

Part C

Financial Management Reporting

Management Discussion and Analysis

General Overview

Objectives

The Education Directorate (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 accessible and inclusive environments. Empowering children and young people to learn has a lifelong impact. By fostering student engagement and centring teaching and learning around students as individuals we enable educational growth for every child year on year. By focusing on engagement and learning growth we 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 achieves this through:

1. the provision of public preschools, primary, secondary and specialist schools and colleges
2. access to quality teaching, specialised learning programs and wellbeing supports for individual student needs
3. enrolment and support of international students
4. the registration and regulation of home education, early childhood education and care services and non-government schools.

As stewards of the ACT education system, the Directorate works actively with a range of partners and stakeholders; and has a highly collaborative relationship with Catholic Education Archdiocese Canberra and Goulburn and the independent schooling sector represented by the ACT Association of Independent Schools. The Directorate also works closely with the ACT Council of Parents and Citizens Association and maintains a constructive and active working relationship with the Australian Education Union and other relevant unions. The Directorate also engages with a wide range of early childhood education and care providers.

The Directorate delivers the Government's priorities through the *Future of Education Strategy Phase Two Implementation Plan* and the *Set Up for Success Phase One Implementation Plan*.

Risk Management

The Directorate's Executive Governance Committee (EGC) has identified the following potential risks that could influence the future financial position of the Directorate:

1. The ability to attract and retain teaching staff:
 - The national supply of graduate teachers is in decline, with all state and territory government school systems experiencing teacher workforce shortages

- Implementation of actions in the *Teacher Attraction and Retention Plan 2023-2028* will ensure the ACT continues to increase teacher availability, attract educators to work in our schools and retain current educators
- This will be supported by a new *Education Directorate (Teaching Staff) Enterprise Agreement*, which will deliver nation-leading pay for public schools and better workloads that prioritise educational leadership, teaching and learning
- Additional teachers required for 2023-2028 will be fully funded by the ACT's student enrolment-based funding, as outlined in the current and future ACT Budget papers.

2. The increased Cyber Security risk profile:

- Cyber security is a shared risk and priority for the ACT Government, in an environment where we are seeing a heightened level of malicious cyber activity locally and nationally
- Investment at a whole of government level to implement a new ACT Government Protective Security Framework will uplift information security standards across all agencies to mitigate the current and persistent cyber threat
- The Directorate continues to monitor, manage, and maintain stringent protections (technical and behavioural) to mitigate the risk of compromise of Education systems and data. Over the reporting period this has included a review of all business systems and software and identification of recommendations to remediate vulnerabilities.

These risks are regularly monitored by the EGC throughout the year. Further details of all the Directorate's risk and associated management are provided in the Risk Management chapter of this report.

Directorate Financial Performance

The Directorate managed its operations within the 2022-23 budgeted appropriation including additional funding provided through a Treasurer's Advance. The Original Budget presented in the Management Discussion and Analysis reflect amounts presented in the Directorate's 2022-23 Budget Papers.

The table below (Table 69) provides a summary of the financial operations based on the audited financial statements for 2021-22 and 2022-23.

Table 69: Net Cost of Services

Net Cost of Services	Actual	Original Budget	Actual
	2022-23	2022-23	2021-22
	\$m	\$m	\$m
Total expenditure	1,074.0	1,079.4	998.4
Total own source revenue ¹	63.5	64.5	72.1
Net cost of services	1,010.5	1,014.9	926.3

1. Relates to Total Revenue excluding Controlled Recurrent Payments.

Net Cost of Services

The Directorate's net cost of services for 2022-23 of \$1,010.5 million was \$4.4 million or 0.4 per cent lower than the 2022-23 original budget of \$1,014.9 million which is an immaterial variance overall.

In comparison to 2021-22, the net cost of services in 2022-23 increased by \$84.2 million or 9.1 per cent. The net increase is primarily due to additional employee expenses associated with staff wages and salary increases in line with enterprise agreements and new and continuing initiatives.

Operating Result

In 2022-23, the operating deficit for the Directorate was \$81.4 million and was \$0.1 million or less than 1 per cent better than the original budget deficit of \$81.5 million, which is an immaterial variance overall.

Table 70: Line item explanation of significant variances from the original budget – Operating Statement

Variance from Budget	Actual 2022-23 \$m ⁽¹⁾	Original Budget 2022-23 \$m ⁽¹⁾	Variance \$m ⁽¹⁾
Income			
Controlled Recurrent Payments ⁽²⁾	929.2	933.4	(4.2)
Sale of Goods and Services from Contracts with Customers ⁽³⁾	14.9	17.9	(3.0)
Investment Revenue ⁽⁴⁾	2.3	1.4	0.9
Grants and Contributions Revenue	40.3	42.7	(2.4)
Other Revenue ⁽⁵⁾	6.0	2.5	3.5
Total	992.7	997.9	(5.2)
Other Comprehensive Income			
Increase in the Asset Revaluation Surplus ⁽⁶⁾	237.0	-	237.0
Total Comprehensive Income	237.0	-	237.0
Total Income	1,229.7	997.9	231.8

Table 71: Line item explanation of significant variances from the original budget – Operating Statement (continued)

Variance from Budget	Actual 2022-23 \$m ⁽¹⁾	Original Budget 2022-23 \$m ⁽¹⁾	Variance \$m ⁽¹⁾
Expenses			
Employee Expenses ⁽⁷⁾	829.9	807.5	22.4
Supplies and Services ⁽⁸⁾	88.6	100.3	(11.6)
Depreciation and Amortisation	83.1	87.1	(4.0)
Grants and Purchased Services	6.1	8.0	(1.9)
Borrowing Costs	0.1	0.3	(0.2)
School and Other Expenses ⁽⁹⁾	66.2	76.2	(10.1)
Total Expenses	1,074.0	1,079.4	(5.4)
Operating Result	(81.4)	(81.5)	0.1
Total Comprehensive Result ⁽¹⁰⁾	155.6	(81.5)	237.1

Notes:

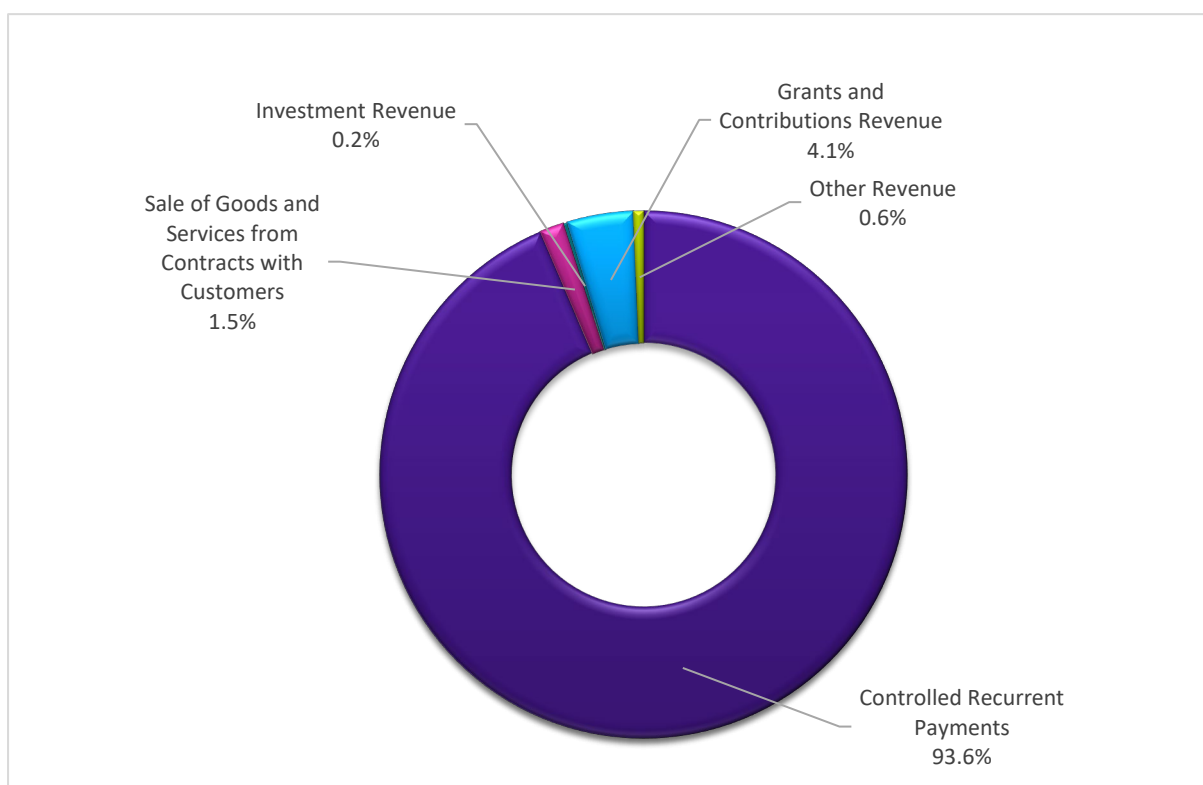
- Figures may not add due to rounding.
- The lower than budgeted Controlled Recurrent Payments primarily relates to rollover of funding from 2022-23 to 2023-24.
- The lower than budgeted amount for Sale of Goods and Services from Contracts with Customers relates to lower than anticipated receipts from International Private students as activities continue to return to pre-COVID-19 levels.
- The higher than budgeted Interest received relates to higher interest on school cash balances.
- The higher than budgeted Other Revenue mainly relates to the transfer of assets relating to Birrigai Outdoor School to the Education Directorate.
- The increase is associated with the revaluation of Education Directorate land and building assets during 2022-23.
- Higher than anticipated employee expenditure primarily relates to increases associated with teachers, administrative and other enterprise agreements, along with costs related to the Directorate's worker's compensation premium.
- The lower than budgeted supplies and services expenditure mainly relates to capitalisation of repairs and maintenance and school assets, being higher than anticipated.
- The lower than budgeted schools and other expenditure primarily relates to reduced expenditure associated with school excursions, camps, and other school enrichment activities due to continued impacts from COVID-19.
- Total Comprehensive Result includes surplus related to the revaluation of the Education Directorate's land and building assets during 2022-23

Total Revenue

Components of Revenue

The Directorate's revenue for 2022-23 totalled \$992.7 million. The main source of revenue for the Directorate is Controlled Recurrent Payments.

Figure 15: Components of Revenue 2022-23



Source: Education Directorate 2022-23 Financial Statements.

Comparison to 2022-23 Budget and Prior Year Actual

The Directorate's revenue for 2022-23 was \$5.2 million or 0.5 per cent lower than the original budget (\$997.9 million), which is materially in line with budget. The decrease against budget primarily relates lower than budgeted revenue from international students and 'Other Revenue' relating to lower than anticipated number of school excursions, camps, and other student enrichment activities due to COVID-19 restrictions.

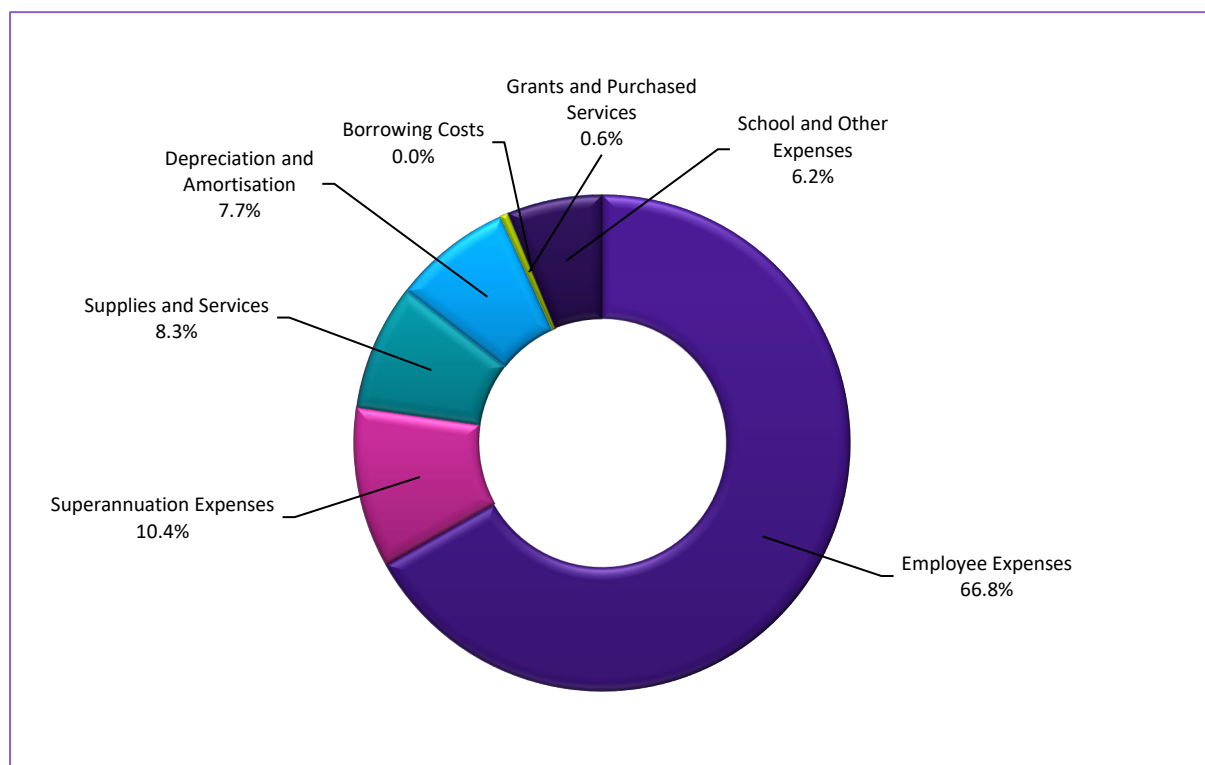
In comparison to the 2021-22 actual, revenue increased by \$36.3 million or 3.8 per cent. The increased revenue from 2021-22 is primarily due to additional funding received for increased salaries and wages associated with staff enterprise agreements, Commonwealth grants and funding related to new initiatives, along with higher levels of school related revenue for hire of facilities and camps and excursions as school operations increase with the easing of COVID-19 restrictions.

Total Expenses

Components of Expenses

Expenses for the Directorate totalled \$1,074.0 million for 2022-23. As shown in Figure 16, the main component of expenses is employee expenses, including superannuation.

Figure 16: Components of Expenditure 2022-23



Source: Education Directorate 2022-23 Financial Statements.

Comparison to 2022-23 Budget and Prior Year Actual

In 2022-23, total expenses were \$5.4 million or 0.5 per cent lower than the original budget of \$1,079.4 million, which is materially in line with budget. The variance is primarily due to lower than anticipated expenditure related to school activities such as excursions, camps and other school enrichment activities which are slowly returning to pre COVID-19 levels of activity. This has been offset by wages and salary increases in line with staff enterprise agreements and increased costs related to workers compensation premiums.

Total expenses were \$75.6 million or 7.6 per cent higher than 2021-22 (\$998.4 million). The increase is primarily due to additional employee expenses associated with staff wages and salary increases in line with current enterprise agreements and associated increases in superannuation expense, expenditure related to new initiatives (both employee and non-employee related), and increased costs relating to workers compensation premiums. Also increased expenditure from 2021-22 has occurred due to excursions, camps and other

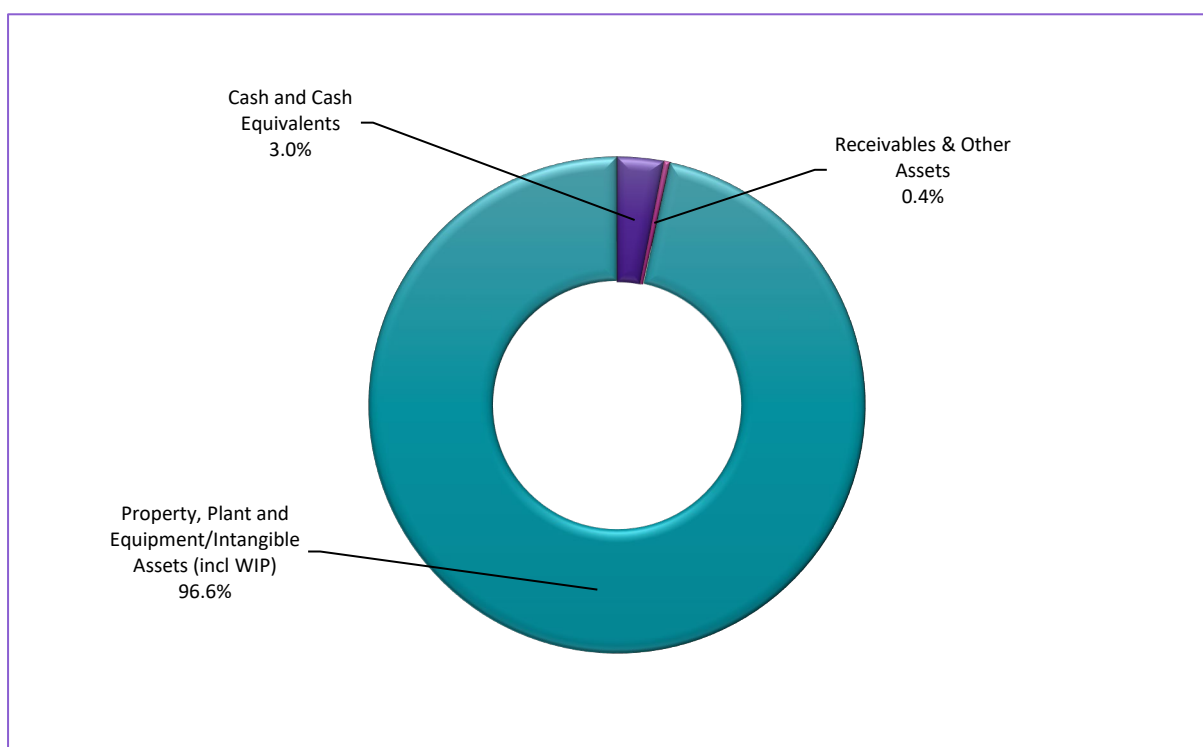
school enrichment activities that have been increasing as COVID-19 related restrictions have eased.

