payment from Investing Activities		102 665	93 419	92 982
Net Cash (Outflows) from Investing Activities		(102 652)	(93 419)	(90 859)
Cash Flows from Financing Activities				
Receipts				
Capital Injections		91 054	92 204	89 893
Payments				
Repayment of Loan		715	772	689
Repayment of Finance Lease Liabilities - Principal		420	235	-
Net Cash Inflows from Financing Activities		89 919	91 197	89 204
Net (Decrease)/Increase in Cash and Cash Equivalents Held		(19 350)	24	1 409
Cash and Cash Equivalents at the Beginning of the Reporting Period		73 798	72 413	72 389
Cash and Cash Equivalents at the End of the Reporting Period	28	54 448	72 437	73 798

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

**Education Directorate
Controlled Statement of Appropriation
For the Year Ended 30 June 2020**

	Note No.	Original Budget 2020 \$'000	Total Appropriated 2020 \$'000	Total Appropriation Drawn 2020 \$'000	Appropriation Drawn 2019 \$'000
Controlled					
Controlled Recurrent Payments	4	760 057	773 669	772 491	708 562
Capital Injections		92 204	92 204	91 054	89 893
Total Controlled Appropriation		852 261	865 873	863 545	798 455

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 Statement of Cash Flows in the Budget Papers. This amount also appears in the Statement of Cash Flows.

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 Statement of Cash Flows.

Variations between 'Original Budget' and 'Total Appropriated'

Controlled Recurrent Payments

The difference between the Original Budget and Total Appropriated mainly related to the transfer of funds from 2018-19 (\$1.978m) including the National School Chaplaincy program (\$0.625m) and the Independent Public Schools National Partnership (\$0.300m), increased Commonwealth Government grants (\$2.350m), a Treasurer's Advance for increased enrolments and COVID-19 budget pressures (\$8.9m) and additional ACT Government funding provided through the Second Appropriation (\$0.384m) including Parent Engagement grants (\$0.4m).

Capital Injection

The difference between the Original Budget and the Total Appropriated was nil.

Variations between 'Total Appropriated' and 'Appropriated Drawn'

Controlled Recurrent Payments

The difference between the Total Appropriated and the Appropriation Drawn related to Commonwealth Government grants and other savings (\$1.178m) primarily associated with Quality Schools grants.

Capital Injection

The difference between the Total Appropriated and the Appropriation Drawn was due to minor cash re-profiling of capital works (\$1.150m).

**Education Directorate
Summary of Directorate Output Classes
For the Year Ended 30 June 2020**

	Output Class 1 \$'000	Output Class 2 \$'000	Total \$'000
2020			
Total Income	813 693	3 453	817 146
Total Expenses	(910 244)	(3 500)	(913 744)
Operating (Deficit)	(96 551)	(47)	(96 598)
2019			
Total Income	747 882	3 354	751 236
Total Expenses	(839 309)	(3 326)	(842 635)
Operating (Deficit)/Surplus	(91 427)	28	(91 399)

Education Directorate
Operating Statement for Output Class 1 - Public School Education
For the Year Ended 30 June 2020

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.

	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Income			
<i>Revenue</i>			
Controlled Recurrent Payments	769 503	757 117	705 648
Sales of Goods and Services from Contracts with Customers	14 909	18 369	16 299
Resources Received Free of Charge	6 696	6 618	755
Interest	790	1 396	1 264
Other Revenue	17 570	23 665	23 916
Total Revenue	809 468	807 165	747 882
<i>Gains</i>			
Other Gains	4 225	200	-
Total Gains	4 225	200	-
Total Income	813 693	807 365	747 882
Expenses			
Employee Expenses	607 676	581 442	554 110
Superannuation Expenses	91 139	88 168	75 610
Supplies and Services	80 213	70 002	60 768
Depreciation and Amortisation	72 462	74 086	72 270
Grants and Purchased Services	2 167	3 047	1 521
Borrowing Costs	539	23	-
Other Expenses	56 048	65 908	75 030
Total Expenses	910 244	882 676	839 309
Operating (Deficit)	(96 551)	(75 311)	(91 427)

Education Directorate
Operating Statement for Output Class 2 – Non-Government Education
For the Year Ended 30 June 2020

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.

	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Income			
<i>Revenue</i>			
Controlled Recurrent Payments	2 988	2 940	2 914
Sales of Goods and Services from Contracts with Customers	75	33	128
Resources Received Free of Charge	5	15	1
Interest	10	-	10
Other Revenue	375	425	301
Total Revenue	3 453	3 413	3 354
Total Income	3 453	3 413	3 354
Expenses			
Employee Expenses	1 749	1 583	1 667
Superannuation Expenses	262	271	227
Supplies and Services	682	1 185	892
Depreciation and Amortisation	112	209	93
Grants and Purchased Services	521	374	438
Other Expenses	174	-	9
Total Expenses	3 500	3 622	3 326
Operating (Deficit)/Surplus	(47)	(209)	28

**Education Directorate
Financial Statements
For the Year Ended 30 June 2020**

DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES

Year Ended 30 June 2020

	Output Class 1 \$'000	Output Class 2 \$'000	Unallocated \$'000	Total \$'000
Current Assets				
Cash and Cash Equivalents ¹	53 451	539	458	54 448
Receivables	5 170	52	-	5 222
Other Assets	1 235	6	-	1 241
Total Current Assets	59 856	597	458	60 911
Non-Current Assets				
Property, Plant and Equipment	2 071 880	2 176	-	2 074 056
Intangible Assets	3 034	170	-	3 204
Capital Works in Progress	42 145	44	-	42 189
Total Non-Current Assets	2 117 059	2 390	-	2 119 449
Total Assets	2 176 915	2 987	458	2 180 360
Current Liabilities				
Payables	10 759	181	-	10 940
Lease Liabilities	589	1	-	590
Employee Benefits	177 581	267	-	177 848
Contract Liabilities	3 187	-	-	3 187
Other Liabilities	430	-	-	430
Total Current Liabilities	192 546	449	-	192 995
Non-Current Liabilities				
Lease Liabilities	571	1	-	572
Employee Benefits	16 726	25	-	16 751
Other Liabilities	2 090	2	-	2 092
Total Non-Current Liabilities	19 387	28	-	19 415
Total Liabilities	211 933	477	-	212 410
Net Assets	1 964 982	2 510	458	1 967 950

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 2020**

DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES - CONTINUED

Year Ended 30 June 2019

	Output Class 1 \$'000	Output Class 2 \$'000	Unallocated \$'000	Total \$'000
Current Assets				
Cash and Cash Equivalents ¹	72 942	479	377	73 798
Receivables	6 147	73	-	6 220
Other Assets	1 941	13	-	1 954
Total Current Assets	81 030	565	377	81 972
Non-Current Assets				
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
Total Non-Current Assets	1 955 616	2 816	-	1 958 432
Total Assets	2 036 646	3 381	377	2 040 404
Current Liabilities				
Payables	7 721	31	-	7 752
Employee Benefits	159 624	480	-	160 104
Contract Liabilities	4 042	-	-	4 042
Other Liabilities	671	-	-	671
Total Current Liabilities	172 058	511	-	172 569
Non-Current Liabilities				
Employee Benefits	14 976	45	-	15 021
Other Liabilities	2 668	4	-	2 672
Total Non-Current Liabilities	17 644	49	-	17 693
Total Liabilities	189 702	560	-	190 262
Net Assets	1 846 944	2 821	377	1 850 142

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 NOTE INDEX
For the Year Ended 30 June 2020**

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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>
Note 3	Change in Accounting Policy and Accounting Estimates <i>Appendix D - Change in Accounting Policy and Accounting Estimates</i>

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Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 1. OBJECTIVES OF THE EDUCATION DIRECTORATE

Operations and Principal Activities

The Directorate is a not-for-profit ACT Government entity (as profit is not its principal objective) that delivers education services to the ACT community. The Directorate is a leading learning organisation where our people are valued and work together to deliver high quality early childhood education and public school education in an accessible and inclusive environment.

The Directorate is dedicated to facilitating high quality and equitable 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 POLICY AND ACCOUNTING ESTIMATES

Refer to Appendix D - Change in Accounting Policy and Accounting Estimates.

NOTE 4. CONTROLLED RECURRENT PAYMENTS

	2020	2019
	\$'000	\$'000
Revenue from the ACT Government		
Controlled Recurrent Payments ¹	772 491	708 562
Total Controlled Recurrent Payments	772 491	708 562

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. The Directorate also received additional funding associated with the ACT Government's Economic Survival package including funding for Screwdriver Ready Projects and Education Digital Delivery.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 5. SALES OF GOODS AND SERVICES FROM CONTRACTS WITH CUSTOMERS

	2020 \$'000	2019 \$'000
ACT Government Customers		
User Charges - ACT Government	413	362
Total Sales of Goods and Services from ACT Government Customers	413	362
Non-ACT Government Customers		
International Private Students Program ¹	7 455	8 967
Active Leisure Centre	1 704	1 633
Hire of Facilities and Recreational Activities ²	539	717
Commonwealth National Agreements	4 318	4 126
Commonwealth Own Purpose Payments (COPE) / Specific Projects	222	233
Other	333	389
Total Sales of Goods and Services from Non-ACT Government Customers	14 571	16 065
Total Sales of Goods and Services from Contracts with Customers³	14 984	16 427

1. The decrease relates to lower international student numbers.
2. The decrease relates to lower revenue associated with the ACT whole of government decision to waive hire fees and the temporary cessation of some activities due to the COVID-19 Pandemic.
3. The majority of the Directorate's revenue relates to the provision of services. Revenue is recognised over time in line with the provision of services.

NOTE 6. OTHER REVENUE

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

	2020 \$'000	2019 \$'000
School Revenue ¹	16 447	22 485
ACT Teacher Quality Institute	997	977
Other Revenue	501	755
Total Other Revenue from Non-ACT Government Entities	17 945	24 217
Total Other Revenue	17 945	24 217

1. The decrease mainly relates to the cancellation of a number of student excursions due to the COVID-19 Pandemic.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 7. OTHER GAINS

Other gains are transactions that are not part of the Directorate's core activities. Other gains are distinct from other revenue, as other revenue arises from the core activities of the Directorate.

	2020	2019
	\$'000	\$'000
Gains from the Transfer of Assets ¹	4 225	-
Total Other Gains	4 225	-

1. The gains from transfer of assets relate to additional land transferred free of charge to the Directorate at the Franklin Primary School site and building improvements at the Rowing Club at Lake Tuggeranong College.

NOTE 8. EMPLOYEE EXPENSES

	2020	2019
	\$'000	\$'000
Wages and Salaries ¹	577 211	526 050
Movement in Employee Benefits ²	21 784	18 348
Workers' Compensation Insurance Premium	10 430	11 379
Total Employee Expenses	609 425	555 777

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. In addition, the Directorate incurred costs associated with the COVID-19 Pandemic. These costs were immaterial to the Directorate's overall budget.
2. The increase is primarily related to an increase in the present value factor used to calculate employee benefits and the accrual impact in 2019-20.

NOTE 9. SUPERANNUATION EXPENSES

	2020	2019
	\$'000	\$'000
Superannuation Contributions to the Territory Banking Account ¹	41 887	32 975
Productivity Benefit	4 432	4 528
Superannuation to External Providers ²	45 082	38 334
Total Superannuation Expenses	91 401	75 837

1. The increase is primarily due to a change in the actuarial assessment of the future value of the defined benefit superannuation schemes.
2. 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.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 10. SUPPLIES AND SERVICES

	2020	2019
	\$'000	\$'000
Supplies and Services		
Property and Maintenance ¹	30 875	18 226
Materials and Services ²	39 756	33 525
Travel and Transport	722	741
Administrative	4 615	4 193
Financial	3 705	3 554
Audit Fees Paid to the ACT Audit Office ³	147	145
Lease Rental Payments	1 072	1 267
Write-Off of Assets	3	9
Total Supplies and Services	80 895	61 660

1. The increase is mainly due to cleaning costs associated with the transition to Directorate based school cleaning services from a previously contracted model. These costs were reflected in Note 12 – School and Other Expenses in 2018-19. The increase also includes costs associated with the ACT Government's Economic Survival package for the COVID-19 Pandemic. Under this program the Directorate received additional funding to undertake screwdriver ready minor infrastructure projects in schools.
2. The increase is mainly due to additional costs for services provided by ACT Shared Services.
3. No other services were provided by the ACT Audit Office.

NOTE 11. DEPRECIATION AND AMORTISATION

	2020	2019
	\$'000	\$'000
Depreciation		
Buildings and Land Improvements	59 783	57 808
Plant and Equipment	10 837	13 069
Right of Use Asset Plant and Equipment	404	-
Leasehold Improvements	13	11
Total Depreciation	71 037	70 888
Amortisation		
Intangible Assets	1 537	1 475
Total Amortisation	1 537	1 475
Total Depreciation and Amortisation	72 574	72 363

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 12. SCHOOL AND OTHER EXPENSES

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

	2020 \$'000	2019 \$'000
School Expenses ¹	54 646	71 403
Other Expenses	1 576	3 636
Total School and Other Expenses	56 222	75 039

1. The decrease primarily relates to the transition to Directorate based school cleaning services from a previously contracted model, with costs now reflected in Note 8 – Employee Expenses and Note 10 – Supplies and Services. In addition, lower expenses were incurred due to the cancellation of a number of school excursions as a result of the COVID-19 Pandemic.

NOTE 13. WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS

	2020 \$'000	2019 \$'000
Write-Offs		
Write-Off of Assets	3	9
Total Write-Offs	3	9
Total Waivers, Impairment Losses and Write-offs	3	9

NOTE 14. 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.

	2020 \$'000	2019 \$'000
Educational Support Office Bank Accounts ¹	5 827	20 072
School Management Accounts ²	47 258	52 473
ACT Teacher Quality Institute Bank Account	1 348	1 198
Other Operations Bank Accounts	9	49
Cash on Hand	6	6
Total Cash and Cash Equivalents	54 448	73 798

1. The decrease mainly relates to cash held in the prior year for backpay associated with the Teaching Staff Enterprise Agreement.
2. The decrease relates to higher expenditure in schools related to COVID-19, maintenance and major projects combined with lower revenue from hire of facilities, interest and parental contributions.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 15. RECEIVABLES

	2020	2019
	\$'000	\$'000
Current Receivables		
Trade Receivables ¹	2 438	1 652
Less: Expected Credit Loss Allowance	(627)	(451)
	1 811	1 201
Other Trade Receivables ²	310	1 143
Less: Expected Credit Loss Allowance	-	-
	310	1 143
Accrued Revenue ³	175	1 338
Net Goods and Services Tax Receivable	2 926	2 538
Total Current Receivables	3 101	3 876
Total Receivables	5 222	6 220

1. The increase is associated with receivables for Commonwealth funded programs including the Jervis Bay Primary School.
2. The decrease relates to reduced receivables in schools.
3. The decrease relates to accrued revenue in 2018-19 associated with the Jervis Bay School. The receivable for this is reflected in Trade Receivables in 2019-20 as the invoice was issued by year-end.

Expected Credit Loss Allowance Provision Matrix

Ageing of Receivables	Days Past Due				
	Total	Not Overdue	1-30 days	31 - 60 days	>61 days
	\$	\$	\$	\$	\$
30 June 2020					
Expected credit loss rate	-	0%	0%	0%	66%
Estimated total gross carrying amount at default	5 222	4 130	36	104	952
Expected credit loss allowance	(627)	-	-	-	(627)
1 July 2019 (remeasurement)					
Expected credit loss rate	-	0%	0%	0%	46%
Estimated total gross carrying amount at default	6 220	5 028	88	128	976
Expected credit loss allowance	(451)	-	-	-	(451)

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 15. RECEIVABLES – CONTINUED

The allowance for expected credit losses of trade receivables is measured based on an assessment of each debtor. The majority of the Directorate's receivables relate to goods and services tax owed from the Australian Taxation Office and receivables from the Commonwealth Government and other ACT Government agencies. Therefore, any impact on credit losses as a result of the COVID-19 Pandemic is expected to be minimal.

	2020	2019
	\$'000	\$'000
Reconciliation of the Allowance for Impairment Losses		
Allowance at the Beginning of the Reporting Period	451	451
Additional Allowance Recognised During the Reporting Period	326	-
Reduction in Allowance from Amounts Written-Off During the Reporting Period	(343)	-
Expected Credit Loss	193	-
Allowance for Losses at the End of the Reporting Period	627	451
Classification of ACT Government/Non-ACT Government Receivables		
Receivables from ACT Government Entities		
Net Trade Receivables	151	174
Net Other Trade Receivables	163	809
Accrued Revenue	130	600
Total Receivables from ACT Government Entities	444	1 583
Receivables from Non-ACT Government Entities		
Net Trade Receivables	2 287	1 478
Net Other Trade Receivables	147	334
Accrued Revenue	45	738
Net Goods and Services Tax Receivable	2 926	2 538
Less: Allowance for Impairment Losses	(627)	(451)
Total Receivables from Non-ACT Government Entities	4 778	4 637
Total Receivables	5 222	6 220

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

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.

	2020 \$'000	2019 \$'000
Land and Buildings		
Land at Fair Value	390 307	358 518
Total Land Assets at Fair Value	390 307	358 518
Buildings and Improvements to Land at Fair Value	1 651 447	1 665 113
Less: Accumulated Depreciation	-	(114 476)
Total Buildings and Improvements to Land at Fair Value	1 651 447	1 550 637
Total Land and Buildings and Improvements to Land¹	2 041 754	1 909 155
Leasehold Improvements		
Leasehold Improvements at Fair Value	5 892	5 758
Less: Accumulated Depreciation	(5 672)	(5 659)
Total Written-Down Value of Leasehold Improvements	220	99
Plant and Equipment		
Plant and Equipment at Cost	157 672	148 177
Less: Accumulated Depreciation	(126 748)	(115 919)
Total Written-Down Value of Plant and Equipment	30 924	32 258
Right-of-Use Plant and Equipment at Cost	1 562	-
Less: Accumulated Depreciation	(404)	-
Total Right-of-Use Plant and Equipment at Cost²	1 158	-
Total Plant and Equipment	32 082	32 258
Total Property, Plant and Equipment	2 074 056	1 941 512

1. The increase is mainly due to the revaluation of the Directorate's assets in 2019-20 and the capitalisation of works in progress.
2. For 2019-20 reporting, right-of-use assets are required to be disclosed under the relevant class of Property, Plant and Equipment. Right-of-use assets for the Directorate relate to motor vehicles classified as assets under AASB 16 – Leases.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

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 2019-2020.

	Land \$'000	Buildings and Improvements to Land \$'000	Leasehold Improvements \$'000	Right-of-Use Plant and Equipment \$'000	Plant and Equipment \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	358 518	1 550 637	99	-	32 258	1 941 512
Recognition of Right-of-Use Assets on Initial application of AASB 16 ¹	-	-	-	1 562	-	1 562
Additions	-	64 803	134	-	9 506	74 443
Revaluation Increment	18 519 ²	87 672	-	-	-	106 191
Transfer In ³	13 270	200	-	-	-	13 470
Depreciation	-	(59 783)	(13)	(404)	(10 837)	(71 037)
Write-offs/Other ³	-	7 918	-	-	(3)	7 915
Carrying Amount at the End of the Reporting Period	390 307	1 651 447	220	1 158	30 924	2 074 056

- For 2019-20 reporting, right-of-use assets are required to be disclosed under the relevant class of Property, Plant and Equipment. Right-of-use assets for the Directorate relate to motor vehicles classified as assets under AASB 16 – Leases.
- Transfer in of assets includes 'Net Assets Transferred in as Part of an Administrative Restructure' for land to accommodate a new school at Denman Prospect (\$9.2m), additional land for Franklin Primary School and building improvements at the Rowing Club at Lake Tuggeranong College.
- Primarily relates to the reversal of impairments from prior years.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

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 2018-2019.