Financial Position

Components of Total Assets

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

Figure 17: Total assets at 30 June 2023



Source: Education Directorate 2022-23 Financial Statements.

Comparison to 2022-23 Budget and Prior Year Actual

At 30 June 2023, the Directorate's assets totalled \$2.68 billion, which was \$233.1 million or 9.5 per cent higher than the original budget. The increase primarily relates to the revaluation of the Education Directorate's land and building assets in 2022-23, increased capital works in progress due to several schools in Gungahlin still under construction, and higher than anticipated levels of cash holdings in schools.

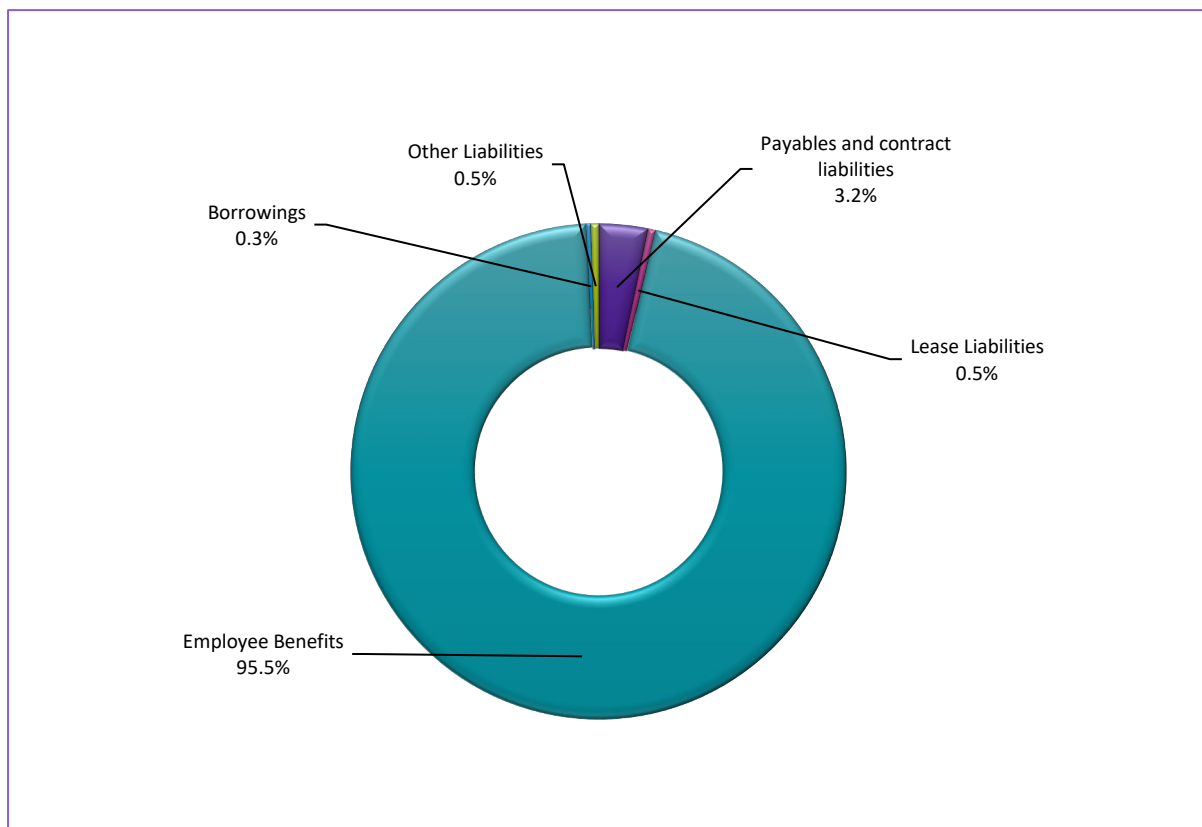
In comparison to 30 June 2022, total assets increased by \$328.1 million or 14 per cent primarily due to the revaluation of the Education Directorate's land and building assets in 2022-23, along with increased capital works in progress due to several schools in Gungahlin still under construction.

Financial Position

Components of Total Liabilities

The Directorate's liabilities comprised primarily employee benefits.

Figure 18: Total Liabilities at 30 June 2023



Source: Education Directorate 2022-23 Financial Statements.

At 30 June 2023, the Directorate's liabilities totalled \$243.4 million. This was \$1.3 million or 0.5 per cent lower than the original budget of \$244.7 million, which is immaterial. The variance is primarily due to lower than budgeted accruals related to capital works projects offset by higher than anticipated wages and salary accruals.

In comparison to 30 June 2022, total liabilities increased by \$17.1 million or 7.6 per cent. The increase from the prior year is primarily due to an accrual for back pay associated with teaching, clerical and other staff enterprise agreements.

Current Assets to Current Liabilities

At 30 June 2023, the Directorate's current assets (\$91.2 million) were lower than its current liabilities (\$228.4 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 72: Line item explanation of significant variances from the original budget – Balance Sheet

Variance from Budget	Actual 2022-23 \$m ⁽¹⁾	Original Budget 2022-23 \$m ⁽¹⁾	Variance \$m ⁽¹⁾
Current Assets			
Cash and Cash Equivalents ⁽²⁾	80.3	58.7	21.6
Receivables ⁽³⁾	8.4	5.5	2.9
Other Assets	2.5	3.1	(0.6)
Total Current Assets	91.2	67.3	23.9
Non-Current Assets			
Property, Plant and Equipment ⁽⁴⁾	2 473.6	2 309.5	164.1
Intangible Assets	6.0	9.3	(3.3)
Capital Works in Progress ⁽⁵⁾	108.2	59.8	48.4
Total Non-Current Assets	2 587.8	2 378.6	209.2
Total Assets	2 679.0	2 445.9	233.1
Current Liabilities			
Payables ⁽⁶⁾	7.7	18.9	(11.2)
Lease Liabilities	0.5	0.3	0.2
Employee Benefits ⁽⁷⁾	219.1	207.0	12.1
Other Liabilities	1.1	0.0	1.1
Total Current Liabilities	228.4	226.2	2.2
Non-Current Liabilities			

Borrowings	0.7	0.6	0.1
Lease Liabilities	0.7	0.7	0.0
Employee Benefits	13.5	17.1	(3.6)
Other Liabilities	0.1	0.1	0.0
Total Non-Current Liabilities	15.0	18.5	(3.5)
Total Liabilities	243.4	244.7	(1.3)

Notes:

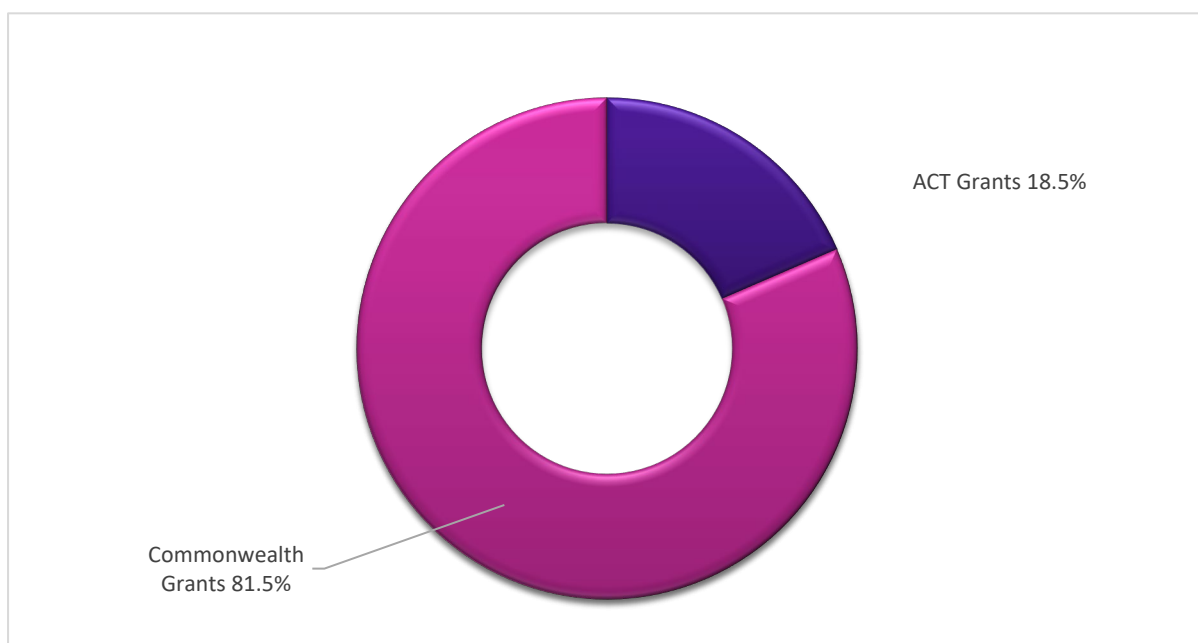
1. Figures may not add due to rounding.
2. Increase primarily relates to higher than anticipated school cash balances due to higher interest rates and cash held for international student payments in advance.
3. Increase primarily relates to higher GST receivable due to timing of payments in June 2023 including large receivable for the purchase of land for a new school in Whitlam.
4. Increase primarily relates to revaluation of the Education Directorate's land and building assets during 2022-23.
5. Increase in WIP primarily relates to the timing of capitalisation of Kenny and Taylor High Schools.
6. Decrease in payables and contract liabilities is mainly associated with reduced capital works accruals due to timing of payments at year-end.
7. The increase in employee entitlements is primarily due to pay increases and accrued entitlements associated with the teaching, clerical and other staff enterprise agreements.

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 19: Sources of Territorial Revenue



Source: Education Directorate 2022-23 Financial Statements.

Territorial revenue is mainly comprised of funding for non-government schools from the Commonwealth and ACT Governments.

Comparison to 2022-23 Budget and Prior Year Actual

Territorial revenue totalled \$349.5 million in 2022-23, which was \$2.9 million or 0.8 per cent higher than original budget of \$346.6 million. The increase from original budget primarily relates to increased funding associated with Commonwealth Government Quality Schools grants in line with the National School Reform Agreement: Australian Capital Territory Bilateral Agreement.

When compared to the same period last year, total revenue increased by \$13.1 million or 3.9 per cent. The increase from 2021-22 primarily relates to increased funding associated with Commonwealth Government Quality Schools grants in line with the National School Reform Agreement.

For 2022-23, Territorial expenditure matched revenue received as the funding relates to grants provided, by the Directorate, primarily to non-government schools for general assistance or for a particular purpose and are usually subject to terms and conditions set out in Deeds of Grant, Services Agreements, or by legislation. Explanation of variances to 2022-23 Original budget and 2021-22 Actual results are in line with those provided for revenue, above.

Financial Statements

Financial Statements of Education Directorate

**For the Year Ended
30 June 2023**

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 2023 which comprise the:

- Controlled financial statements – operating statement, balance sheet, statement of changes in equity, statement of cash flows and 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 cashflows 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 2023, 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 (including Independence Standards)* (the Code). I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Directorate for the financial statements

The Director-General is responsible for:

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

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Auditor's responsibilities for the audit of the financial statements

Under the *Financial Management Act 1996*, I am 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 controls;
- 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.

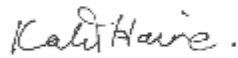


Michael Harris
Auditor-General
25 September 2023

**EDUCATION DIRECTORATE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Statement of Responsibility

In my opinion, the Directorate's financial statements fairly reflect the financial operations for the year ended 30 June 2023 and its financial position on that date.



Katy Haire
Director-General
Education Directorate
22 September 2023

**EDUCATION DIRECTORATE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Statement by the Chief Finance Officer

In my opinion, the Directorate's financial statements have been prepared in accordance with the Australian Accounting Standards, are in agreement with its accounts and records and fairly reflect its financial operations for the year ended 30 June 2023 and the financial position on that date.



Ian Turnbull
Chief Finance Officer
Education Directorate
22 September 2023

EDUCATION DIRECTORATE

CONTROLLED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2023

EDUCATION DIRECTORATE

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**EDUCATION DIRECTORATE
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Actual	Original	Actual
	No.	2023	Budget	2022
		\$'000	\$'000	\$'000
Income				
Controlled Recurrent Payments	#	929 206	933 465	884 335
Sales of Goods and Services from Contracts with Customers	5	14 889	17 861	34 044
Investment Revenue		2 236	1 396	566
Grants and Contributions Revenue	6	40 312	42 670	25 935
Other Income	7	6 027	2 534	11 555
Total Income		992 670	997 926	956 435
Expenses				
Employee Expenses	8	829 932	807 456	784 956
Supplies and Services	9	88 640	100 285	83 241
Depreciation and Amortisation		83 067	87 108	78 480
Grants and Purchased Services		6 136	8 042	3 728
Borrowing Costs		90	265	41
School and Other Expenses	10	66 172	76 232	47 982
Total Expenses		1 074 037	1 079 388	998 428
Operating Result		(81 367)	(81 462)	(41 993)
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Increase in the Asset Revaluation Surplus	13	237 010	-	-
Total Other Comprehensive Result		237 010	-	-
Total Comprehensive Result		155 643	(81 462)	(41 993)

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

Refer to the Statement of Appropriation.

**EDUCATION DIRECTORATE
BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Actual	Original	Actual
	No.	2023	Budget	2022
		\$'000	\$'000	\$'000
Current Assets				
Cash and Cash Equivalents	11	80 306	58 686	75 134
Receivables	12	8 451	5 489	5 712
Other Assets		2 457	3 136	2 974
Total Current Assets		91 214	67 311	83 820
Non-Current Assets				
Property, Plant and Equipment	13	2 473 612	2 309 507	2 208 529
Intangible Assets	14	5 957	9 278	7 818
Capital Works in Progress	15	108 199	59 845	50 747
Total Non-Current Assets		2 587 768	2 378 630	2 267 094
Total Assets		2 678 982	2 445 941	2 350 914
Current Liabilities				
Payables	16	7 695	18 944	10 469
Lease Liabilities		529	295	521
Employee Benefits	17	219 086	206 989	197 805
Other Liabilities		1 087	-	300
Total Current Liabilities		228 397	226 228	209 095
Non-Current Liabilities				
Lease Liabilities		715	664	636
Employee Benefits	17	13 450	17 071	15 145
Borrowings		738	603	1 274
Other Liabilities		136	136	136
Total Non-Current Liabilities		15 039	18 474	17 191
Total Liabilities		243 436	244 702	226 286
Net Assets		2 435 546	2 201 239	2 124 628
Equity				
Accumulated Funds		1 086 457	1 089 160	1 012 549
Asset Revaluation Surplus		1 349 089	1 112 079	1 112 079
Total Equity		2 435 546	2 201 239	2 124 628

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

**EDUCATION DIRECTORATE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

		Accumulated Funds Actual 2023 \$'000	Asset Revaluation Surplus Actual 2023 \$'000	Total Equity Actual 2023 \$'000	Total Equity Original Budget 2023 \$'000
	Note No.				
Balance at 1 July 2022		1 012 549	1 112 079	2 124 628	2 093 530
Comprehensive Income					
Operating Result		(81 367)	-	(81 367)	(81 462)
Increase in the Asset Revaluation Surplus	13	-	237 010	237 010	-
Total Comprehensive Result		(81 367)	237 010	155 643	(81 462)
Transactions Involving Owners Affecting Accumulated Funds					
Capital Injections	#	155 275	-	155 275	189 171
Total Transactions Involving Owners Affecting Accumulated Funds		155 275	-	155 275	189 171
Balance at 30 June 2023		1 086 457	1 349 089	2 435 546	2 201 239

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

Refer to the Statement of Appropriation.

EDUCATION DIRECTORATE
STATEMENT OF CHANGES IN EQUITY – CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

	Accumulated	Asset	Total
	Funds	Revaluation	Equity
	Actual	Surplus	Actual
Note	2022	2022	2022
No.	\$'000	\$'000	\$'000
Balance at 1 July 2021	906 927	1 112 079	2 019 006
Comprehensive Income			
Operating Result	(41 993)	-	(41 993)
Total Comprehensive Result	(41 993)	-	(41 993)
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	# 147 615	-	147 615
Total Transactions Involving Owners Affecting Accumulated Funds	147 615	-	147 615
Balance at 30 June 2022	1 012 549	1 112 079	2 124 628

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

Refer to the Statement of Appropriation.

**EDUCATION DIRECTORATE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	Note No.	Actual 2023 \$'000	Original Budget 2023 \$'000	Actual 2022 \$'000
Cash Flows from Operating Activities				
Receipts				
Controlled Recurrent Payments		929 206	933 465	884 335
Sales of Goods and Services from Contracts with Customers		15 380	17 861	34 346
Interest Received		2 236	1 396	566
Schools and Other		27 576	27 139	17 130
Goods and Services Tax Received		22 196	17 540	21 516
Total Receipts from Operating Activities		996 594	997 401	957 893
Payments				
Employees		810 946	803 863	781 185
Supplies and Services		78 197	89 547	73 515
Grants and Purchased Services		6 136	8 042	3 729
Schools and Other		66 057	76 133	48 682
Borrowing Costs		90	7	41
Goods and Services Tax Paid		24 183	17 540	20 815
Total Payments from Operating Activities		985 609	995 132	927 967
Net Cash Inflows from Operating Activities	11	10 985	2 269	29 926
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale of Property, Plant and Equipment		87	-	45
Total Receipts from Investing Activities		87	-	45
Payments				
Purchase of Property, Plant and Equipment and Buildings		160 297	190 386	159 600
Total Payment from Investing Activities		160 297	190 386	159 600
Net Cash (Outflows) from Investing Activities		(160 210)	(190 386)	(159 555)
Cash Flows from Financing Activities				
Receipts				
Capital Injections		155 275	189 171	147 615
Total Receipts from Financing Activities		155 275	189 171	147 615
Payments				
Repayment of Borrowings		352	165	882
Repayment of Lease Liabilities - Principal		526	258	-
Total Payments from Financing Activities		878	423	882
Net Cash Inflows from Financing Activities		154 397	188 748	146 733
Net Increase in Cash and Cash Equivalents Held		5 172	631	17 104
Cash and Cash Equivalents at the Beginning of the Reporting Period		75 134	58 055	58 030
Cash and Cash Equivalents at the End of the Reporting Period	11	80 306	58 686	75 134

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

EDUCATION DIRECTORATE CONTROLLED STATEMENT OF APPROPRIATION FOR THE YEAR ENDED 30 JUNE 2023

Description and Material Accounting Policies relating to Controlled Recurrent Payments

Controlled Recurrent Payments are revenue received from the ACT Government to fund the costs of delivering outputs. Controlled Recurrent Payments is recognised when the Directorate gains control over the funding which is obtained upon the receipt of cash, given they do not contain enforceable and sufficiently specific performance obligations as defined by AASB 15. Capital injection appropriations are not recognised as income, but instead are recognised as equity injections and a cash inflow which is used to purchase and/or build assets.

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.

	Original Budget 2023 \$'000	Total Appropriated 2023 \$'000	Appropriation Drawn 2023 \$'000	Appropriation Drawn 2022 \$'000
Controlled				
Controlled Recurrent Payments	933 465	958 691	929 206	884 335
Capital Injections	189 171	216 787	155 275	147 615
Total Controlled Appropriation	1 122 636	1 175 478	1 084 481	1 031 950

The above Statement of Appropriation is to be read in conjunction with the accompanying notes.

Variances between '2022-23 Controlled Recurrent Payments Appropriation Drawn' and '2021-22 Controlled Recurrent Payments Appropriation Drawn'

The increase in Controlled Recurrent Payments was mainly due to changes in wages and salaries parameters, indexation and new initiatives.

**EDUCATION DIRECTORATE
CONTROLLED STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023**

Variances between 'Original Budget', 'Total Appropriated' and 'Appropriated Drawn'

	Controlled Recurrent	
	Payments	Capital Injections
	\$'000	\$'000
Reconciliation of Appropriation for 2022-23		
Original Appropriation	933,465	189,171
Supplementary Appropriation (Financial Management Act (FMA) s.13)	12,678	3,077
Variation of Appropriations for Employee Entitlements (FMA s.16A)	-	5,042
Rollover of Undisbursed Appropriation (FMA s.16B)	5,701	19,497
Variation of Appropriations for Commonwealth Grants (FMA s.17)	2,047	-
Treasurer's Advance (FMA s.18)	4,800	-
Total Appropriated	958,691	216,787
Budget Rollovers ^{1,2}	(29,485)	(61,512)
Controlled Appropriation Drawn	929,206	155,275

1. The difference between the Total Appropriated and the Controlled Appropriation drawn down for Controlled Recurrent Payments is mainly due to transfer of funding into 2023-24 associated with the teaching and administrative enterprise agreements, the Future of Education Equity Fund and the National School Chaplaincy National Partnership.
2. The difference between the Total Appropriated and the Controlled Appropriation drawn down for Capital Injections is mainly due to cash re-profiling of funding for some capital works including School Maintenance and Infrastructure Upgrades Project, Kenny High School Project and Upgrading and Increasing School Capacity Project.

EDUCATION DIRECTORATE
OPERATING STATEMENT FOR OUTPUT CLASS 1 - PUBLIC SCHOOL EDUCATION
FOR THE YEAR ENDED 30 JUNE 2023

Description

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

	Actual 2023 \$'000	Original Budget 2023 \$'000	Actual 2022 \$'000
Income			
Controlled Recurrent Payments	924 807	927 965	881 381
Sale of Goods and Services from Contracts with Customers	14 616	17 828	33 932
Investment Revenue	2 219	1 396	563
Grants and Contributions Revenue	40 308	42 653	25 931
Other Income	5 745	2 104	11 272
Total Income	987 695	991 946	953 079
Expenses			
Employee Expenses	827 432	804 819	783 564
Supplies and Services	87 618	98 735	82 353
Depreciation and Amortisation	82 999	86 899	78 385
Grants and Purchased Services	4 837	6 248	2 795
Borrowing Costs	90	265	41
Schools and Other Expenses	66 144	76 232	47 957
Total Expenses	1 069 120	1 073 198	995 095
Operating Result	(81 425)	(81 252)	(42 016)

EDUCATION DIRECTORATE
OPERATING STATEMENT FOR OUTPUT CLASS 2 - NON GOVERNMENT
EDUCATION
FOR THE YEAR ENDED 30 JUNE 2023

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 2023 \$'000	Original Budget 2023 \$'000	Actual 2022 \$'000
Income			
Controlled Recurrent Payments	4 399	5 500	2 954
Sale of Goods and Services from Contracts with Customers	273	33	112
Investment Revenue	17	-	3
Grants and Contributions Revenue	4	17	4
Other Income	282	430	283
Total Income	4 975	5 980	3 356
Expenses			
Employee Expenses	2 500	2 637	1 392
Supplies and Services	1 022	1 550	888
Depreciation and Amortisation	68	209	95
Grants and Purchased Services	1 299	1 794	933
Other Expenses	28	-	25
Total Expenses	4 917	6 190	3 333
Operating Result	58	(210)	23

**EDUCATION DIRECTORATE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES

Year Ended 30 June 2023

	Output Class 1 \$'000	Output Class 2 \$'000	Total \$'000
Current Assets			
Cash and Cash Equivalents	79 851	455	80 306
Receivables	8 377	74	8 451
Other Assets	2 442	15	2 457
Total Current Assets	90 670	544	91 214
Non-Current Assets			
Property, Plant and Equipment	2 471 580	2 032	2 473 612
Intangible Assets	5 755	202	5 957
Capital Works in Progress	108 110	89	108 199
Total Non-Current Assets	2 585 445	2 323	2 587 768
Total Assets	2 676 115	2 867	2 678 982
Current Liabilities			
Payables	7 664	31	7 695
Lease Liabilities	528	1	529
Employee Benefits	218 813	273	219 086
Other Liabilities	1 087	-	1 087
Total Current Liabilities	228 092	305	228 397
Non-Current Liabilities			
Lease Liabilities	714	1	715
Employee Benefits	13 433	17	13 450
Borrowings	738	-	738
Other Liabilities	135	1	136
Total Non-Current Liabilities	15 020	19	15 039
Total Liabilities	243 112	324	243 436
Net Assets	2 433 003	2 543	2 435 546

**EDUCATION DIRECTORATE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES – CONTINUED

Year Ended 30 June 2022

	Output Class 1 \$'000	Output Class 2 \$'000	Total \$'000
Current Assets			
Cash and Cash Equivalents	74 865	269	75 134
Receivables	5 664	48	5 712
Other Assets	2 955	19	2 974
Total Current Assets	83 484	336	83 820
Non-Current Assets			
Property, Plant and Equipment	2 205 842	2 687	2 208 529
Intangible Assets	7 708	110	7 818
Capital Works in Progress	50 685	62	50 747
Total Non-Current Assets	2 264 235	2 859	2 267 094
Total Assets	2 347 719	3 195	2 350 914
Current Liabilities			
Payables	10 442	27	10 469
Lease Liabilities	520	1	521
Employee Benefits	197 457	348	197 805
Other Liabilities	300	-	300
Total Current Liabilities	208 719	376	209 095
Non-Current Liabilities			
Lease Liabilities	635	1	636
Employee Benefits	15 115	30	15 145
Borrowings	1 274	-	1 274
Other Liabilities	134	2	136
Total Non-Current Liabilities	17 158	33	17 191
Total Liabilities	225 877	409	226 286
Net Assets	2 121 842	2 786	2 124 628

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1. OBJECTIVES OF THE 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. 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 for 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. significant accounting policies adopted for the year; and
- viii. other statements as are necessary to fairly reflect the financial operations of the Education Directorate during the year and its financial position at the end of the year.

These general-purpose financial statements have been prepared in accordance with:

- i. Australian Accounting Standards (as required by the FMA); and
- ii. ACT Accounting and Disclosure Policies.

**EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS – CONTINUED

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 are measured 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.

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 2023 together with the financial position of the Directorate as at 30 June 2023.

Comparative Figures

Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2022-23 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.

**EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS – CONTINUED

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.

Going Concern

The 2022-23 financial statements have been prepared on a going concern basis as the Directorate has been funded in the ACT Government 2023-24 Budget and the Budget Papers include forward estimates for the Directorate.

COVID-19 Impact

The operational impact on the Directorate resulting from the COVID-19 Pandemic has been considerable. However, the impact on the 2022-23 financial year has been less significant than the 2021-22 financial year due to the easing of restrictions. Since the commencement of the COVID-19 Pandemic the Directorate has been provided additional funding from the Territory to ensure the COVID-19 Pandemic is met with an effective operational response in schools and the education support office. As the Directorate is primarily government funded, the COVID-19 Pandemic has not materially impacted the Directorate's 2022-23 financial statements.

NOTE 3. IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

The information below applies to both the Controlled and Territorial financial statements.

All Australian Accounting Standards and Interpretations issued but yet to be applied are either not relevant to the Directorate or have been assessed as having an immaterial financial impact on the Directorate.

These standards and interpretations are applicable to future reporting periods. The Directorate does not intend to adopt these standards and interpretations early and as such they will be adopted from their application date.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 4. CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES

The information below applies to both the Controlled and Territorial financial statements.

Changes in Accounting Policy

Accounting for Concessional Loans

In accordance with AASB 9 *Financial Instruments*, the Directorate recognises a financial liability for loans provided by the Environment, Planning and Sustainable Development Directorate through the Zero Emissions Government Fund. The loans are provided at a concessional interest rate of 0 per cent. From 2022-23 onwards, in accordance with the ACT Accounting Policy Paper on Concessional Loans, the loans will be measured at present value under the 'income based approach' using a discounted cash flow model. The change to measurement will be prospective only and comparative figures have not been adjusted as the amounts are immaterial. Concessional loan discount income is included in Note 6 – Grants and Contributions Revenue. Expenses from the unwinding of concessional loan discount income are included in Borrowing Costs. The change in accounting policy has had an immaterial impact on the 2022-23 financial statements.

Employee Benefits - Long Service Leave

In accordance with ACT Accounting Policy Paper 110 – Employee Benefits, from 2022-23 onwards the Directorate has applied separate probability factors for the calculation of current and non-current long service leave for employees who are 55 years and older. Under the revised probability factor, the long service leave for an employee who is 55 years or older and has 12 months of service or more, is categorised as a current liability. This has changed from the previous policy that required the employees to have 6 years or more service for long service leave to be considered a current liability. The change in accounting policy has had an immaterial impact on the 2022-23 financial statements.

Change in Accounting Estimates

Revaluation of Assets

The Directorate revalued its Land and Buildings during 2022-23. The revaluation was undertaken by an independent qualified valuer, Colliers Valuation and Advisory Services (Colliers), and resulted in an increase in the value of the Directorate's Land and Buildings by \$237.0 million. The latest valuation of assets was performed as at 30 June 2023. Colliers will also undertake annual desktop valuations of the portfolio in 2023-24 and 2024-25 to ensure the values remain materially correct. Further details are provided in Note 13 – Property, Plant and Equipment.

**EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 4. CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES - CONTINUED

Employee Benefits

As disclosed in Note 17 – Employee Benefits, annual leave and long service leave, including applicable on-costs that do not fall due in the next 12 months are measured at the present value of estimated payments to be made in respect of services provided by employees up to the reporting date. The present value of future payments is estimated from an assessment made by the Australian Government Actuary.

Last financial year (2021-22) the rate used to estimate the present value of future long service leave and annual leave payments was 95.3 per cent for long service leave and 101.8 per cent for annual leave. The rate for 2022-23 is 93.0 per cent for long service leave and 98.2 per cent for annual leave. As such the estimate of the long service leave and annual leave liabilities has changed. This change has resulted in a decrease in the estimate of the long service leave liability and expense in the current reporting period of approximately \$3.37 million and a decrease to the estimate of the annual leave liability and expense in the current reporting period of approximately \$1.92 million.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

INCOME NOTES

Material Accounting Policies – Income

Income Recognition

The following material accounting policies relate to each income note unless stated otherwise in the individual note.

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.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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

Description and Material Accounting Policies relating to the Sale of Goods and Services

The Directorate earns revenue from providing goods and services to other ACT Government agencies, private sector consumers and to the public. This revenue is legally retained by the Directorate and driven by consumer demand.

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. Revenue is based on the transfer of promised goods or services to customers at an amount that reflects the consideration in exchange for those goods or services. The timing of the payment for sale of goods and rendering of services largely corresponds with 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. Where payment is not received at the time of purchase, payments from customers are generally required within 30 days of the provision of services.

The Directorate undertakes an annual review to determine whether the goods and services it provides need to be classified as revenue from contracts with customers in accordance with AASB 15. These reviews involve contacting business units across the Directorate to obtain information primarily regarding any new contracts and other arrangements in order to make an assessment about whether they fall within the scope of AASB 15. The annual reviews also involves an assessment of any changes to existing contracts and other arrangements. The Directorate then assesses its revenue from contracts with customers and uses key judgements in determining the satisfaction of performance obligations. As a result, the Directorate determined the goods and services to be classified as revenue from contracts with customers which have been included in this note.

	2023 \$'000	2022 \$'000
Sales of Goods and Services from Contracts with Customers		
COVID-19 Operational Response ¹	241	22 041
International Private Students Program ²	5 595	4 468
Active Leisure Centre ³	2 518	1 845
Hire of Facilities and Recreational Activities	593	681
Commonwealth National Partnership Agreements ⁴	4 749	4 595
Commonwealth Own Purpose Payments (COPE) / Specific Projects	79	161
Other ⁵	1 114	253
Total Sales of Goods and Services from Contracts with Customers	14 889	34 044

1. This revenue relates to service provisions with specific performance obligations required to be met. The decrease primarily relates to the cessation of funding received from the ACT Government's COVID-19 Response fund for the operational response to COVID-19 Pandemic, as well as Commonwealth funding provided through the ACT Health Directorate for the COVID-19 Pandemic Cleaning Services National Partnership.
2. This revenue stream is associated with international student enrolment fees. The increase relates to higher international student numbers due to easing of restrictions associated with the COVID-19 Pandemic.
3. Revenue from the Active Leisure Centre mainly relates to gym and swimming memberships. The increase in revenue from 2021-22 is due to easing of restrictions associated with the COVID-19 Pandemic.
4. The revenue provided from the Commonwealth through National Partnership Agreements mainly relates to funding provided for Jervis Bay Territory School and associated services and the French-Australian Program provided at Telopea Park School.
5. The increase mainly relates to payment for cleaning of ACT Government buildings now undertaken by the Education Directorate.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 6. GRANTS AND CONTRIBUTIONS REVENUE

Description and Material Accounting Policies relating to Grants and Contributions Revenue

Resources Received Free of Charge

Services received free of charge from ACT Government agencies are recognised as revenue and classified as resources received free of charge. Services that are received free of charge are only recognised as revenue if they can be reliably measured and would have been purchased if not provided free of charge. Resources received free of charge mainly relate to legal services provided by the ACT Government Solicitor's Office and administrative services provided by Shared Services.