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

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

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 2020 are as follows:

2020

	Classification According to Fair Value Hierarchy			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Property, Plant and Equipment at Fair Value				
Land	-	-	390 307	390 307
Buildings and Improvements to Land	-	-	1 651 447	1 651 447
	-	-	2 041 754	2 041 754

2019

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

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 2020

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
For the Year Ended 30 June 2020

NOTE 17. INTANGIBLE ASSETS

The Directorate has internally generated software and externally purchased software.

	2020	2019
	\$'000	\$'000
Information Communication Technology Software		
<i>Internally Generated/Externally Purchased Software</i>		
Software at Cost	7 396	7 090
Less: Accumulated Amortisation	(4 192)	(2 655)
Total Information Communication Technology Software¹	3 204	4 435

1. The movement primarily relates to amortisation of Teacher Quality Institute software assets.

NOTE 18. CAPITAL WORKS IN PROGRESS

Assets under construction include buildings, infrastructure assets and software.

	2020	2019
	\$'000	\$'000
Capital Works in Progress	42 189	12 485
Total Capital Works in Progress	42 189	12 485

Reconciliation of Capital Works in Progress¹

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

	2020	2019
	\$'000	\$'000
Balance at the Beginning of the Reporting Period	12 485	28 210
Additions ²	98 996	88 160
Capitalised to Property, Plant and Equipment ³	(69 292)	(103 885)
Carrying Amount at the End of the Reporting Period	42 189	12 485

1. The reconciliation of capital works in 2019-20 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 More Schools, Better Schools initiatives including More Places at Gungahlin Schools, Delivering Molonglo P-10 and the Roof Replacement Program.

3. The capitalisation primarily relates to the Better Infrastructure Fund, Neville Bonner Primary School expansion and Roof Replacement Program.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 19. PAYABLES

	2020	2019
	\$'000	\$'000
Current Payables		
Payables	2 614	1 105
Accrued Expenses	8 326	6 647
Total Current Payables	10 940	7 752
Payables are aged as followed		
Not Overdue	9 068	7 408
Overdue for Less than 30 Days	1 672	270
Overdue for 30 to 60 Days	26	31
Overdue for More than 60 Days	174	43
Total Payables	10 940	7 752
Classification of ACT Government/Non-ACT Government Payables		
Payables with ACT Government Entities		
Payables	1 443	324
Accrued Expenses	1 178	2 920
Total Payables with ACT Government Entities	2 621	3 244
Payables with Non-ACT Government Entities		
Payables	1 171	781
Accrued Expenses	7 148	3 727
Total Payables with Non-ACT Government Entities	8 319	4 508
 Total Payables¹	10 940	7 752

1. The increase is mainly associated with higher capital works accruals at year-end.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 20. LEASE LIABILITIES

The Directorate has applied AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

The Directorate has leases over a range of assets including land and buildings and IT equipment and has elected not to adopt AASB 16 to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and Conditions of Leases

Building leases office facilities	The Directorate leases two office spaces through the ACT Property Group. In line with ACT Accounting Policy these leases are recognised in ACT Property Group's financial statements.
IT and office equipment leases	The Directorate has numerous leases for equipment, including office equipment and IT equipment. All these leases are low value and in accordance with AASB 16 – Leases the Directorate has applied the exemption for leases of low value assets and accounts for the expense through the Operating Statement as incurred.
Motor Vehicles	The Directorate holds 47 motor vehicle leases. The terms vary from 1 years to 4 years. These leases allow for extensions, but have no terms of renewal or purchase options, or escalation clauses.

Right-of-Use Assets

	Land and Buildings	Office Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	-	-	-	-
Depreciation Charge	-	-	(404)	(404)
Additions to Right-of-Use Assets ¹	-	-	1 566	1 566
Balance at 30 June 2020	-	-	1 162	1 162

1. 2019-20 reporting changes to AASB 16 – Leases has resulted in some leases previously classified as operating leases being reclassified as finance leases and recorded in the balance sheet. Right-of-use assets for the Directorate relate to motor vehicles.

Lease Liabilities

The maturity analysis of lease liabilities as at 30 June 2020 based on contractual undiscounted cash flows is shown in the table below.

< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in the Balance Sheet
\$'000	\$'000	\$'000	\$'000	\$'000
613	596	-	1 209	1 162

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 20. LEASE LIABILITIES – CONTINUED

Operating Statement

The amounts recognised in the operating statement relating to leases where the Directorate is a lessee are shown below.

	2020
	\$'000
Depreciation of right-of-use assets	404
Interest on lease liabilities	21
Statement of Cash Flow	2020
	\$'000
Total cash outflow of leases	420

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 21. EMPLOYEE BENEFITS

	2020	2019
	\$'000	\$'000
Current Employee Benefits		
Annual Leave ^{1,3}	45 524	40 614
Long Service Leave ^{2,3}	121 709	109 041
Accrued Salaries	10 615	10 449
Total Current Employee Benefits	177 848	160 104
Non-Current Employee Benefits		
Long Service Leave ^{2,3}	16 751	15 021
Total Non-Current Employee Benefits	16 751	15 021
Total Employee Benefits	194 599	175 125
Estimate of when Leave is Payable		
Estimated Amount Payable within 12 months		
Annual Leave	35 763	33 964
Long Service Leave	6 511	6 267
Accrued Salaries	10 615	10 449
Total Employee Benefits Payable within 12 months	52 889	50 680
Estimated Amount Payable after 12 months		
Annual Leave	9 761	6 650
Long Service Leave	131 949	117 795
Total Employee Benefits Payable after 12 months	141 710	124 445
Total Employee Benefits	194 599	175 125

1. The increase is primarily due to the impact of pay increases and accrued entitlements.
2. The increase is mainly due to a change in the present value factor used to calculate long service leave from 110.1% in 2018-19 to 113.6% in 2019-20 and accrued entitlements.
3. 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 110.1% for long service leave and 101.6% for annual leave. The rate for 2019-20 is 113.6% for long service leave and 100.9% 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 \$4.266 million and a decrease to the estimate of the annual leave liability and expense in the current reporting period of approximately \$0.315 million.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 22. CONTRACT LIABILITIES

	2020	1 July 2019 adjusted for AASB 15
	\$'000	\$'000
Amounts Received Related to Contracts with Customers where the Performance Obligations has not yet been Satisfied	3 187	4 042
Total Contract Liabilities	3 187	4 042

1. The decrease in contract liabilities is primarily due to a decrease in international student enrolments.

Contract Liabilities Arising from Contracts with Customers

Contract liabilities relate primarily to consideration received in advance from customers in respect of educational services for international students. The balance of contract liabilities as at 30 June 2020 relates to performance obligations to be met by the Directorate to provide educational services to international students under Education Services for Overseas Students Act 2000 and the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007.

Significant Changes in Contract Liability Balances

There have been no significant changes to contract liabilities during the financial year.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 23. OTHER LIABILITIES

	2020	2019
	\$'000	\$'000
Current Other Liabilities		
Revenue Received in Advance including Schools	47	671
Make Good Provision ¹	383	-
Total Current Other Liabilities	430	671
Non-Current Other Liabilities		
Other Loans ²	1 956	2 672
Make Good Provision ¹	136	-
Total Non-Current Other Liabilities	2 092	2 672
Total Other Liabilities	2 522	3 345

1. Relates to liabilities to the lessor of the Directorate's accommodation to restore leased accommodation to its former state should the Directorate vacate the premises. The current liability is associated with a lease at 220 Northbourne Avenue, where the Directorate plans to vacate within the next 12 months.
2. Relates to loans from the Environment, Planning and Sustainable Development Directorate for environmentally sustainable projects. The reduction in 2019-20 is due to the repayment of loans.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 24. 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 and receivables. As cash and cash equivalents 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 these.

The Directorate's financial liabilities are comprised of payables and finance leases. 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.

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 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 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 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.

Education Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 24. FINANCIAL INSTRUMENTS – CONTINUED

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 Bank 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 unit prices.

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 2020

NOTE 24. 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:

	Note No.	Carrying Amount 2020 \$'000	Fair Value 2020 \$'000	Carrying Amount 2019 \$'000	Fair Value 2019 \$'000
Financial Assets					
Cash and Cash Equivalents	14	54 448	54 448	73 798	73 798
Receivables ¹	15	2 296	2 296	3 682	3 682
Total Financial Assets		56 744	56 744	77 480	77 480
Financial Liabilities					
Payables	19	10 940	10 940	7 752	7 752
Lease Liabilities	20	1 162	1 162	-	-
Other Loans	23	1 956	1 956	2 672	2 672
Total Financial Liabilities		14 058	14 058	10 424	10 424

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 2020

NOTE 24. 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 2020. 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. For the Directorate only finance leases are impacted by application of the undiscounted cash flow.

As at 30 June 2020	Note No.	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing In:			Non-Interest Bearing \$'000	Total \$'000
				1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	14	0.63%	47 258	-	-	-	7 190	54 448
Receivables	15	-	-	-	-	-	2 296	2 296
Total Financial Assets			47 258	-	-	-	9 486	56 744
Financial Liabilities								
Payables	19	-	-	-	-	-	(10 940)	(10 940)
Other Liabilities	23	-	-	-	-	-	(1 956)	(1 956)
Finance Leases	20	1.42%	(1 209)	-	-	-	-	(1 209)
Total Financial Liabilities			(1 209)	-	-	-	(12 896)	(14 105)
Net Financial Assets			46 049	-	-	-	(3 410)	42 639

Education Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 24. 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	Note No.	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing In:			Non-Interest Bearing \$'000	Total \$'000
				1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	14	1.47%	53 720	-	-	-	20 078	73 798
Receivables	15	-	-	-	-	-	3 682	3 682
Total Financial Assets			53 720	-	-	-	23 760	77 480
Financial Liabilities								
Payables	19	-	-	-	-	-	(7 752)	(7 752)
Other Liabilities	23	-	-	-	-	-	(2 672)	(2 672)
Total Financial Liabilities			-	-	-	-	(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 2020

NOTE 24. FINANCIAL INSTRUMENTS - CONTINUED

	2020	2019
	\$'000	\$'000
Carrying Amount of Each Category of Financial Asset and Financial Liability		
Financial Assets		
Financial Assets at Amortised Cost	2 296	3 682
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	14 058	10 424

The Directorate does not have any financial liabilities in the 'Financial Liabilities at Fair Value through Profit and Loss' category and, as such, this category is not included above.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 25. CAPITAL AND OTHER EXPENDITURE COMMITMENTS

Capital Commitments

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

	2020 \$'000	2019 \$'000
Capital Commitments - Property, Plant and Equipment		
Payable:		
Within one year	54 136	23 379
Later than one year but not later than five years	14 673	7 896
Later than five years	1 566	2 642
Total Capital Commitments - Property, Plant and Equipment¹	70 375	33 917

1. The increase mainly relates to construction contracts for new schools and expansion works in existing schools.

Other Commitments

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

Within one year	7 604	17 813
Later than one year but not later than five years	5 759	6 030
Later than five years	-	61
Total Other Commitments¹	13 363	23 904

1. The decrease is mainly associated with the insourcing of school cleaning.

Operating Lease Commitments¹

Non-Cancellable operating lease commitments are payable as follows:

Within one year	4 233	3 809
Later than one year but not later than five years	3 352	3 656
Later than five years	296	307
Total Operating Lease Commitments	7 881	7 772

1. Operating lease commitments mainly relate to building leases and information communication technology leases.

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 2020

NOTE 26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

As at 30 June 2020 the Directorate had contingent liabilities in relation to known personal injury cases not settled of \$3.758 million. As at 30 June 2019 the liability was \$2.965 million. The liabilities will be offset by insurance and the final settlement amounts are unknown as at 30 June 2020.

NOTE 27. 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.

	2020 \$'000	2019 \$'000
Share of the Jointly Controlled Operation is as follows:		
Revenue	91	94
Expenses	(172)	(155)
Operating (Deficit)	(81)	(61)
Share of Asset in the Jointly Controlled Operation		
Current Assets	93	104
Non-Current Assets	3 325	3 393
Total Assets	3 418	3 497
Current Liabilities	4	4
Total Liabilities	4	4
Net Assets	3 414	3 493

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 28. CASH FLOW RECONCILIATION

	2020 \$'000	2019 \$'000
(a) Reconciliation of Cash and Cash Equivalents at the End of the Reporting in the Statement of Cash Flows to the Equivalent Items in the Balance		
Total Cash and Cash Equivalents Recorded in the Balance Sheet	54 448	73 798
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Statement of Cash Flows	<u>54 448</u>	<u>73 798</u>
(b) Reconciliation of Operating (Deficit) to Net Cash Inflows from Operating Activities		
Operating (Deficit)	(96 598)	(91 399)
Add/(Less) Non-Cash Items		
Depreciation and Amortisation	72 574	72 363
Assets Received Free of Charge	(4 225)	-
(Gain) from Sale of Assets	(13)	(2)
Assets Written Off/Other	8	9
Cash Before Changes in Operating Assets and Liabilities	<u>(28 254)</u>	<u>(19 029)</u>
Changes in Operating Assets and Liabilities		
Decrease/(Increase) in Receivables	997	(820)
Decrease/(Increase) in Prepayments	713	(354)
Increase in Payables	1 414	135
Increase in Employee Benefits	19 473	24 306
(Decrease) in Revenue Received in Advance	(1 478)	(1 174)
Increase in Other Liabilities	518	-
Net Changes in Operating Assets and Liabilities	<u>21 637</u>	<u>22 093</u>
Net (Outflows)/Inflows from Operating Activities	<u>(6 617)</u>	<u>3 064</u>

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 29. 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 Management 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 2020.

Compensation of the Head of Service is included in the note on related party disclosures included in the Chief Ministers, Treasury and Economic Development Directorate financial statements for the year ended 30 June 2020.

Compensation by the Directorate to Key Management Personnel employed by the Directorate is set out below.

	2020	2019
	\$'000	\$'000
Short-term employee benefits	2 355	2 068
Post-employment benefit	336	305
Other long-term benefit	56	48
Total Compensation by the Education Directorate to KMP	2 747	2 421

1. The total full time equivalent (FTE) staff identified as key management personnel in 2019-20 was 11. The total FTE key management personnel in 2018-19 was 10. The increase in 2019-20 relates to staff in temporary acting arrangements.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2020

NOTE 29. 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 2020

Note 30. BUDGETARY REPORTING

Operating Statement Line Items	Actual 2019-20 \$'000	Original Budget ¹ 2019-20 \$'000	Variance \$'000	Variance %	Variance Explanation ²
Increase in Asset Revaluation Surplus	106 191	-	106 191	#	The variance against budget is due to the revaluation of land and buildings in 2019-20.
Reverse Asset Impairment	7 917	-	7 917	#	The variance against budget is due to reversal of prior year impairments associated with Campbell Primary School and Narrabundah College as the sites are no longer impaired.

Balance Sheet Line Items	Actual 2019-20 \$'000	Original Budget ¹ 2019-20 \$'000	Variance \$'000	Variance %	Variance Explanation ²
Property Plant and Equipment – Non-Current	2,074,056	1,920,765	153,291	8	The variance against budget is mainly due to the revaluation of land and buildings in 2019-20.
Employee Benefits - Current	177 848	155 697	22 151	14	The variance against budget is mainly due to a change in the present value for long service leave from 110.0% in 2018-19 to 113.6% in 2019-20 combined with the accrual impact in 2019-20 and lower than expected leave taken.
Asset Revaluation Surplus	1 112 079	997 971	114 108	11	The variance against budget is due to the revaluation of land and buildings in 2019-20.

1. Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2019-20 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.

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

TERRITORIAL FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2020**

Education Directorate
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2020

	Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Income				
<i>Revenue</i>				
Payments for Expenses on Behalf of the Territory	31	341 064	316 403	317 169
Total Revenue		<u>341 064</u>	<u>316 403</u>	<u>317 169</u>
Total Income		<u>341 064</u>	<u>316 403</u>	<u>317 169</u>
Expenses				
Grants and Purchased Services	32	341 064	316 403	317 169
Total Expenses		<u>341 064</u>	<u>316 403</u>	<u>317 169</u>
Operating Result		<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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 2020

	Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Current Assets				
Cash and Cash Equivalents	33	254	51	158
Receivables	34	352	-	437
Total Current Assets		606	51	595
Total Assets		606	51	595
Current Liabilities				
Payables	35	606	51	595
Total Current Liabilities		606	51	595
Total Liabilities		606	51	595
Net Assets		-	-	-
Equity				
Accumulated Funds		-	-	-
Total		-	-	-

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
Statement of Cash Flows on Behalf of the Territory
For the Year Ended 30 June 2020

	Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
Cash Flows from Operating Activities				
Receipts				
Cash from Government for Expenses on Behalf of the Territory		341 076	316 403	317 713
Goods and Services Tax Received		6 991	7 019	6 633
Total Receipts from Operating Activities		348 067	323 422	324 346
Payments				
Grants and Purchased Services		341 004	316 403	317 230
Goods and Services Tax Paid		6 967	7 019	7 009
Total Payments from Operating Activities		347 971	323 422	324 239
Net Cash Inflows from Operating Activities	37	96	-	107
Net Increase in Cash and Cash Equivalents Held				
		96	-	107
Cash and Cash Equivalents at the Beginning of the Reporting Period		158	51	51
Cash and Cash Equivalents at the End of the Reporting Period	37	254	51	158

The above Statement of Cash Flows 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 2020**

	Original Budget 2020 \$'000	Total Appropriated 2020 \$'000	Appropriation Drawn 2020 \$'000	Appropriation Drawn 2019 \$'000
Expenses on Behalf of the Territory	316 403	352 547	341 076	317 713
Total Territorial Appropriation	316 403	352 547	341 076	317 713

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 Statement of Cash Flows 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 Statement of Cash Flows.

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 (\$26.144m) in line with the National School Reform Agreement: Australian Capital Territory Bilateral Agreement. In 2019-20 the Commonwealth provided advance payments of some grants to assist non-government schools during the COVID-19 Pandemic.

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 a minor transfer of funding to 2020-21 associated with ACT Government grants to non-government schools (\$1.471m).

**EDUCATION DIRECTORATE
TERRITORIAL NOTE INDEX
For the Year Ended 30 June 2020**

Note Territorial Note Index List

Income Notes

Note 31 Payment for Expenses on behalf of the Territory – Territorial

Expense Notes

Note 32 Grants and Purchased Services – Territorial

Assets Notes

Note 33 Cash and Cash Equivalents – Territorial

Note 34 Receivables – Territorial

Liabilities Notes

Note 35 Payables – Territorial

Other Notes

Note 36 Financial Instruments – Territorial

Note 37 Cash Flow Reconciliation – Territorial

Note 38 Budgetary Reporting – Territorial

Education Directorate
Notes to and Forming Part of the Financial Statements - Territorial
For the Year Ended 30 June 2020

NOTE 31. 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 32 – Grants and Purchased Services – Territorial** for the details of the expenses.