Legal Services were received free of charge from the ACT Government Solicitor's Office for the provision of advice and representation of the Directorate. The ACT Government Solicitor's Office provided the Directorate with the fair value of the services provided free of charge. The Directorate would have had to pay for these services had they not been received free of charge.

The Directorate is required by the ACT Government to use Shared Services for financial and human resource processing and records management, Major Projects Canberra for capital works project management and Chief Minister, Treasury and Economic Development Directorate for injury management. These agencies are directly appropriated by the ACT Government to provide these services at a fixed cost. The Directorate would have had to pay for these services if they were not provided free of charge. These amounts have therefore been recognised as resources received free of charge.

Concessional Loan Discount Income

The Directorate holds concessional loans from the Environment, Planning and Sustainable Development Directorate under the 'Zero Emissions Government Fund'. Under this scheme, loans are provided to other ACT Government agencies to undertake large scale energy and resource efficient projects to reduce greenhouse gas emissions and to reduce the impacts of rising utility costs. Concessional loans are classified as Borrowings in the Balance Sheet.

Concessional Loan Discount Income is recognised at the commencement of the concessional loan and is measured as the difference between the present value of the loan calculated using the concessional rate (face value) and the present value of the loan calculated using the market rate (fair value).

School Revenue

School revenue mainly comprises of schools' voluntary contributions, fund raising and excursion funds.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 6. GRANTS AND CONTRIBUTIONS REVENUE – CONTINUED

	2023	2022
	\$'000	\$'000
Resources Received Free of Charge		
Legal Services	785	649
Financial Services provided by Shared Services	723	627
Human Resources Services provided by Shared Services	7 290	7 013
Record Management Services provided by the Territory Records Office	2	4
Drafting and Publishing Services provided by Justice and Community Safety Directorate	72	109
Services provided by the Chief Minister, Treasury and Economic Development Directorate ¹	1 605	712
Project Management Services provided by Major Projects Canberra ¹	5 577	1 401
Total Resources Received Free of Charge	16 054	10 515
Other Grants and Contributions		
School Revenue ²	23 513	14 604
Concessional Loan Discount Income ³	129	-
Other Grants	616	816
Total Other Grants and Contributions	24 258	15 420
Total Grants and Contributions Revenue	40 312	25 935

1. The increase primarily relates to recognition of project management services provided free of charge by Major Projects Canberra, for a larger number of projects in 2022-23, and Chief Minister, Treasury and Economic Development Directorate for injury management services. Resources received free of charge from Major Projects Canberra are a percentage of the Directorate's capital works program undertaken during the year.
2. The increase mainly relates to higher excursion revenue and revenue from hire of facilities due to easing of restrictions associated with the COVID-19 Pandemic.
3. In accordance with AASB 9 Financial Instruments, the Directorate recognises a financial liability for loans provided by the Environment, Planning and Sustainable Development Directorate through the Zero Emissions Government Fund. The loans are provided at a concessional interest rate of 0 per cent. From 2022-23 onwards, in line the ACT Accounting Policy Paper on Concessional Loans, the loans are measured at present value under the 'income-based approach' using a discounted cash flow model.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 7 OTHER INCOME

Description and Material Accounting Policies relating to Other Income

Other Revenue and Other Gains

Other Revenue arises from the core activities of the Directorate, whereas Other Gains are transactions that are not part of the Directorate's core activities.

	2023 \$'000	2022 \$'000
Other Revenue		
Other Revenue ¹	2 986	2 355
Total Other Revenue	2 986	2 355
Other Gains		
Gains from the Transfer of Assets ²	3 041	9 200
Total Other Gains	3 041	9 200
Total Other Income	6 027	11 555

1. This revenue primarily comprises regulatory service fees charged by the Teacher Quality Institute and insurance recoveries from the ACT Insurance Authority.
2. The 2022-23 amount relates to the transfer of assets from the Transport Canberra and City Services Directorate associated with the transfer of the Birrigai Outdoor School to the Education Directorate. The 2021-22 amount relates to the transfer of land from the ACT Government to accommodate Kenny High School and construction of Taylor High School.

**EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

EXPENSE NOTES

NOTE 8. EMPLOYEE EXPENSES

Description and Material Accounting Policies Relating to Employee Expenses

Employee benefits include:

- short-term employee benefits such as wages and salaries, annual leave loading, non-monetary benefits (e.g. vehicles) 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;
- 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 leave and long service leave.

Employees of the Directorate will have different superannuation arrangements due to the type of superannuation schemes 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 (CSS) and Public Sector Superannuation Scheme (PSS) 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.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 8. EMPLOYEE EXPENSES – CONTINUED

	2023 \$'000	2022 \$'000
Employee Expenses		
Wages and Salaries ¹	696 260	660 163
Movement in Employee Benefits ²	(483)	(651)
Workers' Compensation Insurance Premium ³	21 929	15 487
Superannuation Contributions to the Territory Banking Account	45 637	46 758
Productivity Benefit	4 324	4 515
Superannuation to External Providers ⁴	62 265	58 684
Total Employee Expenses	829 932	784 956

1. The increase is mainly due to the flow on impact of existing teaching, administrative and other staff enterprise agreements and salary costs and new and continuing initiatives.
2. The movement relates to long service leave and annual leave but does not include wages and salaries and superannuation accruals.
3. The increase is due to an increase in the premium assessed by the ACT Insurance Authority. Additional funding was provided through the 2022-23 2nd Appropriation to fund the increased cost.
4. As superannuation is a function of wages and salaries expenses, the increase is mainly due to increased employee costs associated with existing teaching, administrative and other staff enterprise agreements and new and continuing initiatives.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 9. SUPPLIES AND SERVICES

Description and Material Accounting Policies Relating to Supplies and Services

General – Supplies and Services

Purchases of Supplies and Services generally represent the day-to-day running costs incurred in normal operations, recognised in the reporting period in which these expenses are incurred.

Property and Maintenance

Maintenance expenses, which do not increase the service potential of an asset, are expensed.

Materials and Services

Materials and Services primarily consists of software licences, web hosting services and services received by Chief Minister, Treasury and Economic Development Directorate associated with information technology, human resource and finance services.

Audit Service Fees

Audit Fees consist of financial audit services provided to the Directorate by the ACT Audit Office and any other services provided by a contract auditor engaged by the ACT Audit Office to conduct the financial audit. No other services were provided by the ACT Audit Office.

	2023	2022
	\$'000	\$'000
Supplies and Services		
Property and Maintenance ¹	25 572	23 270
Materials and Services ²	52 141	50 868
Travel and Transport	363	398
Administrative ³	5 826	4 666
Insurance and Financial	3 884	3 568
Audit Service Fees	206	192
Lease Rental ⁴	648	279
Total Supplies and Services	88 640	83 241

1. The increase is primarily associated with higher expenditure on heating and ventilation and building fire system maintenance.
2. The increase is mainly due to price increases associated with information communication technology costs.
3. This item mainly comprises legal expenses, employee professional development and training. The increase is mainly associated with higher legal settlement costs in 2022-23 combined with higher membership fees.
4. The increase is mainly related to higher vehicle lease costs in schools.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 10. SCHOOL AND OTHER EXPENSES

Description and Material Accounting Policies Relating to School and Other Expenses

School Expenses

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

	2023 \$'000	2022 \$'000
School and Other Expenses		
School Expenses ¹	64 172	45 600
Other Expenses	2 000	2 382
Total School and Other Expenses	66 172	47 982

1. The increase is mainly related to higher expenditure on school excursions and other school activities following easing of COVID-19 restrictions as well as higher utilities costs due to increased electricity and gas prices.

**EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

ASSET NOTES

NOTE 11. CASH AND CASH EQUIVALENTS

Material Accounting Policies – Assets

Assets Current and Non-Current

Assets are classified as current when 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.

Description and Material Accounting Policies Relating to Cash and Cash Equivalents

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. As part of these arrangements, the Directorate does not receive any interest on most of these accounts, as these accounts held are Set-Off Accounts. However, funds held in the school management account and the ACT Teacher Quality Institute Bank Account earn interest.

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. Bank overdrafts are included in cash and cash equivalents in the Statement of Cash Flows but not in the cash and cash equivalents line on the Balance Sheet.

(a) Cash and Cash Equivalents Balances

	2023 \$'000	2022 \$'000
Cash and Cash Equivalents		
Educational Support Office Bank Accounts ¹	22 329	20 032
School Management Accounts ²	57 012	54 424
ACT Teacher Quality Institute Bank Account	818	624
Other Operations Bank Accounts	138	39
Cash on Hand	9	15
Total Cash and Cash Equivalents	80 306	75 134

1. The increase is mainly related to higher cash held for international student fees paid in advance.

2. The increase is primarily due to higher interest rates and cash held for excursions and other school activities.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 11. CASH AND CASH EQUIVALENTS – CONTINUED

	2023 \$'000	2022 \$'000
(b) Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Statement of Cash Flows to the Equivalent Items in the Balance Sheet		
Total Cash and Cash Equivalents Recorded in the Balance Sheet	80 306	75 134
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Statement of Cash Flows	<u>80 306</u>	<u>75 134</u>
(c) Reconciliation of Operating Result to Net Cash Inflows from Operating Activities		
Operating Result	(81 367)	(41 993)
Add/(Less) Non-Cash Items		
Depreciation and Amortisation	83 067	78 480
Assets Written Off/Other Asset Adjustments	44	13
Assets Received Free of Charge	(3 041)	(9 200)
(Gain) from Sale of Assets	(87)	(45)
Cash Before Changes in Operating Assets and Liabilities	<u>(1 384)</u>	<u>27 255</u>
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(2 743)	187
Decrease in Prepayments	517	164
Increase/(Decrease) in Payables	569	(730)
Increase in Employee Benefits	19 584	4 161
(Decrease) in Other Liabilities	(5 558)	(1 111)
Net Changes in Operating Assets and Liabilities	<u>12 369</u>	<u>2 671</u>
Net Cash Inflows from Operating Activities	<u>10 985</u>	<u>29 926</u>

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 12. RECEIVABLES

Description and Material Accounting Policies Relating to Receivables

Accounts Receivable

Accounts receivable (including trade receivables and other trade receivables) are measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. Receivables relating to the Sale of Goods and Services from Contracts with Customers are 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.

Impairment loss – Accounts Receivable

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.

Contract Receivables

The Directorate does not hold any contract receivables as at 30 June 2023.

	2023 \$'000	2022 \$'000
Current Receivables		
Trade Receivables ¹	3 238	2 492
Less: Expected Credit Loss Allowance	(625)	(677)
	2 613	1 815
 Other Trade Receivables ²	 646	 459
	646	459
 Accrued Revenue	 1 117	 1 352
Net Goods and Services Tax Receivable ³	4 075	2 086
Total Current Receivables	5 192	3 438
Total Receivables	8 451	5 712

1. The increase mainly relates to higher salary debtors in 2022-23.

2. This line item is related to schools' receivables.

3. The increase is mainly due to timing of payments and the associated goods and services tax receivable including a receivable associated with a \$15.3 million payment in June 2023 to the Suburban Land Development Agency for land in Whitlam.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 12 RECEIVABLES - CONTINUED

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 2023					
Expected credit loss rate	-	-	-	-	27%
Estimated total gross carrying amount at default	8 451	5 588	295	214	2 354
Expected credit losses	(625)	-	-	-	(625)
1 July 2022					
Expected credit loss rate	-	-	-	-	42%
Estimated total gross carrying amount at default	5 712	3 820	231	63	1 598
Expected credit losses	(677)	-	-	-	(677)

2023
\$'000

2022
\$'000

Reconciliation of the Loss Allowance

Accounts Receivable

Expected Credit Loss Allowance at the Beginning of the Reporting Period	677	567
Additional Allowance Recognised During the Reporting Period	-	97
Reduction in Allowance from Amounts Recovered During the Reporting Period	(13)	-
Reduction in Allowance from Amounts Written-Off During the Reporting Period	(39)	-
Expected Credit Loss Expense	-	13
Expected Credit Loss Allowance at the End of the Reporting Period	625	677

**EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

Description and Material Accounting Policies Relating to Property, Plant and Equipment

Property, plant and equipment includes the following classes of assets:

- **Land** is defined as the ground, including soil covering and any associated surface waters. Land includes leasehold land held by the Directorate, but excludes land under infrastructure.
- **Buildings** are structures that have a roof and walls which stand permanently in one place. These structures are separately identifiable from the land they are constructed upon and as such do not include land. Buildings include schools and land improvements. Land improvements include parking lots, retaining walls and purpose built children's playground structures and landscaping adjoining a building.
- **Leasehold improvements** are capital expenditure items incurred in relation to leased assets. Leasehold improvements represent fit-outs in leased buildings.
- **Plant and equipment** are tangible assets used by the Directorate to provide services to the community. Plant and Equipment are assets that are used directly by the Directorate rather than directly by the general community. Plant and equipment tend to be smaller and more mobile in nature than other types of property, plant and equipment like buildings and land. Plant and Equipment includes mobile plant, water tanks, air conditioning and heating systems, office and computer equipment, furniture and fittings, and other mechanical and electronic equipment. Right-of-Use plant and equipment are not included in the plant and equipment asset class.
- **Right-Of-Use Plant and Equipment** has the same definition as plant and equipment with the exception that they are held under lease. The Plant and Equipment held by the Directorate under this category are motor vehicles.

Property, Plant and Equipment does not include assets held for sale or investment property.

Acquisition and Recognition of Property, Plant and Equipment

Property, plant and equipment are initially recorded at cost. Right-of-Use assets are also measured at cost on initial recognition, where cost comprises the initial amount of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

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 that exceed the asset recognition threshold of \$5,000 are capitalised.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 13. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Measurement of Property, Plant and Equipment After Initial Recognition

Property, Plant and Equipment is valued using the cost or revaluation model of valuation. The Directorate measures land, buildings and leasehold improvements at fair value. The Directorate measures plant and equipment at cost.

After the commencement date, Right-of-Use assets are measured at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of the lease liability. Right-of-Use assets are presented in property, plant and equipment in their own separate asset class.

Major Cyclical Maintenance

The Directorate undertakes major cyclical maintenance on its assets. Where the maintenance leads to an upgrade, increasing the service potential of the existing asset, the cost is capitalised.

Valuation of Non-Current Assets

Colliers Valuation and Advisory Services (Colliers), an independent valuer, has performed all revaluations of the Directorate's land and buildings. Colliers hold a recognised and relevant professional qualification and have recent experience in the location and category of the assets involved. The latest valuation of assets was performed as at 30 June 2023. Colliers will also undertake annual desktop valuations of the portfolio in 2023-24 and 2024-25 to ensure the values remain materially correct.

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. 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.

Revaluation

Land and buildings are revalued every three years. Towards the end of each financial year the Directorate assesses whether there are any indicators that the carrying amount of property plant and equipment is materially different to fair value. Where these indicators exist the asset will be revalued regardless of when the last valuation took place. Any accumulated depreciation relating to buildings at the date of revaluation is written back against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Impairment of Assets

The Directorate assesses, at each reporting date, whether there is any indication that property, plant and equipment may be impaired. Property, plant and equipment is 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 and buildings, are recognised as a decrease in the Asset Revaluation Surplus relating to these classes of assets. This is because these asset classes are measured at fair value and have an Asset Revaluation Surplus attached to them. Where the impairment loss is greater than the balance in the Asset Revaluation Surplus for the relevant class of asset, the difference is expensed in the Operating Statement. In 2022-23, there were no impairment losses for property, plant and equipment.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 13. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Impairment of Assets (continued)

Impairment losses for plant and equipment, and leasehold improvements are recognised in the Operating Statement (see *Note 10 Schools and Other Expenses*), as plant and equipment is carried at cost, and leasehold improvements are carried at fair value but do not have an Asset Revaluation Surplus attached to them. The carrying amount of the asset is reduced to its recoverable amount.

Non-financial assets that have previously been impaired are reviewed for possible reversal of impairment at each reporting date.

Depreciation and Useful Life

Depreciation is the systematic allocation of the cost of an asset less its residual value over its useful life. Depreciation is applied to physical assets such as buildings, and plant and equipment. Land has an unlimited useful life and are therefore not depreciated. All depreciation is calculated after first deducting any residual values, which remain for each asset.

Depreciation for non-current assets is determined as follows:

Class of Asset	Depreciation Method	Useful Life (Years)
Buildings	Straight-Line	50
Leasehold Improvements	Straight-Line	5
Plant and Equipment	Straight-Line	2-20

Land improvements are included within the buildings asset class.

The Directorate has made a significant estimate in determining the useful lives of its Property, Plant and Equipment. The estimation of useful lives of Property, Plant and Equipment is based on the historical experience of similar assets and in some cases has been based on valuations provided by Colliers. The useful lives are assessed on an annual basis and adjustments are made when necessary.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 13. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2022-23.

	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Right-of-Use Plant and Equipment \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	406 515	1 754 044	218	46 608	1 144	2 208 529
Additions ¹	15 300	72 112	-	17 474	687	105 573
Revaluation ²	39 882	197 128	-	-	-	237 010
Gains from Transfer of Assets ³	835	1 712	-	494	-	3 041
Depreciation	-	(67 057)	(39)	(12 745)	(608)	(80 449)
Write-offs/Other	-	-	-	(92)	-	(92)
Carrying Amount at the End of the Reporting Period	462 532	1 957 939	179	51 739	1 223	2 473 612

1. The land additions relates to the purchase of land from the Suburban Land Development Agency for a new school in Whitlam. The remaining additions relate to the Directorate's capital works program and includes More Schools, Better Schools - Roof Replacement Program, Delivering a New Primary School at Throsby, Modular Learning Centres, Technology Enabled Learning and Support our School System - Improving ICT.
2. In line with the Directorate's policy of revaluing land and buildings every 3 years, a revaluation was undertaken in 2022-23.
3. This relates to the transfer of assets from Transport Canberra and City Services associated with the Birrigai Outdoor School. The operations of the school transferred to the Education Directorate during 2022-23.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 13. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2021-22.

	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Right-of-Use Plant and Equipment \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	397 315	1 658 718	197	34 864	1 540	2 092 634
Additions	-	159 590	64	21 710	229	181 593
Gains from Transfer of Assets	9 200	-	-	-	-	9 200
Depreciation	-	(64 264)	(43)	(9 974)	(625)	(74 906)
Write Offs/Other	-	-	-	8	-	8
Carrying Amount at the End of the Reporting Period	406 515	1 754 044	218	46 608	1 144	2 208 529

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 13. 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 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 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 are as follows:

2023

	Classification According to Fair Value Hierarchy		
	Level 2 \$'000	Level 3 \$'000	Total \$'000
Property, Plant and Equipment at Fair Value			
Land	-	462 532	462 532
Buildings	-	1 957 939	1 957 939
	-	2 420 471	2 420 471

2022

	Classification According to Fair Value Hierarchy		
	Level 2 \$'000	Level 3 \$'000	Total \$'000
Property, Plant and Equipment at Fair Value			
Land	-	406 515	406 515
Buildings	-	1 754 044	1 754 044
	-	2 160 559	2 160 559

Transfers Between Categories

There have been no transfers between Levels 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 2023

NOTE 13. 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 to fair value.

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.

Fair Value Measurements using Significant Unobservable Inputs (Level 3)			
	Land \$'000	Buildings \$'000	Total \$'000
2023			
Fair Value at the Beginning of the Reporting Period	406 515	1 754 044	2 160 559
Additions	15 300	72 112	87 412
Depreciation	-	(67 057)	(67 057)
Revaluation Increments Recognised in Other Comprehensive Income	39 882	197 128	237 010
Acquisition From Transfers	835	1 712	2 547
Fair Value at the End of the Reporting Period	462 532	1 957 939	2 420 471

Fair Value Measurements using Significant Unobservable Inputs (Level 3)			
	Land \$'000	Buildings \$'000	Total \$'000
2022			
Fair Value at the Beginning of the Reporting Period	397 315	1 658 718	2 056 033
Additions	-	159 590	159 590
Depreciation	-	(64 264)	(64 264)
Acquisition From Transfers	9 200	-	9 200
Fair Value at the End of the Reporting Period	406 515	1 754 044	2 160 559

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 14. INTANGIBLE ASSETS

Description and Material Accounting Policies Relating to Intangible Assets

The Directorate has internally generated software and externally purchased software.

Recognition

Externally purchased 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 outlined above and where it also meets the specific recognition criteria relating to intangible assets arising from the development phase of an internal project.

Measurement

Intangible Assets are measured at cost.

Amortisation

Capitalised software have a finite useful life. Amortisation is applied to intangible assets. Software is amortised on a straight-line basis over its useful life, over a period not exceeding ten years.

Impairment

The Directorate assesses at each reporting date, whether there is any indication that an intangible asset may be impaired. Intangible assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. However, intangible assets that are not yet available for use are tested annually for impairment regardless of whether there is an indication of impairment, or more frequently if events or circumstances indicate they might be impaired.

Class of Intangible Asset	Amortisation Method	Useful Life (Years)	
Externally Purchased Software	Straight-Line	4-7	
Internally Generated Software	Straight-Line	4-7	
		2023	2022
		\$'000	\$'000
Information Communication Technology Software			
<i>Internally Generated/Externally Purchased Software</i>			
Software at Cost		17 759	17 002
Less: Accumulated Amortisation		(11 802)	(9 184)
Total Information Communication Technology Software¹		5 957	7 818

1. The movement primarily relates to amortisation of assets associated with the School Staffing Integrated Management System and Investing in Public Education – Set up for Success – Early Childhood Program.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 15. CAPITAL WORKS IN PROGRESS

Description and Material Accounting Policies Relating to Capital Works in Progress

Capital works in progress include buildings, leasehold improvements and software under development. Capital works in progress are recognised at the time the construction activity occurs. These assets are measured at the cost of constructing the asset. The cost includes direct construction costs (e.g. direct materials and direct labour), and 'directly attributable' costs in bringing the asset to a location and condition ready for use, as well as the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Directly attributable costs included in capital works in progress by the Directorate are the cost of site preparation, initial delivery and handling costs of materials, installation and assembly costs, functional testing and professional fees.

	2023 \$'000	2022 \$'000
Capital Works in Progress		
Capital Works in Progress	108 199	50 747
Total Capital Works in Progress	108 199	50 747

Reconciliation of Capital Works in Progress 2022-23¹

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

Carrying Amount at the Beginning of the Reporting Period	50 747	80 279
Additions ²	141 249	147 178
Capitalised Work in Progress Completed and Transferred to Property, Plant and Equipment ³	(83 797)	(176 710)
Carrying Amount at the End of the Reporting Period	108 199	50 747

1. The reconciliation of capital works in 2022-23 has been prepared on a gross movement basis to reflect the full amount of works in progress during the year.
2. The additions primarily relate to works associated with Schools for Gungahlin – Expansion of Margaret Hendry Primary School, Taylor High School and Kenny High School.
3. The capitalisation primarily relates to More Schools, Better Schools - Roof Replacement Program, Delivering a New Primary School at Throsby, Modular Learning Centres, Technology Enabled Learning and Support our School System - Improving ICT.

**EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

LIABILITY NOTES

Material Accounting Policies – Liability

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 16. PAYABLES

Description and Material Accounting Policies Relating to Payables and Contract Liabilities

Payables

Payables include Trade Payables, Accrued Expenses and Other 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 now normally settled within 14 days after the invoice date given the ACT Government accelerated the payments of invoices for local enterprises recognising the importance of cash flow to small and medium enterprises given the COVID-19 pandemic.

Contract Liabilities

Contract Liabilities relate to consideration received in advance from customers in respect of educational services for international students. The balance of contract liabilities as at 30 June 2023 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 2018*. When an amount of consideration is received from a customer prior to the Directorate transferring a good or service to the customer, the balance of the consideration which has not been transferred is presented as a contract liability.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 16. PAYABLES – CONTINUED

	2023	2022
	\$'000	\$'000
Current Payables		
Payables	771	601
Accrued Expenses ¹	4 414	8 223
Amounts Received Related to Contracts with Customers where the Performance Obligations has not yet been Satisfied ²	2 510	1 645
Total Current Payables	7 695	10 469
	2023	2022
	\$'000	\$'000
Revenue Recognised that was Included in the Contract Liability Balance at the Beginning of the Reporting Period	1 645	2 109
	2023	2022
	\$'000	\$'000
Payables are aged as followed		
Not Overdue ³	7 567	10 164
Overdue for Less than 30 Days	110	263
Overdue for 30 to 60 Days	5	35
Overdue for More than 60 Days	13	7
Total Payables	7 695	10 469

1. The decrease is mainly associated with reduced capital works accruals due to timing of payments at year-end.
2. This relates primarily to consideration received in advance from customers in respect of educational services for international students.
The increase in 2022-23 mainly relates to increased international student numbers flowing from easing of COVID-19 restrictions.
3. Includes contracts with customers where performance obligations have not yet been satisfied.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 17. EMPLOYEE BENEFITS

Description and Material Accounting Policies Relating to Employee Benefits

Accrued Wages and Salaries

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

Annual and Long Service Leave

Annual and long service leave, including applicable on-costs, that are not expected to be wholly settled before twelve months after the end of the reporting period when the employees render the related service, are measured at the present value. The present value is determined based on the 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 future annual leave and long service leave payments is estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

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

- annual leave payments is 98.2 per cent (101.8 per cent in the previous financial year); and
- payments for long service leave is 93.0 per cent (95.3 per cent in the previous financial year).

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

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.

Significant judgements have been applied in estimating the annual and long service leave liabilities, given that the Directorate uses the Whole-of-Government present value, probability and on-cost factors. These factors are issued by ACT Treasury and apply to all ACT Government agencies. ACT Treasury organises an actuarial review to be undertaken approximately every three years by the Australian Government Actuary to estimate each of these factors. The latest assessment was undertaken in December 2021, with the next review expected to be undertaken by early 2025.

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

Superannuation Liability

The employer superannuation benefits payable to the Directorate's employees, who are members of the defined benefit CSS or PSS Schemes, are recognised in the financial statements of the Superannuation Provision Account.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 17. EMPLOYEE BENEFITS – CONTINUED

	2023	2022
	\$'000	\$'000
Current Employee Benefits		
Annual Leave	56 990	56 995
Long Service Leave	122 811	121 593
Accrued Salaries ¹	29 652	19 217
Other Benefits ²	9 633	-
Total Current Employee Benefits	219 086	197 805
Non-Current Employee Benefits		
Long Service Leave ³	13 450	15 145
Total Non-Current Employee Benefits	13 450	15 145
Total Employee Benefits	232 536	212 950
Estimate of when Leave is Payable		
Estimated Amount Payable within 12 months		
Annual Leave	49 489	46 160
Long Service Leave	9 353	7 978
Accrued Salaries	39 285	19 217
Total Employee Benefits Payable within 12 months	98 127	73 355
Estimated Amount Payable after 12 months		
Annual Leave	7 501	10 835
Long Service Leave	126 908	128 760
Total Employee Benefits Payable after 12 months	134 409	139 595
Total Employee Benefits	232 536	212 950

As at 30 June 2023 the Directorate employed 6,918 full time equivalent (FTE) staff. There were 6,792 FTE staff at 30 June 2022.

1. The increase is primarily due accrued entitlements for back dated pay increases associated with new teaching, clerical and other staff enterprise agreements.
2. This relates to the cost of living supplement agreed as part of whole-of-government enterprise agreements.
3. The decrease is mainly due to a change in the measurement of non-current long service leave costs with all staff over 35 years of age and with at least 1 year of service now classified as current.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 18. FINANCIAL INSTRUMENTS

Material Accounting Policies Relating to Financial Instruments

Details of the material accounting 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 the note to which they relate. In addition to these policies, the following are also accounting policies relating to financial assets and liabilities.

Financial assets 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.

The following are the classification of the Directorate's financial assets under AASB 9:

Items	Business Model Held to collect principal and interest/sell	Solely for payment of Principal and Interest SPPI Test (basic lending characteristics)	Classification
Cash and Cash Equivalents	Held to collect	Yes	Amortised cost
Accounts Receivables	Held to collect	Yes	Amortised cost
Accrued Revenue	Held to collect	Yes	Amortised cost

Financial liabilities are measured at amortised cost.

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. Interest rates have increased during the financial year ended 30 June 2023 and, as such, have resulted in an increase in the amount of interest received.

The Directorate's financial liabilities are comprised of payables and lease liabilities. 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 dependent on interest earned from cash and cash equivalents, a sensitivity analysis of interest rate risk has not been performed.

**EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 18. FINANCIAL INSTRUMENTS – CONTINUED

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.

Credit risk is managed by the Directorate for cash at bank by holding bank balances with the ACT Government's bank, Westpac Banking Corporation (Westpac). Westpac holds an AA issuer credit rating with Standard and Poors. A 'AA' credit rating is defined as a 'very strong capacity to meet financial commitments'.

The Directorate's receivables are predominantly from other ACT Government entities and the Commonwealth Government. Inter-agency receivables between ACT Government agencies are generally expected to have low credit risks. As the Commonwealth Government has a AAA credit rating, it is considered that there is a very low risk of default for those receivables. The Directorate expects to collect all financial assets that are not past due or impaired.

There have been no significant changes to credit risk exposure since the last reporting period.

Accounts receivable and contract assets are always measured at lifetime expected credit losses (the simplified approach). Loans receivable are measured at an amount equal to the 12 months expected credit losses (the general approach), unless there has been a significant increase in credit risk since initial recognition. Where there has been a significant increase in credit risk since initial recognition, an amount equal to the lifetime expected credit losses is used to determine the expected credit loss allowance.

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.

**EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 18. FINANCIAL INSTRUMENTS – CONTINUED

Price Risk

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

Sensitivity Analysis

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.

Fair Value of Financial Assets and Liabilities

The carrying amounts of financial assets and financial liabilities of the Directorate approximate their fair value at the end of the reporting period.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 18. FINANCIAL INSTRUMENTS – CONTINUED

The following tables set out the Directorate's maturity analysis for financial liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2023. Except for non-current payables, financial 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 2023	Note No.	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing In:			Non-Interest Bearing	Total
				1 Year or Less	Over 1 Year to 5 Years	Over 5 Years		
				\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities								
Payables	16		-	-	-	-	(5 185)	(5 185)
Lease Liabilities ¹	-	3.32%	(1 294)	-	-	-	-	(1 294)
Borrowings ²	-		-	-	-	-	(738)	(738)
Total Financial Liabilities			(1 294)	-	-	-	(5 923)	(7 217)
Net Financial Liabilities			(1 294)	-	-	-	(5 923)	(7 217)

1. Represents the undiscounted lease liabilities (\$1,294 million) rather than discounted lease liabilities shown in the Balance Sheet (\$1,244 million).

2. Relates to loans from Environment, Planning and Sustainable Development Directorate for environmentally sustainable projects.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 18. FINANCIAL INSTRUMENTS – CONTINUED

The following tables set out the Directorate's maturity analysis for financial liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2022. Except for non-current payables, financial 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 2022	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 Liabilities								
Payables	16		-	-	-	-	(8 824)	(8 824)
Lease Liabilities ¹	-	2.80%	(1 201)	-	-	-	-	(1 201)
Borrowings ²	-		-	-	-	-	(1 274)	(1 274)
Total Financial Liabilities			(1 201)	-	-	-	(10 098)	(11 299)
Net Financial Liabilities			(1 201)	-	-	-	(10 098)	(11 299)

1. Represents the undiscounted lease liabilities (\$1,201 million) rather than discounted lease liabilities shown in the Balance Sheet (\$1,157 million).

2. Relates to loans from Environment, Planning and Sustainable Development Directorate for environmentally sustainable projects.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 18 FINANCIAL INSTRUMENTS - CONTINUED

	2023 \$'000	2022 \$'000
Carrying Amount of Each Category of Financial Asset and Financial Liability		
Financial Assets		
Financial Assets Measured at Amortised Cost	4 376	3 626
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	7 167	11 255

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. The amounts in the table above include the discounted 'carrying amount' for financial liabilities.

NOTE 19. CAPITAL AND OTHER EXPENDITURE COMMITMENTS

Description of Material Accounting Policies Relating to Capital and Other Expenditure Commitments

Commitments are a firm intention, but not present obligation, at the end of the reporting period to incur future expenditure. As such, commitments do not constitute a liability. Commitments usually arise from contracts, but can arise from other things like placing an order.

Commitments are measured at their nominal value and are inclusive of GST.

Capital Commitments

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

Capital Commitments - Property, Plant and Equipment

Payable:

Within one year ¹	122 465	68 165
Later than one year but not later than five years ¹	60 547	28 145
Later than five years ²	-	6 797
Total Capital Commitments - Property, Plant and Equipment³	183 012	103 107

Other Commitments

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

Within one year	20 518	18 751
Later than one year but not later than five years	11 663	22 251
Later than five years	585	225
Total Other Commitments³	32 766	41 227

1. The increase is mainly due to construction work on the North Gungahlin High School.
2. The decrease is primarily due to lower commitments associated with the purchase of chromebooks. The decrease is related to timing of contract renewal rather than a change to future purchases.
3. These commitments mainly relate to the three-year-old preschool program. The decrease is mainly due to the timing of contract renewals.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 20. CONTINGENT LIABILITIES

Material Accounting Policies Relating to Contingent Liabilities

Contingent liabilities are not recognised in the Balance Sheet due to the uncertainty regarding any possible amount or timing of any underlying claim or obligation. Instead, they are disclosed and, if quantifiable, the best estimate is disclosed.

As at 30 June 2023 the Directorate had contingent liabilities in relation to known personal injury cases not settled of \$7.492 million. As at 30 June 2022 contingent liabilities were \$4.610 million. The majority of the liabilities are expected to be offset by insurance and the final settlement amounts are unknown as at 30 June 2023.