	2020	2019
	\$'000	\$'000
Payment for Expenses on Behalf of the Territory	341 064	317 169
Total Payment for Expenses on Behalf of the Territory¹	341 064	317 169

1. The increase from 2018-19 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*. Increased funding is also due to the Commonwealth pre-paying some non-government school grants in 2019-20 as well as the provision of special assistance school hygiene funding, due to the COVID-19 Pandemic.

NOTE 32. GRANTS AND PURCHASED SERVICES – TERRITORIAL

	2020	2019
	\$'000	\$'000
Grants and Purchased Services		
<i>Payments for grants and subsidies were as follows:</i>		
Grants – Non-Government Schools ¹	340 354	316 550
Bursary Scheme	710	619
Total Grants and Purchased Services	341 064	317 169

1. The increase from 2018-19 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*. Increased funding is also due to the Commonwealth pre-paying some non-government school grants in 2019-20 as well as the provision of special assistance school hygiene funding, due to the COVID-19 Pandemic.

Education Directorate
Notes to and Forming Part of the Financial Statements - Territorial
For the Year Ended 30 June 2020

NOTE 33. CASH AND CASH EQUIVALENTS – TERRITORIAL

	2020	2019
	\$'000	\$'000
Cash at Bank ^{1,2}	254	158
Total Cash and Cash Equivalents	254	158

1. The Territorial accounts are programs administered by the Directorate on behalf of the Territory. Territorial accounts cannot generate an operating result and must 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 2019-20 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 34. RECEIVABLES – TERRITORIAL

All receivables at 30 June 2020 are current and not overdue.

Current Receivables

	2020	2019
	\$'000	\$'000
Non-Government Schools - Enrolment Adjustment ¹	-	61
Goods and Services Tax Receivable from the Australian Taxation Office	352	376
Total Receivables	352	437

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

NOTE 35. PAYABLES – TERRITORIAL

All payables at 30 June 2020 are current and not overdue.

Current Payables

	2020	2019
	\$'000	\$'000
Payable to the Territory Banking Account ¹	606	595
Total Payables	606	595

1. The Territorial accounts are programs administered by the Directorate on behalf of the Territory. Territorial accounts cannot generate an operating result and must 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 2020

NOTE 36. 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 2020

NOTE 37. CASH FLOW RECONCILIATION – TERRITORIAL

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

	2020	2019
	\$'000	\$'000
Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory	254	158
Cash at the end of the Reporting Period as Recorded in the Statement of Cash Flows on Behalf of the Territory	254	158

(b) Reconciliation of Net Cash Inflows from Operating Activities to the Operating Result

Operating Result	-	-
Cash Before Changes in Operating Assets and Liabilities	-	-
Changes in Operating Assets and Liabilities		
Decrease/(Increase) in Receivables	84	(437)
Increase in Payables	12	544
Net Changes in Operating Assets and Liabilities	96	107
Net Cash Inflows from Operating Activities	96	107

Education Directorate
Notes to and Forming Part of the Financial Statements - Territorial
For the Year Ended 30 June 2020

NOTE 38. BUDGETARY REPORTING – TERRITORIAL

Operating Statement Line Items	Actual 2019-20 \$'000	Original Budget ¹ 2019-20 \$'000	Variance \$'000	Variance %	Variance Explanation ²
Grants and Purchased Services	341 064	316 403	24 661	8	The variance against budget is primarily due to increased funding from the Commonwealth pre-paying some non-government school grants in 2019-20 as well as the provision of special assistance school hygiene funding, due to the COVID-19 Pandemic.

Statement of Cash Flows Line Items	Actual 2019-20 \$'000	Original Budget ¹ 2019-20 \$'000	Variance \$'000	Variance %	Variance Explanation ²
Grants and Purchased Services	341 004	316 403	24 601	8	The variance against budget is primarily due to increased funding from the Commonwealth pre-paying some non-government school grants in 2019-20 as well as the provision of special assistance school hygiene funding, due to the COVID-19 Pandemic.

1. Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2019-20 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 2020

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 Statement of Cash Flows for the year;
- v. a Statement of Appropriation for the year;
- vi. an Operating Statement for each class of output for the year;
- vii. the significant accounting policies adopted for the year; and
- viii. other statements as 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 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 non-current assets held 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 NOT-FOR-PROFIT REPORTING ENTITY

The Directorate is an individual not-for-profit 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 2020

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 2020 together with the financial position of the Education Directorate as at 30 June 2020.

COMPARATIVE FIGURES

Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2019-20 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.

The Directorate has applied the modified retrospective approach to the adoption of AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 16 Leases and comparative information is not restated. Changes from the adoption of these standards have been recognised against the opening equity at 1 July 2019.

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 2020

GOING CONCERN

As at 30 June 2020, 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 2019-20 financial statements have been prepared on a going concern basis as the Directorate has been funded in 2020-21 under section 7 of the *Financial Management Act 1996* pending funding in the 2020-21 Budget and the 2020-21 Budget Papers including forward estimates for the Directorate. The 2020-21 Budget will be presented to the Legislative Assembly subsequent to the signing of the Directorate's 2019-20 financial statements.

COVID-19 PANDEMIC – IMPACT ON THE DIRECTORATE'S 2019-20 FINANCIAL STATEMENTS

The Directorate's 2019-20 operations were impacted by the COVID-19 Pandemic. The Directorate received additional funding through the ACT Government's Economic Survival package to support the community during the financial year. This included funding for screwdriver ready projects in schools, the purchase of devices for students to assist with remote learning and Jobs for Canberrans. The Directorate also incurred costs, from within existing resources, to provide additional support to schools and the community for increased cleaning and cleaning supplies and continuation of temporary and casual staff.

The total impact on the Directorate's financial performance was immaterial and has not significantly affected the 2019-20 financial statements. As the Directorate is primarily government funded through controlled recurrent payments the COVID-19 Pandemic is not expected to have a material impact on future financial performance.

The Directorate's land and buildings were revalued in 2019-20. The Directorate will consider the ongoing impact of the COVID-19 Pandemic on the valuations during 2020-21.

Education Directorate
APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES
FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES

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

SIGNIFICANT ACCOUNTING POLICIES – INCOME

REVENUE RECOGNITION

Revenue is recognised in accordance with AASB 15 Revenue from Contracts with Customers where the contract is enforceable and contains sufficiently specific performance obligations, otherwise revenue is in the scope of AASB 1058 Income of not-for-Profit Entities.

AASB 15

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. identify the contract with the customer;
2. identify the performance obligations;
3. determine the transaction price;
4. allocate the transaction price; and
5. recognise revenue as or when control of the performance obligation is transferred to the customer.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Directorate have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

AASB 1058

Where revenue streams are in the scope of AASB 1058, the Directorate recognises the asset received (generally cash or other financial asset) at fair value, recognises any related amount (e.g. liability or equity) in accordance with an accounting standard and recognises revenue as the residual between the fair value of the asset and the related amount on receipt of the asset.

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 – SALES OF GOODS AND SERVICES FROM CONTRACTS WITH CUSTOMERS

Revenue from the sale of services is recognised when the services are physically passed to the customer as control is transferred at this point in time.

The Directorate earns revenue from provision of education services.

Education Directorate
APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES
FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

SIGNIFICANT ACCOUNTING POLICIES – INCOME – CONTINUED

Revenue is recognised when the Directorate satisfies the performance obligations in the delivery of education services over time. Revenue is recognised in line with agreed terms or at a point in time when good and/or services are transferred to the customer.

A receivable in relation to these services is recognised when invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – REVENUE FROM CONTRACTS

The Directorate does not earn material revenue amounts from contracts with customers. The main source of revenue from contracts with customers for the Directorate is international students. The timing of satisfaction of performance obligations is based on the delivery of education services to the students utilising term dates. Any revenue received in advance from international students at the end of the financial year is recognised as a contract liability.

NOTE 6 – OTHER REVENUE

Where the Directorate receives an asset or services for significantly less than fair value then the transaction is in the scope of AASB 1058 and revenue is recognised on receipt of the asset / services.

Where services are received, the expense is recognised in the line item to which it relates.

Goods and services received free of charge from ACT Government agencies are recognised as resources received free of charge, whereas goods and services received free of charge from entities external to the ACT Government are recognised as donations or contributions.

Services that are received free of charge are only recognised in the Operating Statement if they can be reliably measured and would have been purchased if not provided to the Directorate free of charge.

Education Directorate
APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES
FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

SIGNIFICANT ACCOUNTING POLICIES – EXPENSES

NOTE 8 – EMPLOYEE EXPENSES

Employee benefits include:

- short-term employee benefits such as wages and salaries, annual leave loading, and applicable on-costs 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 21 Employee Benefits for accrued wages and salaries, and annual and long service leave).

NOTE 9 – 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 2020

SIGNIFICANT ACCOUNTING POLICIES – EXPENSES – CONTINUED

NOTE 10 – 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.

Rental Expenses

This covers payments for short-term leases (12-month term or less) and low-value leases (individual asset less than \$10,000) and standard non-specialised accommodation leases with ACT Property Group.

NOTE 11 – DEPRECIATION AND AMORTISATION

Amortisation is used in relation to intangible assets and depreciation is applied to physical assets such as buildings, infrastructure assets, and plant and equipment.

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

Right-of-use leasehold improvements and plant and equipment are depreciated over the estimated useful life of each asset, or the unexpired period of the relevant lease, whichever is shorter.

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

Class of Asset	Depreciation/Amortisation	Useful Life (Years)
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 2020

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 14 – CASH AND CASH EQUIVALENTS

Cash includes cash at bank and cash on hand.