NOTE 21. INTEREST IN A JOINT OPERATION

Description and Material Accounting Policies Relating to Interest in a Joint Operation

Investments in joint arrangements are classified as either joint ventures or joint operations. The classification depends on the rights and obligations of the parties to the arrangement, rather than the legal structure of the joint arrangement.

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 per cent for the ACT Government and 47 per cent for the Catholic Education Office.

The share of assets, liabilities, income and expenses of the jointly controlled operation has been incorporated in the financial statements of the Directorate under the appropriate headings. These items have also been separately disclosed below to show the amounts specifically relating to the Joint Operation.

	2023 \$'000	2022 \$'000
Share of the Jointly Controlled Operation is as follows:		
Revenue	97	76
Expenses	(177)	(159)
Operating Result	(80)	(83)
Share of Asset in the Jointly Controlled Operation		
Current Assets ¹	26	50
Non-Current Assets ²	4 040	3 494
Total Assets	4 066	3 544
Current Liabilities	11	1
Total Liabilities	11	1
Net Assets	4 055	3 543

1. Mainly comprises cash and cash equivalents.
2. Relates to property, plant and equipment.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 22. RELATED PARTY DISCLOSURES

Description and Material Accounting Policies Relating to 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 2023.

Compensation of the Head of Service is included in the note on related party disclosures included in the CMTEDD financial statements for the year ended 30 June 2023.

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

	2023	2022
	\$'000	\$'000
Short-term employee benefits	2 634	2 261
Post-employment benefit	503	370
Other long-term benefit	62	54
Total Compensation to KMP¹	3 199	2 685

1. The increase is mainly associated with the inclusion of an additional key management person in 2022-23. In 2022-23 there were 8 full time equivalent staff compared to 7 full time equivalent staff in 2021-22.

**EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 22. RELATED PARTY DISCLOSURES – CONTINUED

B.2 Transactions with Key Management Personnel

There were no reported transactions with KMP in 2022-23.

B.3 Transactions with parties related to Key Management Personnel

There were no reported transactions with parties related to KMP, including transactions with KMP's close family members or other related entities in 2022-23.

(C) TRANSACTIONS WITH OTHER ACT GOVERNMENT CONTROLLED ENTITIES

The Directorate has entered into transactions with other ACT Government entities in the year ended 30 June 2023 consistent with day-to-day business operations provided under varying terms and conditions. The notes to the Financial Statements provide the details of transactions with other ACT Government Entities. Below is a summary of the Material transactions with Other ACT Government Entities.

Revenue

- **Appropriation (Statement of Appropriation)** – The Directorate's main source of funding is received from the ACT Government through the Territory Banking Account. This funding is in the form of Controlled Recurrent Payment appropriation and Capital Injection Appropriation.
- **Resources Received Free of Charge (Note 6)** – The Directorate received resources free of charge primarily for legal services from the Government Solicitors Office, finance and human resources services from Shared Services and project management services from Major Projects Canberra.

Expenses

- **Employee Expenses (Note 8)** – The Directorate pays workers compensation premiums to the Chief Minister Treasury and Economic Development Directorate.
- **Supplies and Services (Note 9)** – The Directorate pays insurance premiums to the ACT Insurance Authority and Shared Services for IT services and Equipment.

NOTE 23. BUDGETARY REPORTING

Significant Accounting Judgements and Estimates – 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 per cent of the relevant associated actual category amount (Income, Expenses, Assets, liabilities and Equity totals) or more than 10 per cent 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 per cent and \$15 million for the financial statement line item.

Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period Budget Statements. These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Statement of Changes in Equity line items are covered in other financial statement sections. Material variations only are included in this note.

	Variance Explanation	Actual 2023 \$'000	Original Budget ¹ 2023 \$'000	Variance \$'000	Variance %
Balance Sheet Line Items					
Asset Revaluation Surplus	2	1 349 089	1 112 079	237 010	21
Statement of Cash Flows Line Items					
Purchase of Property Plant and Equipment (capital works and intangibles)	3	160 297	190 386	(30 089)	(16)

1. Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2022-23 Budget Statements). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.
2. The variance against the budget is due to the revaluation of the Directorate's assets in 2022-23 and the associated increase in the asset revaluation reserve.
3. The variance against the budget is mainly due to the re-profiling of some capital works into 2023-24. The re-profiling of works included School Maintenance and Infrastructure Upgrades, Kenny High School and Upgrading and Increasing School Capacity due to timing of payments and delivery of works.
4. Explanations for variations from budget for Controlled Recurrent Payments and Capital Injections are provided in the Statement of Appropriation.

EDUCATION DIRECTORATE

TERRITORIAL FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2023**

EDUCATION DIRECTORATE CONTENT OF TERRITORIAL FINANCIAL STATEMENTS

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EDUCATION DIRECTORATE
STATEMENT OF INCOME AND EXPENSES ON BEHALF OF THE TERRITORY
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Actual	Original	Actual
	No.	2023	Budget	2022
		\$'000	\$'000	\$'000
Income				
Payments for Expenses on Behalf of the Territory	#	349 451	346 575	336 277
Total Income		349 451	346 575	336 277
Expenses				
Grants and Purchased Services	25	349 451	346 575	336 277
Total Expenses		349 451	346 575	336 277
Operating Result		-	-	-

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

Refer to the Territorial Statement of Appropriation

EDUCATION DIRECTORATE
STATEMENT OF ASSETS AND LIABILITIES ON BEHALF OF THE TERRITORY
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Actual	Original	Actual
	No.	2023	Budget	2022
		\$'000	\$'000	\$'000
Current Assets				
Cash and Cash Equivalents	26	112	604	480
Receivables	27	-	-	3
Total Current Assets		112	604	483
Total Assets		112	604	483
Current Liabilities				
Payables	28	112	604	483
Total Current Liabilities		112	604	483
Total Liabilities		112	604	483
Net Assets		-	-	-
Equity				
Accumulated Funds		-	-	-
Total Equity		-	-	-

The above Statement of Assets and Liabilities on Behalf of the Territory is to be read in conjunction with the accompanying notes.

EDUCATION DIRECTORATE
STATEMENT OF CHANGES IN EQUITY ON BEHALF OF THE TERRITORY
FOR THE YEAR ENDED 30 JUNE 2023

	Accumulated	Asset Revaluation	Total	Original
	Funds	Surplus	Equity	Budget
	Actual	Actual	Actual	Budget
	2023	2022	2023	2023
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	-	-	-	-
Comprehensive Income				
Operating Result	-	-	-	-
Total Comprehensive Result	-	-	-	-
Transactions Involving Owners Affecting Accumulated Funds				
Capital Injections	-	-	-	-
Total Transactions Involving Owners Affecting Accumulated Funds	-	-	-	-
Balance at 30 June 2023	-	-	-	-

EDUCATION DIRECTORATE
STATEMENT OF CHANGES IN EQUITY ON BEHALF OF THE TERRITORY –
CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

	Accumulated	Asset Revaluation	Other Reserves	Total Equity	Total Equity
	Funds	Surplus		Actual	Original
	Actual	Actual	Actual	Actual	Budget
	2022	2022	2022	2022	2022
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021					
	-	-	-	-	-
Comprehensive Income					
Operating Result	-	-	-	-	-
Total Comprehensive Result	-	-	-	-	-
Transactions Involving Owners					
Accumulated Funds					
Capital Injections	-	-	-	-	-
Total Transactions Involving Owners					
Affecting Accumulated Funds	-	-	-	-	-
Balance at 30 June 2022	-	-	-	-	-

**EDUCATION DIRECTORATE
STATEMENT OF CASH FLOWS ON BEHALF OF THE TERRITORY
FOR THE YEAR ENDED 30 JUNE 2023**

	Note No.	Actual 2023 \$'000	Original Budget 2023 \$'000	Actual 2022 \$'000
Cash Flows from Operating Activities				
Receipts				
Cash from Government for Expenses on Behalf of the Territory		349 080	346 575	336 277
Goods and Services Tax Received		7 861	7 049	6 684
Total Receipts from Operating Activities		356 941	353 624	342 961
Payments				
Grants and Purchased Services		349 451	346 575	336 399
Goods and Services Tax Paid		7 858	7 049	6 686
Total Payments from Operating Activities		357 309	353 624	343 085
Net Cash (Outflows) from Operating Activities	26	(368)	-	(124)
Net (Decrease)/Increase in Cash and Cash Equivalents Held				
		(368)	604	(124)
Cash and Cash Equivalents at the Beginning of the Reporting Period		480	604	604
Cash and Cash Equivalents at the End of the Reporting Period	26	112	-	480

The above Statement of Cash Flows on Behalf of the Territory is to be read in conjunction with the accompanying notes.

EDUCATION DIRECTORATE TERRITORIAL STATEMENT OF APPROPRIATION FOR THE YEAR ENDED 30 JUNE 2023

Description and Material Accounting Policies relating to Payment for Expenses on Behalf of the Territory

The Directorate receives appropriation to fund a number of expenses incurred on behalf of the Territory, the main one being the payment of grants to various non-government organisations (See Note 25 *Grants and Purchased Services - Territorial*).

Payment for Expenses on behalf of the Territory is recognised when the Directorate gains control over the funding which is normally obtained upon the receipt of cash, given they do not contain enforceable and sufficiently specific performance obligations as defined by AASB 15.

	Original Budget 2023 \$'000	Total Appropriated 2023 \$'000	Appropriation Drawn 2023 \$'000	Appropriation Drawn 2022 \$'000
Territorial				
Expenses on Behalf of the Territory	346 575	356 534	349 080	336 156
Total Territorial Appropriation	346 575	356 534	349 080	336 156

The above Territorial Statement of Appropriation is to 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. These amounts appear in the Statement of Cash Flows on Behalf of the Territory.

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 (\$7.148 million) in line with the National School Reform Agreement: Australian Capital Territory Bilateral Agreement.

Variances between 'Total Appropriated' and 'Appropriation Drawn'

Expenses on Behalf of the Territory

The difference between the Total Appropriated and Appropriation Drawn mainly related to surplus ACT Government budget funding for non-government schools. Non-government schools were funded in line the National School Reform Agreement: Australian Capital Territory Bilateral Agreement.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS –
TERRITORIAL
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 24 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS – TERRITORIAL

The basis of preparation of the Directorate's financial statements are contained in *Note 2 – Basis of Preparation of the Financial Statements* and apply to both the Controlled and Territorial financial statements.

NOTE 25. GRANTS AND PURCHASED SERVICES – TERRITORIAL

Description and Material Accounting Policies relating to Grants and Purchased Services – Territorial

Grants are amounts provided, by the Directorate to non-government schools for general assistance or for a particular purpose. The grants given are usually subject to terms and conditions set out in the Deed of Grant, Services Agreement, or by legislation.

	2023 \$'000	2022 \$'000
Grants and Purchased Services		
<i>Payments for grants and subsidies were as follows:</i>		
Grants - Non-Government Schools ¹	349 451	336 277
Total Grants and Purchased Services	349 451	336 277

1. The increase from 2021-22 primarily relates to increased funding associated with Commonwealth Government Quality Schools grants in line with the National School Reform Agreement: Australian Capital Territory Bilateral Agreement.

NOTE 26. CASH AND CASH EQUIVALENTS – TERRITORIAL

Description and Material Accounting Policies relating to Cash and Cash Equivalents – Territorial

The Directorate holds a number of bank accounts with the Westpac Bank as part of the whole-of-government banking arrangements. As part of these arrangements, the Directorate does not receive any interest on these accounts, as all the accounts held are Set-Off Accounts.

(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.

Total Cash and Cash Equivalents Recorded in the Statement of Assets and Liabilities on Behalf of the Territory	112	480
Cash and Cash Equivalents at the end of the Reporting Period as Recorded in the Statement of Cash Flows on Behalf of the Territory	112	480

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS –
TERRITORIAL
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 26. CASH AND CASH EQUIVALENTS – TERRITORIAL – CONTINUED

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

	2023 \$'000	2022 \$'000
Operating Result	-	-
Cash Before Changes in Operating Assets and Liabilities	-	-
Changes in Operating Assets and Liabilities		
Decrease/(Increase) in Receivables	3	(3)
(Decrease) in Payables	(371)	(121)
Net Changes in Operating Assets and Liabilities	(368)	(124)
Net Cash (Outflows) from Operating Activities¹	(368)	(124)

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 decrease in 2022-23 is due to the timing of Goods and Services Tax refund from the Australian Taxation Office.

NOTE 27. RECEIVABLES – TERRITORIAL

Description and Material Accounting Policies relating to Receivables – Territorial

All receivables at 30 June 2023 are current and not overdue.

Current Receivables		
Goods and Services Tax Receivable from the Australian Taxation Office	-	3
Total Receivables	-	3

1. The decrease from 2021-22 is due to timing for goods and services tax receivable from the Australian Taxation Office.

EDUCATION DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS –
TERRITORIAL
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 28. PAYABLES – TERRITORIAL

Description and Material Accounting Policies Relating to Payables – Territorial

All payables at 30 June 2023 are current and not overdue. 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.

	2023 \$'000	2022 \$'000
Current Payables		
Payable to the Territory Banking Account ¹	112	483
Total Payables	112	483

1. The decrease is due to the timing of funding drawn down from the ACT Government.

NOTE 29. FINANCIAL INSTRUMENTS – TERRITORIAL

Material Accounting Policies Relating to Financial Instruments - Territorial

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 the note to which they relate.

The carrying amounts for all financial assets and liabilities of the Directorate approximate 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.

Note 30. BUDGETARY REPORTING – TERRITORIAL

Significant Accounting Judgements and Estimates – Budgetary Reporting – Territorial

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 per cent of the relevant associated actual category amount (Income, Expenses, Assets, liabilities and Equity totals) or more than 10 per cent 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 per cent and \$15 million for the financial statement line item.

There are no material variances against the 2022-23 Budget.

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Capital Works

Infrastructure upgrades delivered in 2022–23

The Public Schools Infrastructure Renewal Program (PSIRP) has delivered significant upgrades across the public schools network with \$34.483 million expended in the reporting period.

Table 73: Public Schools Infrastructure Renewal Program expenditure

Upgrades	Schools	
Security fence installations and upgrades	Red Hill Primary School	Isabella Plains Early Childhood School
	Miles Franklin Primary School	Monash Primary School
	Hawker College	Wanniassa School Junior Campus
	Lyons Early Childhood School	Mount Rogers Primary School
	Calwell Primary School	Black Mountain School
	Charles Weston School	
School administration and/or staffroom upgrades	Fraser Primary School	Mount Rogers Primary School
	Mawson Primary School	Amaroo School
	Duffy Primary School	Ainslie School
	Arawang Primary School	Calwell High School
	Weetangera Primary School	Gilmore Primary School
	Caroline Chisholm Primary School	Palmerston District Primary School
	Calwell High School	Chapman Primary school
	Allied Health Office, Melba Copland Secondary School	Wanniassa School Senior Campus
	Student Services, Alfred Deakin High School	
	Palmerston District Primary School front office upgrade	
Learning area upgrades	Fadden Primary School	Ainslie School
	Evatt Primary School	Calwell High School
	Chifley Preschool	Gowrie Primary School
	Alfred Deakin High School	Canberra College
	Wanniassa School Senior Campus	Melrose High School
	Hawker Primary School	Calwell Primary School
		Black Mountain School
HVAC upgrades	Hawker Primary School	Wanniassa Hills Primary

(Thermal Comfort Program including general HVAC upgrades)	Evatt Primary School	School
	Calwell High School	Lanyon High School
	Gordon Preschool	O'Connor Cooperative School
	Macquarie Primary School	Lyons Early Childhood School
		Monash Primary School
External learning area upgrades	Evatt Primary School	Mount Rogers Primary School
	Giralang Primary School	School
	The Woden School	Monash Primary School
	Gold Creek Senior School	Canberra High School
	Isabella Plains Early Childhood School	Lyneham Primary School
	Southern Cross Early Childhood School	O'Connor Cooperative School
	Black Mountain School	Caroline Chisholm School Primary Campus
Playground upgrades (including basketball court hoops)	Belconnen High School	Richardson Primary School
	Isabella Plains Early Childhood School	Gowrie Preschool
	Duffy Preschool	Lyneham High School
	O'Connor Cooperative School	The Woden School
	Malkara School	Maribyrnong Primary School
	Macquarie Primary School	Maribyrnong Preschool
	Evatt Primary School	Black Mountain School
Access upgrades and learning support upgrades	Evatt Primary School	Arawang Primary School
	Kingsford Smith School	Lyons Early Childhood School
	Miles Franklin Primary School	Giralang Primary School
	Gilmore Primary School	Red Hill Primary School
	Gordon Preschool	Isabella Plains Early Childhood School
	UC Kaleen High School	The Woden School
	Erindale College	Calwell Primary School
	Gold Creek Senior School	Black Mountain School
	Lake Tuggeranong College	Majura Primary School
	Palmerston District Primary School	Macgregor Primary School
	Fraser Primary School	Hawker Primary School
	Aranda Primary School	Malkara School
	O'Connor Cooperative School	Lyneham Primary School
	Curtin Primary School	Maribyrnong Primary School
	Evelyn Scott School	Franklin School
	Melrose High School	Mawson Primary School
	Canberra High School	

	Mt Rogers Primary School Monash Primary School	Duffy Primary School Duffy Preschool Telopea Park School
Lyneham High School sports court		
Ecologically Sustainable Development (ESD) – bike shelters	Dickson College Gold Creek School	Canberra High School Kingsford Smith School
Gold Creek School bike shelter		
Roof Replacement Program	Wanniassa School Senior Campus	
Canteen and science upgrades	Charnwood-Dunlop School Caroline Chisholm School Senior Campus	Calwell High School
Toilet upgrades (including disability toilets and change amenities)	Charles Weston Preschool Chapman Primary School Isabella Plains Early Childhood School Macgregor Preschool Mount Rogers Primary School Chifley Preschool Palmerston District Primary School Evelyn Scott School Canberra High School Telopea Park School Curtin Primary School	Giralang Primary School Ainslie School Duffy Primary School Duffy Preschool Aranda Primary School Gold Creek Senior School Lyneham Primary School Campbell Primary School Campbell High School Calwell Primary School Calwell Preschool
Calwell Preschool amenities		
Cleaning room upgrades	Charnwood-Dunlop School Majura Primary School North Ainslie Primary School	Lanyon High School Farrer Primary School
Carpark upgrades	Florey Primary School Monash Primary School Malkara School	Dickson College Forrest Primary School
Installation of digital signs	Melba Copland Secondary School and College	Caroline Chisholm School Junior and Senior Campus

Source : ACT Education Directorate



Palmerston Primary School Front Office Upgrade

The Directorate received \$3 million funding in 2021–22 for a shade structure program to promote external learning. All the allocated funds were fully expended during 2022–23.