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. The Directorate does not hold any investments.

NOTE 15 – 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 13 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 13 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 2020

SIGNIFICANT ACCOUNTING POLICIES – ASSETS – CONTINUED

The Directorate does not hold any material contract assets as at 30 June 2020.

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 16 – PROPERTY, PLANT AND EQUIPMENT

Acquisition and Recognition of Property, Plant and Equipment

Property, plant and equipment is initially measured 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 2019-20.

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 that reflects the current cost to construct a comparable asset less accumulated depreciation. 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.

Right-of-use assets are initially measured at cost. After the commencement date, right of use assets are measured at cost less any accumulated depreciation and accumulated losses and adjusted for any re-measurement of the lease liability. Right-of-use assets are presented in the property, plant and equipment under the relevant asset class.

Education Directorate
APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES
FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

SIGNIFICANT ACCOUNTING POLICIES – ASSETS – CONTINUED

The Directorate considered the impact of future severe weather events such as bushfires and its impact on the its Property, Plant & Equipment. The Directorate has insurance that provides sufficient coverage to repair or replace damaged assets in the event of a severe weather event. Therefore, the impact of weather events on the value of its assets is considered to be immaterial.

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 2020. The useful lives are assessed on an annual basis and adjustments are made when necessary.

Disclosures concerning assets useful life (see Appendix B – Note 11 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 2020

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 21 – 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 measured 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 recognised 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 100.9% (101.6% in the previous financial year);
- Payments for long service leave is 113.6% (110.1% in the previous financial year).

The long service leave liability is measured 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 2020

SIGNIFICANT ACCOUNTING POLICIES – LIABILITIES – CONTINUED

NOTE 21 – EMPLOYEE BENEFITS – CONTINUED

Annual leave and long service leave are recognised 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 recognised as non-current because the Directorate 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 measuring 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 next actuarial review is expected to be undertaken by early 2022.

NOTE 22 – CONTRACT LIABILITIES

When an amount of consideration is received from a customer prior to the Directorate transferring a service to the customer, the balance of the consideration which has not been transferred is presented as a contract liability.

Education Directorate
APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES
FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

SIGNIFICANT ACCOUNTING POLICIES – OTHER NOTES

NOTE 24 – FINANCIAL INSTRUMENTS

Financial assets are recognised 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 27 - 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 27 – Interest in a Joint Operation for details.

NOTE 30 – 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 2020

TERRITORIAL – SPECIFIC SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES – SPECIFIC TO TERRITORIAL – INCOME

NOTE 31 – 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.

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 2020

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.

Education Directorate
APPENDIX D - CHANGE IN ACCOUNTING POLICY AND ESTIMATES
FORMS PART OF NOTE 3 OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX D - CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES

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

Information provided below explains the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* on the Directorate's financial statements.

Initial Application of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts*, AASB 1004 *Contributions* and related interpretations for annual reporting periods beginning on or after 1 January 2019 for not-for-profit entities.

The Directorate adopted the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information was restated under this approach, and the Directorate recognised the cumulative effect of initially applying the standard as an adjustment to the opening balance of Equity as at the date of initial application (1 July 2019).

Under this transition method, the Directorate may elect to apply the Standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Revenue Recognition under AASB 15

Under AASB 15 agencies recognise revenue when (or as) they satisfy a performance obligation by transferring a promised good or service and it is based on the transfer of control rather than the transfer of risks or rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. Revenue is recognised by applying the following five steps:

1. identifying contracts with customers;
2. identifying separate performance obligations;
3. determining the transaction price of the contract;
4. allocating the transaction price to each of the performance obligations; and
5. recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

Education Directorate
APPENDIX D - CHANGE IN ACCOUNTING POLICY AND ESTIMATES
FORMS PART OF NOTE 3 OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

CHANGE IN ACCOUNTING POLICY AND ESTIMATES – CONTINUED

Revenue Recognition under AASB 1058

The Directorate receives income from appropriations and other agreements which are recognised under AASB 1058. AASB 1058 is applied to Not-for-Profit agencies for recognising income that either does not arise from an enforceable contract with customers or which do not have sufficiently specific performance obligations. The timing of income recognition under AASB 1058 depends upon whether such a transaction gives rise to a liability or a contribution by owners, related to an asset (such as cash or another asset recognised by a Directorate).

Significant Changes to Accounting for Revenue on Adoption of AASB 15 and AASB 1058

There were no significant changes to accounting policies arising from adoption of AASB 15 and AASB 1058.

Statement of Cash Flows for the year ended 30 June 2020

The Statement of Cash Flows is not materially different under AASB 1058 / AASB 15 from that which would be presented under the previous revenue standards.

Implementation of AASB 16 Leases

For reporting periods beginning on or after 1 January 2019, AASB 16 Leases supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases-Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of lessees and lessors. The main changes introduced by the new standard include identification of a lease within a contract and a new lease accounting model for lessees that requires lessees to recognise all leases (previously operating and finance leases) in the Balance Sheet as a right-of-use asset and lease liability, except for short-term leases (leases of 12 months or less at commencement date) and low-value assets (valued at less than \$10,000).

The operating and finance lease distinction no longer exists.

The Directorate has applied the modified retrospective approach on initial adoption. As permitted under the specific transition provisions in the standard, comparatives have not been restated. The cumulative effect of initially applying this standard is shown as an adjustment to the opening balance of retained earnings. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate.

The Directorate has applied the Territory Policy for Transition on AASB 16 Leases – see the Accounting Policy website: <https://apps.treasury.act.gov.au/accounting>.

Capital Works

Infrastructure upgrades delivered in 2019-20

Public Schools Infrastructure Upgrade (PSIU) has delivered significant upgrades across the public school network with \$28.762 million expended in the 2019-20 financial year, including:

- Security fence installations at Charnwood/Dunlop Primary School, Gordon Preschool, Curtin Primary School, Dickson College, Erindale College and Gilmore Primary School.
- School administration upgrades at Neville Bonner Primary School, Cranleigh School, Malkara School, Theodore Primary School, Lanyon High School, Mount Rogers Primary School, Amaroo School, Taylor Primary School, Florey Primary School, Lyneham High School, Campbell High School, Bonython Primary School and Mawson Primary School.
- Learning area upgrades at Evatt Primary School, Calwell Primary School, Charles Conder Primary School, Torrens Primary School, Telopea School, Kaleen Primary School, Turner Primary School, Lake Ginninderra College, Charnwood/Dunlop Primary School, Campbell Primary School, Palmerston Primary School and Wanniasa School.
- Sport facility upgrades at Melrose High School, University of Canberra Kaleen High School, Gold Creek School, Erindale College (Active Leisure Centre), Red Hill Primary School, Duffy Primary School, Weetangera Primary School and Lake Tuggeranong College.
- Access upgrades at Aranda Primary School, Black Mountain School, Cranleigh School, Amaroo School, Arawang Primary School, Hughes Primary School, Latham Primary School, Campbell Primary School, Calwell Preschool, Maribyrnong Preschool, Theodore Preschool and Miles Franklin Primary School.
- Learning support upgrades at Melba Copland High School, Mount Rogers Primary School, Wanniasa School, Canberra High School, Gold Creek School, Fadden Primary School, Macquarie Primary School, Arawang Primary School, Yarralumla Primary School, Cranleigh School, Palmerston Primary School, Lake Ginninderra College, Latham Primary School, Melrose High School, Farrer Primary School and Theodore Primary School.
- Toilet upgrades at Dickson College, Narrabundah College, Lyneham Primary School, Arawang Primary School, Hawker Primary School, O'Connor Cooperative School and Mount Stromlo High School.
- Car park upgrades at Gowrie Primary School, Wanniasa Hills Primary School, Theodore Primary School, Fraser Primary School, Mount Rogers Primary School, Namadgi School, Palmerston Primary School, Amaroo School and Gold Creek School.

Roof replacement program

The Directorate received \$17.960 million in the 2018-19 Budget for the Roof Replacement Program over four years. Construction has progressed at Calwell High School, North Ainslie Primary School and Telopea School with \$8.398 million expended in 2019-20.

Energy efficient heating renewal program

The Directorate received \$15.964 million in the 2019-20 Budget for the Delivering Energy Efficient Heating Upgrades for ACT Public Schools Program over four years. Significant due diligence has progressed in this program with \$0.308 million expended in 2019-20.

Major Education Projects

The Directorate has delivered significant projects across the public school network with \$44.471 million expended in the 2019-20 financial year.

Projects were delivered to modernise facilities, provide new schools, and better meet the learning needs of communities. For 2019-20 the projects included one new school (work in progress), two school site upgrades and eight school site expansions to accommodate over 725 additional places.

Planning also commenced for future schools including major modernisation upgrades for two schools, major expansions for two schools and a design tender and feasibility study for two new schools.

Major Projects

School Upgrades

- Gungahlin College internal upgrade; and
- Amaroo School internal upgrade.

School Expansions

- Neville Bonner Primary School expansion - 175 places;
- Gold Creek Primary School expansion - 300 places;
- Franklin Early Childhood Service expansion - Phase 1 design and administration area modernisation; and
- transportable learning communities:
 - Red Hill Primary School - 50 places;
 - Fraser Primary School - 50 places;
 - Lyneham High School - 50 places plus bike enclosure and amenities block;
 - Telopea Park School - 50 places; and
 - Forrest Primary School - 50 places.

New Schools

- Molonglo Years Preschool-Year 6 and Years 7-10 - construction in progress; and
- Throsby Preschool-Year 6 - design tendering.

Planning

- Campbell Primary School modernisation - design and construction tendering;
- planning for Gold Creek Senior School expansion - 200 places;

- planning for Amaroo School - 200 places and specialist expansion;
- feasibility study for a new East Gungahlin High School; and
- Narrabundah College modernisation – community engagement and due diligence/site investigations.

Table 49 Capital Works Management 2019-20

Project	Original Project Value \$'000	Revised Project Value \$'000	Prior Year Expenditure \$'000	Actual Expenditure 2019-20 \$'000	Total Expenditure to Date \$'000	Estimated/ Actual physical completion date
NEW CAPITAL WORKS						
Expanding Franklin Early Childhood School	29,447	29,447	0	2,032	2,032	Dec-21
Delivering a new primary school at Throsby	43,913	43,913	0	1,570	1,570	Feb-22
More places for students at Gold Creek School's senior campus	6,442	6,442	0	41	41	Feb-22
Expanded facilities for Gungahlin College	1,269	1,269	0	699	699	Jun-21
More places for students at northside schools	8,504	8,504	0	5,030	5,030	Feb-21
Planning for Canberra's future school needs	2,053	2,053	0	1,006	1,006	Jun-22
Delivering energy-efficient heating upgrades for ACT public schools	15,964	15,964	0	308	308	Jun-23
Delivering secure local jobs for school cleaners	1,610	1,610	0	1,004	1,004	Jun-21
Subtotal New Capital Works	109,202	109,202	0	11,690	11,690	
PUBLIC SCHOOL INFRASTRUCTURE UPGRADES						
School Learning Area Improvements	4,850	5,357	0	4,859	4,859	Jun-20

Project	Original Project Value \$'000	Revised Project Value \$'000	Prior Year Expenditure \$'000	Actual Expenditure 2019-20 \$'000	Total Expenditure to Date \$'000	Estimated/ Actual physical completion date
School Administration and Support Area Improvements	2,290	896	0	1,995	1,995	Jun-20
Disability Access Compliance	2,500	1,827	0	5,750	5,750	Jun-20
School Infrastructure Revitalisation	4,700	4,070	0	7,918	7,918	Jun-20
School Security Improvements	1,450	1,606	0	773	773	Jun-20
School Safety Improvements	800	208	0	1,787	1,787	Jun-20
External Learning Environments	1,995	1,306	0	2,608	2,608	Jun-20
Environmentally Sustainable Initiatives	1,450	1,152	0	1,194	1,194	Jun-20
Joint Funding Works	1,100	0	0	1,878	1,878	Jun-20
Subtotal Public School's Infrastructure Upgrades	21,135	16,422	0	28,762	28,762	
Total New Works	130,337	125,624	0	40,452	40,452	
WORK IN PROGRESS						
More schools, better schools – More places at Gungahlin schools	19,830	19,830	1,609	15,309	16,918	Jun-21
More schools, better schools – Roof Replacement Program	17,960	17,960	331	8,398	8,729	Jun-22
Molonglo Schools – P-10 campus	41,858	41,858	293	15,468	15,761	Jun-23
Campbell Primary School Modernisation	18,819	18,819	215	439	654	Jun-22

Project	Original Project Value \$'000	Revised Project Value \$'000	Prior Year Expenditure \$'000	Actual Expenditure 2019-20 \$'000	Total Expenditure to Date \$'000	Estimated/ Actual physical completion date
Better schools for our kids – Expanding schools in Gungahlin	24,072	24,606	19,301	962	20,263	Jun-21
Better Schools for Our kids - Narrabundah College and Campbell Primary School - facilities upgrade	23,866	25,066	23,309	279	23,588	Jun-22
Better Schools – Investment in Gungahlin school infrastructure	16,600	16,600	16,321	2	16,323	Jun-20
Schools for the Future – Caroline Chisholm School – Centre for Innovation and Learning	5,896	5,696	5,379	84	5,463	Dec-20
Schools for the Future – North Gungahlin and Molonglo	28,609	28,609	27,998	594	28,592	Dec-20
Total Capital Work in Progress	197,510	199,044	94,756	41,535	136,291	
Stimulus Package- Screwdriver Ready Projects						
Stimulus Package - Screwdriver Ready Projects	5,150	5,150	0	5,150	5,150	Jun-20
Total Screwdriver Ready projects	5,150	5,150	-	5,150	5,150	
PROJECTS - PHYSICALLY AND FINANCIALLY COMPLETED						
Schools for the Future – Modernising Belconnen High	17,627	23,527	22,727	801	23,528	
Better schools for our kids — New school facilities in	500	500	345	155	500	

Project	Original Project Value \$'000	Revised Project Value \$'000	Prior Year Expenditure \$'000	Actual Expenditure 2019-20 \$'000	Total Expenditure to Date \$'000	Estimated/ Actual physical completion date
Molonglo — Early planning						
Total Projects Physically and Financially Completed	18,127	24,027	23,072	956	24,028	
GRAND TOTAL	351,124	353,845	117,828	88,093	205,921	
CAPITAL WORKS PROGRAM 2019-20						

Table 50 End of Financial Year Reconciliation Schedule 2019-20

Reconciliation of total current year financing	2019-20 \$'000
Total current year capital works financing	82,112
Add: Other capital initiatives financing	8,943
Capital Injection as per Cash flow statement	91,054
Reconciliation of Total Current Year Actual Expenditure - against financing	
Total current year capital works expenditure	85,925
Total current year capital initiatives expenditure	15,498
Less: Net Impact of accruals between financial years WITH movement in invoices	(3,495)
Less: Net Impact of Capital purchases expenditure funded outside of Capital Injections	(6,873)
Capital Injection (as per Cash flow statement)	91,055
Reconciliation of Total Current Year Actual Expenditure	
Total current year capital works expenditure	85,925
Total current year capital initiatives expenditure	15,498
Less: Expensed amount	(2,453)
Less: Net Impact of accruals between financial years WITHOUT movement in invoices	(1,301)
Add: Other asset purchases outside of capital works program and capital initiatives	4,996
Purchase of Property, Plant and Equipment (as per Cash Flow Statement)	102,665

Information, Communication and Technology Projects

In 2019-20, the Directorate completed critical milestones for Information, Communication and Technology (ICT) projects including:

- deploying over 4,000 devices to ACT public secondary students;
- deploying nearly 3,000 devices to ACT public schools for shared student devices;
- analysing and reprioritising projects to align with required school outcomes, in particular during the COVID-19 pandemic remote learning response period; and
- delivering key projects aligned with the School Administration System deployment schedule.

Table 51 Information, Communication and Technology Projects 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
WORK IN PROGRESS						
Better schools for our kids – Technology Enabled Learning	10,450	10,450	8,521	1,929	10,450	Jun-20
Better schools – IT Upgrade for School Administration System (SAS)	10,000	10,000	6,414	3,192	9,606	Nov-20
Supporting our School System – Improving ICT ¹	7,516	9,300	-	9,567	9,567	Jun- 20
Schools Staffing Integrated Management System	356	140	216	34	250	Jun-20
Total Work	20,806	29,890	15,151	14,722	29,873	

¹ Given the nature of Supporting our School System – Improving ICT being an ongoing project, the original project and revised project values reflect the 2019-20 budget only.

Asset Management

Assets Managed

The Directorate managed school infrastructure assets with a total value of \$2,041.8m as at 30 June 2020.

Table 52 Assets and their values as at 30 June 2020

Asset Class	Value (\$ million)
Land and Buildings (including improvements) for schools and preschools	2,041.8
Leasehold improvements	0.2
Right of Use Vehicles	1.2
Property, plant and equipment	30.9
Intangible Assets	3.2
Total	2,077.3

During 2019-2020 the following assets were added to the asset register.

Table 53 Assets added to the Asset Register in 2019-10

Assets	Value (\$ million)
Capital Works (schools)	63.1
Capital Initiatives – ICT and other projects	9.9
Total	73.0

Surplus Assets

As at 30 June 2020, the Directorate did not have any properties which were not being utilised by the Directorate 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 2019-20 of approximately \$18.8 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 works; and
- school security - including targeted patrols, static guarding where required and patrol response to security sensor alerts.

Sixty-nine schools have asbestos containing materials present and all have asbestos management plans in place.

Capital Upgrades

In the 2019-20 Budget, funding of \$21.1 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 2,217 staff occupying office-based workstations as at 30 June 2020 (excluding the Office of the Board of Senior Secondary Studies), occupying a total of 6,676m². Details about the list of sites, staff numbers (head count) and space occupied are provided in the table following. These are the number of staff working in the office on that day, it does not reflect the true number of ESO staff.

Arrangements in place due to the COVID-19 health emergency meant that the majority of ESO staff were working from home on 30 June 2020. Remaining staff were employed in school environments undertaking school-based activities, including teaching, student support, school leadership and school administration.

Office accommodation works undertaken during the reporting period included:

- reconfiguration and refurbishment works on levels 1 and 6 of 220 Northbourne Avenue;
- relocation of Majura NSET Team to Hedley Beare Centre for Teaching and Learning;
- investigation, design and minor reconfiguration works to office workstation areas to support social distancing requirements for COVID-19 impacts;
- room evaluation and signage limiting occupancy in accordance with COVID-19 spacial usage requirements;
- upgraded cleaning regimes to office areas in accordance with COVID-19 sanitisation requirements; and
- development and fit out of the COVID-19 Incident Management Team accommodation at the Hedley Beare Centre for Teaching and Learning.

Table 54 Education Staff Office sites, staff numbers (headcount) and space occupied as at 30 June 2020

Building and location	Staff numbers ⁴	Approximate area occupied (m ²)	Average area occupied per employee (m ²)
220 Northbourne Avenue, Braddon	20	1,991	99.55
Hedley Beare Centre for Teaching and Learning, Stirling ^{1, 3}	135	3,547	26.27
Gilmore Primary School, Melrose High School, Wanniasa School Senior Campus, UC High School Kaleen ²	59	534	9.06
Callum Offices, Philip	3	604	201
Total	217	6,676	30.76

¹Approximate area occupied at Hedley Beare Centre for Teaching and Learning does not include meeting rooms and training facilities (1,855m²) available for booking by other ACT Government Directorates and members of the public.