Table 74: Shade structure program

Upgrades	Schools	
Shade structures	Mount Rogers Primary School	Franklin School
	Chapman Primary School	Harrison School
	Palmerston District Primary School	Kingsford Smith School
	O'Connor Cooperative School	Charles Weston School
	Charnwood-Dunlop School	Weetangera Primary School
	Lyneham High School	Southern Cross Early Childhood School
	Harrison School	Calwell Primary School
	Charles Conder Primary School	The Woden School

Source: ACT Education Directorate

Roof replacement program

The Directorate received \$17.96 million in the 2018–19 Budget for the Roof Replacement Program over 4 years. During 2022–23, roof replacements were completed at Alfred Deakin High School, Calwell High School, North Ainslie Primary School, Telopea School, and Wanniassa School Senior Campus. An additional \$10.9 million was appropriated in 2023 for further roof replacement projects at Dickson College and Melba Copland College, where works commenced in June 2023.

Energy efficient heating renewal program

The Directorate received \$15.964 million in the 2019–20 Budget for energy efficient heating upgrades for ACT public schools over 4 years. Fadden Primary School is in contract to deliver a 100% electrical solution and Wanniassa Hills Primary School is in contract to deliver an 80% electrical solution. Contractors are engaged at Red Hill Primary School and Forrest Primary School, which are currently in the design and procurement phase.

Major education projects

The Directorate has delivered significant projects across the public school network with over \$91.471 million expended in 2022–23.

Projects were delivered to modernise facilities, provide new schools, and better meet the learning needs of communities. For 2022–23, the projects included 6 new schools (works in progress) and 3 school site upgrades. Four permanent site expansions are underway which will provide additional capacity of up to 1,900 students when completed, and transportable classrooms were delivered to accommodate up to 300 additional places.

Planning also commenced for future schools, including major modernisation and expansion upgrades for 2 schools and feasibility study and master planning for one new college. Ongoing feasibility studies will inform options at existing schools and identify new school sites throughout the ACT across all sectors (primary, high school, college, and specialist).

School upgrades and modernisations

- Campbell Primary School – Landscape works including a covered outdoor learning hardcourt and external learning environments
- Garran Primary School – The lead design consultant completed the preliminary sketch plans for the school. These plans were then issued as part of the procurement for the head contractor. The head contractor procurement commenced in 2022, with the head contractor contract anticipated to be awarded in July 2023. The Town Planner has lodged the Territory Plan Variation (TPV) associated with the modernisation project, noting this is a separate engagement and process to the design works. The TPV is anticipated to be approved in the second half of 2023. Community consultation took place for the TPV in April 2022; further consultation took place in the second half of 2022. The modernisation project will be undertaken through a staged delivery model. The first stage of the modernised school is forecast to open early-2025, with further stages to be delivered later in 2025
- Narrabundah College – A new lead design consultant has been engaged to complete master planning and preliminary sketch plan design in preparation for going to market for the head contractor for the delivery of the first stage of the modernisation.

School expansions

- Margaret Hendry School – Construction of the new building providing up to 600 additional student places is progressing to completion during the Term 3, 2023. The additional carparking and community room were completed for school use during Term 2, 2023
- North Ainslie Primary School – Design consultants have been engaged to commence master planning design works to expand the school to accommodate up to 300 students, as well as modernise existing facilities where possible. The project is currently funded for feasibility and design
- Majura Primary School – Design consultants have been engaged to commence master planning design works to expand the school to accommodate up to 300 students, as well

as modernise existing facilities where possible. The project has a budget appropriation for feasibility, design, and construction

- Telopea Park School Expansion – Early feasibility and high-level master planning has commenced for the proposed expansion works at the school
- Gungahlin College Expansion – Master planning has commenced for the proposed works to assist with enrolment pressures. The master planning includes the installation of 4 transportable classrooms providing 8 additional teaching spaces. Internal modifications will also take place to provide additional capacity to selected specialist spaces, as well as works to relocate the café in the library to provide additional supervised formal study space for students. Construction works will commence in the July 2023 school holidays and will continue through the remainder of 2023.



Margaret Hendry School Expansion – Construction Progress

New schools

- Evelyn Scott School – The high school component (years 7–10) of the new school was completed at the end of 2022 and opened for students on day 1, Term 1, 2023
- Shirley Smith High School – Construction of the new high school is approaching completion ready for the commencement of the 2024 school year
- North Gungahlin High School – The head contractor finalised the design documentation and received Development Application (DA) approval for the new high school in 2022. The phase 2 construction contract was approved in May 2023 with construction starting in June 2023.

- **Strathnairn ECEC to Year 6 School** – The lead design consultant completed the preliminary sketch plans for the school. These plans were then issued as part of the procurement for the head contractor. The head contractor procurement commenced in 2022, with the head contractor contract anticipated to be awarded in July 2023. Through a separate process, the Ginninderry developers lodged the Estate Development Plan (EDP) in 2022, which includes the block and section for the new school. The EDP is anticipated to be approved in the second half of 2023. The new school and ECEC is targeted for completion for the start of 2025
- **New college in Gungahlin** – Early feasibility and high-level master planning has commenced for the proposed college site in Nicholls
- **Whitlam ECEC to Year 6 School** – The lead design consultant has commenced design option studies and master planning for the school. Through a separate process, the Suburban Land Agency lodged the EDP for the proposed school site and associated infrastructure. The EDP is anticipated to be approved in the second half of 2023. The new school and ECEC is targeted for completion for the start of 2026.



Shirley Smith High School – Construction Progress

Transportable classrooms

Transportable classrooms provide flexibility to respond to natural peaks in enrolments and medium-term transient enrolment growth. As suburbs progress through their lifecycle, student numbers tend to rise and fall. Active monitoring and management of unexpected local and short-term demand pressures is a key school planning function.

The provision of transportable classrooms enables the Directorate to respond quickly and flexibly to changes in enrolment demand. Transportable classrooms are a normal part of planning for growth, and they provide flexibility both for schools that are experiencing temporary growth in enrolments, and time to plan and deliver permanent investment in capacity where it is needed for the long-term.

Short-term increases in demand that are not expected to be sustained can be addressed by installing transportable classrooms at a significantly lower cost compared to that of an additional building. These are used in situations where a permanent built expansion of capacity may not be the best long-term or cost-effective solution to expected demand pressures.

In addition, the provision of the transportable classrooms provides time for the Directorate to plan and deliver a more permanent response if sustained enrolment growth is anticipated.



Aranda Primary School – transportable building installation

Transportable classrooms are designed to be open, spacious, comfortable, and inviting learning environments. They are modern, fully insulated and designed to meet current energy targets with the same comforts and technical/IT infrastructure as a permanent learning space. Transportable classrooms are planned and placed in areas that blend into the overall design and landscaping of the school. Transportable classrooms installed at schools today are built to the same standards (National Construction Code) as permanent structures.

Transportable classrooms are also used as interim accommodation while the modernisation of schools is underway.

The 2022–23 program experienced significant material and labour supply challenges delaying delivery of units to all sites. The schools receiving units were:

- Red Hill Primary School
- Aranda Primary School
- Charles Conder Primary School
- Telopea Park School.

Planning for 2024

Planning has commenced for:

- transportable classrooms the 2024 school year, with the re-use of units from completed school expansion and modernisation projects being coordinated, along with a longer-term procurement approach for unit supply
- a new college in Molonglo
- major modernisation and expansion upgrades at 2 schools
- feasibility studies to inform options at existing schools and to identify new school sites across the ACT for all sectors (primary, high school, college, and specialist).

Table 75: Capital Works management 2022–2023

Project	Original Project Value \$'000	Revised Project Value \$'000	Prior Year Expenditure \$'000	Actual Expenditure 2022–23 \$'000	Total Expenditure to Date \$'000	Estimated/ Actual physical completion date
NEW CAPITAL WORKS						
New and expanded schools – Garran Primary School	62,400	62,400	0	210	210	Dec-24
New and expanded schools – Strathnairn Primary School	62,400	62,400	0	62	62	Dec-24
New and expanded schools – Narrabundah College	31,910	31,910	0	79	79	Dec-24
Planning for increasing college capacity in Canberra's north	1,000	1,000	0	6	6	Jun-24
Development of the Whitlam Primary School and Early Childhood Education Centre	76,750	76,750	0	98	98	Dec-25
Upgrading and increasing school capacity	8,000	8,000	0	1,560	1,560	Dec-24
Majura Primary School modernisation	39,330	39,330	0	11	11	Dec-25
Roof Replacement Program	10,900	10,900	0	740	740	Jun-25
Subtotal New Capital Works	292,690	292,690	0	2,766	2,766	
PUBLIC SCHOOL INFRASTRUCTURE UPGRADES						
School Learning Area Improvements	4,010	4,010	0	4,455	4,455	Jun-23
School Administration and	2,350	2,350	0	4,475	4,475	Jun-23

Support Area
Improvements

Disability Access Compliance	4,090	4,090	0	7,533	7,533	Jun-23
School Infrastructure Revitalisation	8,600	8,600	0	8,949	8,949	Jun-23
School Security Improvements	517	517	0	1,152	1,152	Jun-23
School Safety Improvements	410	410	0	1,360	1,360	Jun-23
External Learning Environments	2,770	2,770	0	2,718	2,718	Jun-23
Environmentally Sustainable Development Initiatives	2,860	2,860	0	2,690	2,690	Jun-23
Fast-Track Projects	340	340	0	1,151	1,151	Jun-23
Subtotal Public School's Infrastructure Upgrades	25,947	25,947	0	34,483	34,483	
Total New Works	318,637	318,637	0	37,249	37,249	

WORK IN PROGRESS

Expansion of Margaret Hendry Primary School and a New Taylor High School	132,808	132,808	8,736	34,391	43,127	Jun-23 for Margaret Hendry and Dec-24 for Taylor High
Increasing School Capacity	19,800	19,800	11,438	7,801	19,239	Jul-23
New and Expanded Schools – Strathnairn Primary School	1,000	1,000	271	568	839	Dec-24
New and Expanded Schools – Future Planning	9,000	8,000	1,578	2,102	3,680	Jun-24
Amaroo School Expansion	12,730	12,730	10,900	1,624	12,524	Dec-21
Schools for our growing city –	85,900	85,900	14,847	27,870	42,717	Dec-23

Kenny High School

Expanding Franklin Early Childhood School	29,447	29,447	27,081	1,885	28,966	Aug-22
Delivering a new primary school at Throsby	43,913	43,913	41,271	2,227	43,498	Feb-22
More places for students at Gold Creek School's senior campus	6,442	6,442	4,234	1,610	5,844	Aug-22
More places for students at northside schools	8,504	8,504	5,888	278	6,166	Jun-24
Delivering energy-efficient heating upgrades for ACT public schools	15,964	15,964	2,573	1,432	4,005	Jun-24
More places at Gungahlin schools	19,830	19,830	18,862	148	19,010	Jun-24
Delivering Molonglo P-10	70,000	70,000	67,376	1,299	68,675	Dec-22
Upgrading Campbell Primary School	18,819	18,819	17,220	828	18,048	Jun-22
Total Capital Work in Progress	474,157	473,157	232,275	84,063	316,338	

PROJECTS - PHYSICALLY AND FINANCIALLY COMPLETED

COVID-19 Response Fund Projects - Improvements to Ventilation	5,200	5,200	3,634	1,566	5,200	Dec-22
COVID-19 Response Fund Projects - Shade Structures	3,000	3,000	1,127	1,873	3,000	Jun-23
New and Expanded Schools – Narrabundah College Modernisation	600	600	188	441	629	Dec-22
New and Expanded Schools – Garran	970	970	506	496	1,002	Dec-22

Primary School
Redevelopment

Roof Replacement Program	17,960	17,960	15,640	2,446	18,086	Aug-22
Expanding schools in Gungahlin	24,072	24,606	23,410	1,259	24,669	Jul-22
Total Projects Physically and Financially Completed	51,802	52,336	44,505	8,081	52,586	
GRAND TOTAL CAPITAL WORKS PROGRAM 2022-23	844,596	844,130	276,780	129,393	406,173	

Source: ACT Education Directorate

Table 76: End of financial year reconciliation schedule 2022–23

Reconciliation of total current year financing	2022–23 \$'000
Total current year capital works financing	141,665
Add: Other capital initiatives financing	13,610
Capital Injection as per Cash flow statement	155,275
Reconciliation of Total Current Year Actual Expenditure - against financing	
Total current year capital works expenditure	129,392
Total current year capital initiatives expenditure	11,968
Add: Net Impact of accruals between financial years	3,338
Add/(Less): Net Impact of Capital purchases expenditure funded outside of Capital Injections ¹	(9,765)
Add/(Less): Cash drawn down from capital Injection for financing Whitlam Land and Employee entitlements	20,342
Capital Injection (as per Cash flow statement)	155,275
Reconciliation of Total Current Year Actual Expenditure	
Total current year capital works expenditure	129,392
Total current year capital initiatives expenditure	11,968
Add: Net Impact of accruals between financial years	3,338
Less: CWIP Expensed amount	(624)
Add: Other asset purchases outside of capital works program and capital initiatives*	923
Add/Less: Cash drawn down from capital Injection for financing Whitlam Land and Employee entitlements	15,300
Purchase of Property, Plant and Equipment (as per Cash Flow Statement)	160,297

Source: ACT Education Directorate

1. Figure includes items capitalised that were not part of capital works program (schools assets purchases & repairs and maintenance that has been capitalised).

Information, Communication and Technology projects

In 2022–23, the Directorate completed critical milestones for Information, Communication and Technology (ICT) projects, including:

- the deployment of Chromebook devices to support over 3,800 new secondary students in week 1, Term 1, 2023. The refresh of over 3,200 3-year-old Chromebook devices for year 10 students was completed in May 2023.
- the deployment of over 2,100 Chromebook devices to primary schools under the shared program (one device to 3 students) in July 2022.
- an ongoing eSafety program was delivered to support year 6 students transitioning to high school. This included ongoing student, parent and carer, and teacher eSafety webinars
- the provision of ongoing internet services on an equity basis for over 500 students to support their studies at home if they required it
- implementation of several ICT improvements including Student Movements Register, security reviews and enhancements, School Psychologist Service Health Record Management System Phase 3 implementation, and Safe and Engaging Environment and Education System Pulse Dashboard
- additional School Administration System enhancements with the implementation of student transitions information, integration to the ACT Certification System and SAS to support college reporting, and admissions full integration.

Table 77: Information, Communication and Technology Projects 2022–23

Project	Original Project Value \$'000	Revised Project Value \$'000	Prior Year Expenditure \$'000	Actual Expenditure 2022-23 \$'000	Total Expenditure to Date \$'000	Estimated/ Actual physical completion date
WORK IN PROGRESS						
Investing in Public Education - Digital Access and Equity	18,290	18,290	0	3,538	3,538	Ongoing
Investing in Public Education - Essential ICT	400	400	0	220	220	June 2023
Investing in Public Education - <i>Set Up for Success</i> - Early Childhood Program	600	600	0	44	44	June 2023
Better Schools for our Kids - Technology-Enabled Learning	10,450	17,756	17,261	477	17,738	June 2022
Supporting our School System – Improving ICT ¹	7,796	8,720	0	8,720	8,720	June 2022
School Staffing Integrated Management System (Design)	356	356	324	32	356	June 2022
Total Work	37,892	45,198	17,585	13,031	30,616	

Source: ACT Education Directorate

Asset Management

The Directorate is responsible for a large and diverse asset portfolio, with 91 schools located across more than 100 sites catering for over 50,000 students every day. The Education infrastructure portfolio has significant history, having grown with the Canberra region and modernised alongside education practice over many years. Over two-thirds of the ACT's public schools were built before 1992, with the oldest of those opening its doors to students in 1923.

Investing in safe and fit-for-purpose educational infrastructure is integral to ensuring ACT public school students continue to have access to facilities that encourage learning and belonging within inclusive school environments.

The Directorate administers the annual capital works program, coordinates, and manages statutory and high-risk maintenance activities, and provides technical support to schools for their repair and maintenance activities. There are 3 main infrastructure activities managed by the Directorate:

- Major Projects – construction of new schools and major works to existing sites such as capacity expansions or modernisations of existing schools
- Public School Infrastructure Upgrades – improvements and upgrades to schools such as classroom renovations, disability access requirements, and safety and security improvements
- Repairs and Maintenance – support schools in compliance with key asset obligations, management of preventative maintenance contracts, response coordination for critical reactive asset-related events and hazardous materials management.

Management of the Directorate's asset portfolio is guided by the Strategic Asset Management Framework (SAMF). The SAMF focuses on 2 key areas of the Directorate's expenditure:

- repairs and maintenance
- capital upgrade works.

The SAMF is in the process of being implemented and will support the development of policy and understanding responsibilities and priorities in relation to ongoing school asset management.

Assets managed

The Directorate managed school infrastructure assets with a total value of \$2,420.5 million as at 30 June 2023.

Table 78: Assets and their values as at 30 June 2023

Asset Class	Value (\$ million)
Land and Buildings (including improvements) for schools and preschools	2,420.5
Leasehold improvements	0.2
Right of Use Vehicles	1.2
Property, plant, and equipment	51.7
Intangible assets	6.0
Total	2,479.6

Source: ACT Education Directorate

During 2022–23, assets added to the asset register are shown in Table 79.

Table 79: Assets added to the Asset Register in 2022–23

Assets	Value (\$ million)
Capital Works (schools)	73.8
Capital Initiatives – ICT and other projects	15.5
Total	89.3

Source: ACT Education Directorate

Surplus assets

As at 30 June 2023, the Directorate did not have any properties identified as potentially surplus.

Assets maintenance and upgrade

The Directorate undertakes planned and unforeseen repairs and maintenance works at ACT public schools and preschools as well as compliance programs. Funds are also allocated each year directly to ACT public schools for physical infrastructure costs covering school-managed repairs and maintenance works.

The centrally funded repairs and maintenance works in 2022–23 included:

- specific works (for example, fire panel, security system and electrical switchboard upgrades, external painting, and other school maintenance priorities)
- 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 door inspections and maintenance
- emergency lighting inspections and maintenance
- fire alarm system monitoring
- gutter cleaning and ember zone maintenance
- hazardous 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
- play equipment audits
- school security (for example, targeted patrols, static guarding where required and patrol response to security sensor alerts).

Expenditure on centrally managed repairs and maintenance was \$23.2 million for 2022–23.

Managing hazardous materials in ACT public schools

The Directorate manages public school buildings of varying age and condition across the ACT. Seventy-six schools contain some amount of asbestos and/or lead paint. Every school with known hazardous materials has a Hazardous Materials Register and 4.1 million was included in the overall repairs and maintenance budget for the management of hazardous materials. An additional \$3.4 million was expended for the targeted removal of hazardous materials in ACT public schools during 2022–23.

In practice, the management of hazardous materials is often addressed and remedied during the process of implementing comfort and safety upgrades in schools, for example, replacing windows in an older school to improve energy efficiency and student comfort may also result in windows with lead paint being removed.

Names of all public schools with a confirmed presence of lead paint and/or asbestos are published online, alongside information about how these hazards are managed in schools as part of the Directorate's communications activities to increase community awareness of hazardous materials management.

Office accommodation

There were 142 staff occupying office environment workstations on 30 June 2023 (excluding the Office of the Board of Senior Secondary Studies), across a total of 6,568 m².

Flexible workplace arrangements are in place for staff, which means that Education Support Office (ESO) staff may have been working from home or at alternate ACT Government FlexiSpaces on the day of the count, which was also the commencement of the school holiday period. Education staff were also undertaking school-based activities, including teaching, student support, school leadership and school administration, and were not part of this count.

Details of the reported sites, staff numbers (head count), and space occupied are provided in Table 80.

Table 80: Education Staff Office sites, staff numbers (headcount) and space occupied as at 30 June 2023

Building and location	Staff numbers ⁴	Approximate area occupied (m ²)	Average area occupied per employee (m ²)
220 London Circuit, Civic	8	1,496	187
Hedley Beare Centre for Teaching and Learning, Stirling ^{1, 3}	126	4,337	34
Gilmore Primary School and Melba Copland Secondary School ²	1	580	580
Callum Offices, Philip ⁴	7	155	22
Total	142	6,568	46

Source: ACT Education Directorate

¹Approximate area occupied at the Hedley Beare Centre for Teaching and Learning does not include spaces still allocated for meeting rooms and training facilities available for booking by other ACT Government Directorates and members of the public. A significant amount of training space has been reconfigured into office accommodation.

²School areas occupied by ESO staff are from the Allied Health group.

³Staff numbers do not include 25 Shared Services ICT staff embedded in the Hedley Beare Centre for Teaching and Learning.

⁴Excluding Board of Senior Secondary Studies staff and floor area.

Office accommodation works undertaken during the reporting period included:

- relocation of an Allied Health team from Evelyn Scott School to Melba Copland Secondary School
- planning for the relocation of flexible education staff from Charles Weston School to the Muliyan flexible education facility at Woden
- reconfiguration and refurbishment for the School Cleaning Services accommodation at Callum Offices.

Government Contracting

Overview

The online ACT Government Contracts Register records contracts with suppliers of goods, services and works with a value of \$25,000 or more.

A full search of the Education Directorate's contracts notified with an execution date from 1 July 2022 to 30 June 2023 can be made at <https://www.tenders.act.gov.au/contract/search>.

Secure Local Jobs Codes

Reporting entities must report on any exemptions from the Secure Local Jobs Code requirements under section 22G of the *Government Procurement Act 2001*.

There were no exemptions provided in the reporting period.

Aboriginal and Torres Strait Islander Procurement Policy

Reporting entities must report on the Aboriginal and Torres Strait Islander Procurement Policy (ATSIPP) 3 performance measures.

Table 81: 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	5
The number of unique Aboriginal and Torres Strait Islander Enterprises attributed a value of addressable spend in the financial year	27
Percentage of the financial year's addressable spend which is spent with Aboriginal and Torres Strait Islander Enterprise	2.3%

Statement of Performance



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY



INDEPENDENT LIMITED ASSURANCE REPORT

To the Members of the ACT Legislative Assembly

Conclusion

I have undertaken a limited assurance engagement on the statement of performance of the Education Directorate (Directorate) for the year ended 30 June 2023.

Based on the procedures performed and evidence obtained, nothing has come to my attention to indicate that the results of the accountability indicators reported in the statement of performance for the year ended 30 June 2023 are not in agreement with the Directorate's records or do not fairly reflect, in all material respects, the performance of the Directorate, in accordance with the *Financial Management Act 1996*.

Basis for conclusion

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

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

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

Directorate's responsibilities for the statement of performance

The Director-General is responsible for:

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

Auditor-General's responsibilities

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

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

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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.

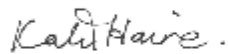


Michael Harris
Auditor-General
25 September 2023

**Education Directorate
Statement of Performance
For the year ended 30 June 2023**

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 2023 and also fairly reflects the judgements exercised in preparing it.



Katy Haire
Director-General
22 September 2023

Education Directorate
Statement of Performance
For the year ended 30 June 2023

Output Class 1: Public School Education

Description

Public primary school education spans the years from preschool to year 6. Learning opportunities in the primary years are designed to allow each student to experience success and achieve high quality learning outcomes. Each school maximises opportunities for students to develop knowledge, understanding, skills and values through implementing curriculum, assessment and reporting using the Australian Curriculum and the Early Years Learning Framework. Schools partner with parents, carers, and the community to enhance student outcomes.

Public high school education covers the years 7 to 10. ACT public high schools offer a comprehensive education across key learning areas. Each school organises its curriculum to maximise opportunities for students to develop the knowledge, understanding, skills and values articulated in the Australian Curriculum. Public secondary college education covers years 11 and 12, offering courses catering for a broad range of student needs and interest. Courses are accredited by the ACT Board of Senior Secondary Studies.

A range of programs are available in ACT public schools for students with a disability. These include access to specialist schools, specific classes or units in mainstream schools, and participation in mainstream classes with the support to access the additional support in mainstream classes.

The Directorate is responsible for the regulation of early childhood education and care services. Assessment and monitoring of early childhood education and care services contributes to ensuring quality education and care is provided to children accessing these services. Early childhood education and care services include ACT public preschools, independent preschools, family day care, long day care and school age care programs.

	2022-23 Target	2022-23 Result	Percentage variance from the target	Explanation of material variance (±10% or higher)
Cost (\$'000)				
1.1 Public Primary School Education	545,943	543,488	(0.4%)	
1.2 Public High School Education	262,076	259,806	(0.9%)	
1.3 Public Secondary College Education	156,277	156,520	0.2%	
1.4 Disability Education in Public Schools	108,902	109,305	0.4%	
Total Output Class 1	1,073,198	1,069,119	(0.4%)	
Controlled Recurrent Payments (\$'000)				
1.1 Public Primary School Education	450,443	448,910	(0.3%)	
1.2 Public High School Education	232,401	231,610	(0.3%)	
1.3 Public Secondary College Education	142,292	141,808	(0.3%)	
1.4 Disability Education in Public Schools	102,829	102,479	(0.3%)	
Total Controlled Recurrent Payments	927,965	924,807	(0.3%)	

Total 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*. The Accountability Indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*.

Education Directorate
Statement of Performance
For the year ended 30 June 2023

Output Class 1: Public School Education	2022-23 Target	2022-23 Result	Percentage variance from the target	Explanation of material variance (±10% or higher)
Accountability Indicators				
Early Childhood Education				
a. Number of enrolments in preschool in public schools	4,700	4,311	(8.3%)	Note 1
b. Number of enrolments of Aboriginal and Torres Strait Islander students in preschool in public schools	275	258	(6.2%)	Note 1
School Participation				
a. Attendance rate of public school students in year 1 to year 10	92%	85%	(7.6%)	Note 2
Education and Care Services				
a. Assessment and ratings completed within legislated timeframes	100%	98%	(2%)	
b. Annual compliance audit is delivered in full	100%	100%	-	
Disability Education				
a. Individual Learning Plans completed for students in special and mainstream schools who access special education services	100%	97%	(3%)	
Senior Secondary Education				
a. Percentage of all year 10 students in public schools who proceed to public secondary college education	92%	91%	(1.1%)	
b. Percentage of year 10 Aboriginal and Torres Strait Islander students in public schools who proceed to public secondary college education	92%	79%	(14.1%)	Note 3
c. Percentage of all year 10 students in public schools who proceed to year 12 at a public senior secondary college	85%	83%	(2.4%)	
d. Percentage of year 10 Aboriginal and Torres Strait Islander students in public schools who proceed to year 12 at a public senior secondary college	85%	55%	(35.3%)	Note 4
e. Percentage of year 12 students in public schools who received an ACT Senior Secondary Certificate	90%	87%	(3.3%)	
f. Percentage of year 12 Aboriginal and Torres Strait Islander students in public schools who received an ACT Senior Secondary Certificate	90%	64%	(28.9%)	Note 5
Average cost (\$) Per Student Per Annum in Public Schools				
a. Preschool	9,682	9,437	(2.5%)	
b. Primary School	18,835	18,814	(0.1%)	
c. High School	22,400	22,189	(0.9%)	
d. Secondary College	24,885	24,714	(0.7%)	
e. Special School	79,510	80,313	1.0%	
f. Mainstream School student with a disability	32,165	32,256	0.3%	

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

Total 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*. The Accountability Indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*.

Notes to variances

- The overall reduction in preschool numbers is strongly related to a reduction in the number of eligible children (four years old by the 30th of April), rather than significant changes in participation in the optional preschool year. The estimated resident population of three-year-old children in the ACT in June 2021 was 376 less than the estimated number of three-year-old children in June 2020 and 43 less from June 2021 to June 2022. The ABS estimated resident population data suggests around 260 or 4.5% fewer births in 2018 than 2017. Preschool enrolment is not compulsory and subject to parental choice. It is also impacted by increased availability of preschool services in the non-government sector and enrolment decision making by families.

Education Directorate
Statement of Performance
For the year ended 30 June 2023

2. Student attendance rate is the number of actual full time equivalent student days attended by full-time students in years 1 to 10 as a percentage of the total number of possible student days attended over the period. The ACT public school attendance rate in Semester 1, 2022 was 85%. The decline in the attendance rate was observed nationally with student attendance significantly impacted by COVID-19, high influenza flu outbreaks and floods in some regions.
3. This indicator is to provide a measure of improving secondary education in ACT schools and to support successful transitions for Aboriginal and Torres Strait Islander students. The variance is larger than in previous years due to the target for this indicator being increased significantly to ensure alignment with the all-student target. The policy intent is to close the gap between Aboriginal and Torres Strait Islander student retention and non-Aboriginal and Torres Strait Islander student retention.
 The Directorate is unable to provide specific reasons for the lower retention rate of Aboriginal and Torres Strait Islander students. Due to very small student cohorts, care should be taken when interpreting statistics for Aboriginal and Torres Strait Islander Students. There are a number of targeted and universal supports for Aboriginal and Torres Strait Islander students. These include the Student Aspirations Program, delivering secondary scholarships and the Mura Awards, and Vocational Education and Training supports and programs. Individual colleges also have school-based supports to assist Aboriginal and Torres Strait Islander students to complete their education.
4. This indicator is to provide a measure of improving secondary education in ACT schools in support of the National Youth Attainment Targets and to support successful transitions for Aboriginal and Torres Strait Islander students from year 10 to year 12. The variance was larger than in previous years because the target for this indicator was increased significantly to ensure alignment with the all-student target. The policy intent is to close the gap between Aboriginal and Torres Strait Islander student retention and non-Aboriginal and Torres Strait Islander student retention (students in year 10 in public schools who proceed to year 12 at an ACT public senior secondary college).
 The Directorate is unable to provide specific reasons for the lower retention rate of Aboriginal and Torres Strait Islander students. Due to very small student cohorts, care should be taken when interpreting statistics for Aboriginal and Torres Strait Islander Students. There are a number of targeted and universal supports for Aboriginal and Torres Strait Islander students. These include the Student Aspirations Program, delivering secondary scholarships and the Mura Awards, and Vocational Education and Training supports and programs. Individual colleges also have school-based supports to assist Aboriginal and Torres Strait Islander students to complete year 12.
5. Variance can be impacted due to the proportionally smaller number of year 12 Aboriginal and Torres Strait Islander students. The small number of Aboriginal and Torres Strait Islander students can result in large percentage variances due to changes in circumstances and must therefore be interpreted with caution. A total of 138 Aboriginal and Torres Strait Islander Students were enrolled in year 12 at the February 2022 census (including Older O and O2), and 89 students received ACT Senior Secondary Certificate leading to the 64 per cent completion rate. O refers to students completing an abridged package in one year. O2 refers to students completing an abridged package over two years who are in their final year of study. These students are referred to as O1 prior to their final year. Students whose age cohort have already graduated are eligible to study the abridged package.
 The Directorate is not able to provide specific reasons for the lower ACTSSC attainment rate of Aboriginal and Torres Strait Islander Students. There are a number of targeted and universal supports for Aboriginal and Torres Strait Islander students to assist them to complete their schooling. These include the Student Aspirations Program, delivering secondary scholarships and the Mura Awards, and Vocational Education and Training supports and programs. Individual colleges also have school-based supports to assist Aboriginal and Torres Strait Islander students to complete year 12.

Education Directorate
Statement of Performance
For the year ended 30 June 2023

Output Class 2: Non-Government Education

Output 2.1: Non-Government School 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.

	2022-23 Target	2022-23 Result	Percentage variance from the target	Explanation of material variance (±10% or higher)
Cost (\$'000)	6,190	4,917	(20.6%)	Note 1
Controlled Recurrent Payments (\$'000)	5,500	4,399	(20.0%)	Note 1
Accountability Indicators				
a. Grants paid within the required period of receiving funds from the Commonwealth Government	100%	100%	-	
b. Notification of outcome of home education registration application within legislated timeframe	100%	100%	-	

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

Total 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*. The Accountability Indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*.

Finance notes

1. The variance is primarily due to the timing of payments associated with the Preschool Reform Agreement funding and National School Chaplaincy Program National Partnership.

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