²School areas occupied by ESO staff are from the Network Student Engagement and Hearing & Vision Support Teams. Majura NSET Team (20 staff) relocated to Hedley Beare Centre for Teaching and Learning in February 2020.

³Staff numbers do not include 25 SSICT staff embedded in Hedley Beare Centre for Teaching and Learning.

⁴Staff numbers have been calculated based on occupied workstations at 30 June 2020.

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 provided advice and support in relation to 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 immediately 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.

Creative Services Panel

The Creative Services Panel is a whole of government arrangement for the purchase of creative services, including:

- advertising;
- marketing;
- communications and engagement;
- digital;
- graphic design;
- photography and video; and
- media buying.

During 2019-20, the Directorate expended \$108,488 on contracts against this panel.

Aboriginal and Torres Strait Islander Procurement Policy

For the 2019-20 reporting year, the Directorate achieved the following against the Aboriginal and Torres Strait Islander Procurement Policy three performance measures

Table 55 Aboriginal and Torres Strait Islander Procurement Policy performance measures

Performance Measure	Result
The number of unique Aboriginal and Torres Strait Islander Enterprises that respond to the reporting entity's tender and quotation opportunities that were issued from the Approved Systems	The number of Aboriginal and Torres Strait Islander Enterprises that were engaged was 8.
The number of unique Aboriginal and Torres Strait Islander Enterprises attributed a value of addressable spend in the financial year	\$7.630 million
Percentage of the financial year's addressable spend which is spent with Aboriginal and Torres Strait Islander Enterprise	4.54%

Refer to Appendix 2 Government Contracting for contracts executed in 2019-20 with an estimated total value of \$25,000 or more.

Statement of Performance

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 (Directorate) for the year ended 30 June 2020.

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 2020 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*.

Emphasis of matter

I draw attention to the Statement of Responsibility and notes to Output Class 1 'Public School Education' in the statement of performance which state that the Directorate has not complied with Section 30A(2) of the *Financial Management Act 1996* as it has not measured a result for the following accountability indicator:

Disability Education - Individual Learning Plans completed for students in special and mainstream schools who access special education services.

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*.

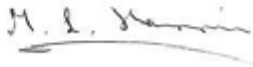
In a limited assurance engagement, I perform procedures such as making inquiries with representatives of the Directorate, performing analytical review procedures and examining selected evidence supporting the results of accountability indicators. The procedures used depend on my judgement, including 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
29 September 2020

Education Directorate
Statement of Performance
For the year ended 30 June 2020

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 2020 and also fairly reflects the judgements exercised in preparing it.

As disclosed in the notes to Output Class 1 'Public School Education, the result for the accountability indicator on Disability education 'Individual Learning Plans completed for students in special and mainstream schools who access special education services' was not measured as required by Section 30A(2) of the *Financial Management Act 1996*. This is because the shift to remote learning as part of the ACT Government's response to the COVID-19 pandemic occurred at the time this annual Individual Learning Plans (ILPs) Audit would usually be conducted, and at a time where the Education Directorate was supporting schools to prioritise a focus on the immediate learning and wellbeing needs of students. This impacted the timeframes for the conduct of the ILPs Audit. ILPs continued to be used and students and families continued to be supported during the remote learning period. The return to face to face learning has now provided an opportunity for continuation of the ILP audit process.



Katy Haire
Director-General

28 September 2020

**Education Directorate
Statement of Performance
For the year ended 30 June 2020**

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.

	2019-20 Target	2019-20 Result	Per centage variance from the target	Explanation of material variance (±10% or higher)
Cost (\$'000) *				
1.1 Public Primary School Education	440,096	456,649	3.8%	
1.2 Public High School Education	220,020	224,114	1.9%	
1.3 Public Secondary College Education	138,135	140,876	2.0%	
1.4 Disability Education in Public Schools	84,425	88,605	5.0%	
Total Output Class 1	882,676	910,244	3.1%	
Controlled Recurrent Payments (\$'000) *				
1.1 Public Primary School Education	374,347	380,471	1.6%	
1.2 Public High School Education	189,369	192,467	1.6%	
1.3 Public Secondary College Education	117,880	119,808	1.6%	
1.4 Disability Education in Public Schools	75,521	76,757	1.6%	
Total Output Class 1	757,117	769,503	1.6%	

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 2020**

Output Class 1: Public School Education	2019-20 Target	2019-20 Result	Per centage variance from the	Explanation of material variance (±10% or higher)
Accountability Indicators				
Early childhood education				
a. Number of enrolments in preschool in public schools	4,700	4,716	0.3%	
b. Number of enrolments of Aboriginal and Torres Strait Islander students in preschool in public schools	275	292	6.2%	
School participation				
a. Attendance rate of public school students in year 1 to year 10	92%	90.1%	(2.1%)	
Education and care services				
a. Assessment and ratings completed within legislated timeframes	100%	100%	-	
b. Annual compliance audit is delivered in full	100%	76%	(24%)	Note 1
Disability education				
a. Individual Learning Plans completed for students in special and mainstream schools who access special education services	100%	Not measured	Not available	Note 2
Senior secondary education				
a. Per centage of year 10 students who proceed to public secondary college education	92%	92.5%	0.5%	
b. Per centage of year 10 Aboriginal and Torres Strait Islander students who proceed to public secondary college education	85%	77.2%	(9.2%)	
c. Apparent retention of public school students (inc. Aboriginal and Torres Strait Islander students) from year 7 to year 12	100%	100%	-	
d. Apparent retention of Aboriginal and Torres Strait Islander public school students from year 7 to year 12	N/A	Discontinued indicator		Note 3
e. Per centage of year 12 students who receive a Tertiary Entrance Statement	50%	46%	(8%)	
f. Per centage of year 12 Aboriginal and Torres Strait Islander students who receive a Tertiary Entrance Statement	20%	22%	10%	Note 4
g. Per centage of year 12 students who receive a nationally recognised vocational qualification	60%	35%	(42%)	Note 5
h. Per centage of year 12 Aboriginal and Torres Strait Islander students who receive a nationally recognised vocational qualification	50%	38%	(24%)	Note 6
Average cost (\$) per student per annum in public:				
a. Preschool	8,132	8,066	(0.8%)	
b. Primary school	15,817	16,360	3.4%	
c. High school	20,248	20,564	1.6%	
d. Secondary college	22,626	22,763	0.6%	
e. Special school	67,901	74,024	9.0%	Note 7
f. Mainstream School student with a disability	28,926	27,697	(4.2%)	Note 8

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

Notes to variances

- Due to COVID-19, the Health Emergency was declared in the ACT on 16 March 2020. Consequently, all site audits were suspended on 23 March 2020. A total of 37 audits were scheduled for 2019-20. Nine audits scheduled for the last quarter of the financial year could not be undertaken resulting in a minus 24 per cent variance from the target.

During the height of the COVID 19 pandemic (between 24 March 2020 and 20 July 2020) the Directorate ceased assessment and rating and scheduled compliance audits and moved into operational support mode, providing services with support calls and visits to assist them to remain safe and operational. Investigations and risk audits continued to operate to ensure children's safety, health and wellbeing.

**Education Directorate
Statement of Performance
For the year ended 30 June 2020**

2. The shift to remote learning as part of the ACT Government's response to the COVID-19 pandemic occurred at the time this annual Individual Learning Plans (ILPs) Audit would usually be conducted, and at a time where the Education Directorate was supporting schools to prioritise a focus on the immediate learning and wellbeing needs of students. This impacted the timeframes for the conduct of the ILPs Audit. ILPs continued to be used and students and families continued to be supported during the remote learning period. The return to face to face learning has now provided an opportunity for continuation of the ILP audit process.
3. The 2019-20 target for this indicator is not applicable as the indicator has been discontinued due to the capping of the result at 100 per cent for the indicator by the Australian Bureau of Statistics. The capping at 100 per cent does not allow measurability of variation and reporting of meaningful information.
4. The variance is a result of a proportionally higher number of Aboriginal and Torres Strait Islander students receiving a Tertiary Entrance Statement (TES). The number of Aboriginal and Torres Strait Islander students receiving a TES was 22 (out of 100 enrolled in year 12 in 2019) leading to a result of 22 per cent as opposed to an expected number of 20 from 100 enrolled which would have resulted in 20 per cent. 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.
5. The variance is a result of a proportionally smaller number of year 12 students choosing to undertake a vocational qualification which is a reflection of student choice. A total of 1,105 (out of 3,126 enrolled in year 12 in 2019) students received a nationally recognised vocational qualification leading to a result of 35 per cent as opposed to an expected number of 1,876 students from those enrolled which could have achieved a target of 60 per cent.
6. The variance is a result of a proportionally smaller 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 38 (out of 100 enrolled in year 12 in 2019) leading to a result of 38 per cent as opposed to an expected number of 50 students from those enrolled which could have achieved a target of 50 per cent. The small number of Aboriginal and Torres Strait Islander students counted in this data results in large per centage variances from a change in circumstances for a very small number of students and therefore must be interpreted with caution.
7. The increase represents a reduction in student numbers combined with higher costs for students with a disability.
8. The decrease is due to a significant increase in student numbers partially offset by higher costs associated with the additional students.

**Education Directorate
Statement of Performance
For the year ended 30 June 2020**

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.

	2019-20 Target	2019-20 Result	Per centage variance from the	Explanation of material variance (±10% or higher)
Cost (\$'000) *	3,622	3,500	(3.4%)	
Controlled Recurrent Payments (\$'000) *	2,940	2,988	1.6%	
Accountability Indicators				
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%	98%	(2%)	
c. Grants paid within the required period of receiving funds from the Commonwealth Government	100%	100%		

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*.