

PART C:
**FINANCIAL
MANAGEMENT
REPORTING**

PART
C

C1 Financial Management Analysis

OVERVIEW

OBJECTIVES

The Directorate delivers quality ACT public school education and early childhood education to shape every child's future and to lay the foundation for lifelong development and learning. The Directorate works in partnership with students, parents and the community to ensure that every child and young person in the ACT will benefit from high quality, accessible education.

In addition to providing public school education and early childhood education, the Directorate is responsible for the regulation of education and care services, registration of non-government schools and home education. Through this role the Directorate also facilitates the provision of quality education services across the ACT.

A broad range of services and activities are delivered by the Directorate under five domains:

- > Quality learning – ensuring learners have access to powerful and relevant learning experiences;
- > Inspirational teaching and leadership – building the capabilities of our teachers and leaders;
- > High expectations, high performance – having high expectations for all and meeting the learning needs of every student;
- > Connecting with families and the community – partnering with families and engaging with the community to build meaningful relationships; and
- > Business innovation and improvement – improving our business systems and being open and accountable for our decisions.

RISK MANAGEMENT

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

Key risks, including mitigation strategies, are identified below:

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

The Directorate has a strong project management culture; has rigorous project management around complex reform programs (such as project planning for the Student Resource Allocation and Student Administration System reform programs) and has comprehensive corporate governance processes. In 2017, the Directorate established a Reform Program Board to strengthen governance and oversight of complex reform programs. In 2018 the Directorate is investing in building a stronger corporate planning and reporting capability.

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

The Directorate has a comprehensive professional development planning process in place and provides professional learning opportunities to staff. For example, all Directorate staff are required to have a professional development plan and undertake professional training. The Directorate is continuing to implement initiatives to reduce teacher workload.

3. Insufficient stakeholder engagement and management of stakeholder expectations.

The Directorate provides alignment through key strategic documents including the Directorate's Strategic Plan 2018-21: A Leading Learning Organisation. The Strategic Plan is communicated to schools and the community, and schools are supported in ensuring alignment through system wide planning processes. The Directorate has established a comprehensive communication strategy to engage students, families and the community around the Future of Education in the ACT.

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

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

The Directorate has undertaken a number of actions to continue to improve safety in the workplace, including hosting occupational violence risk workshops, raising awareness of workplace health and safety obligations of staff and delivery of refresher training for school principals and staff. In 2017 the Directorate developed an ACT Education Directorate Managing Occupational Violence Policy and Plan. The Directorate annually reviews emergency management frameworks and plans. Evacuation and lock down exercises are undertaken on a regular basis. Through the Protective Security Policy Framework the Directorate has programs, policies and procedures in place to continue to improve the safety of students, staff, families, visitors and contractors.

5. Inadequate information management and storage.

In 2017 the Directorate has undertaken an information security threat assessment and information security risk assessment. The Directorate ensures that assessments and certification of third party providers are in alignment with Territory Privacy and Security Requirements. The Directorate has utilised the Australian Signals Directorate Information Security Registered Assessors Program (I-RAP) and Threat Risk Assessments for software and cloud systems.

6. Deficient and disproportionate asset management planning and investment.

The Directorate conducts strategic asset management planning; provides timely advice to government about risks and associated remediation options and has focused investment on core issues – such as heating and cooling systems and electrical works.

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

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

ACCOUNTING CHANGES

There were no significant accounting changes that impacted the 2017-18 financial statements.

DIRECTORATE FINANCIAL PERFORMANCE

The Directorate has managed its operations within the 2017-18 budgeted appropriation. During the financial year, the Directorate achieved savings targets and internally managed cost pressures associated with increased enrolments including increases in numbers of students with a disability.

The table below provides a summary of the financial operations based on the audited financial statements for 2016-17 and 2017-18.

Table C1.1: Net cost of services

Net Cost of Services	Actual 2017-18 \$m	Original Budget 2017-18 \$m	Actual 2016-17 \$m
Total expenditure	780.8	781.9	728.9
Total own source revenue ¹	43.5	42.4	42.2
Net cost of services	737.3	739.5	686.7

1. Relates to Total Revenue excluding Controlled Recurrent Payments.

NET COST OF SERVICES

The Directorate's net cost of services for 2017-18 of \$737.3 million was \$2.2 million or 0.3 percent lower than, and materially in line with, the 2017-18 original budget of \$739.5 million.

In comparison to 2016-17, the net cost of services in 2017-18 increased by \$50.6 million. The net increase is primarily due to additional employee expenses associated with staff wage and salary increases, an increase in learning professionals and administrative staff numbers to meet enrolment growth, along with increased depreciation expense due to the flow on effect of the revaluation of the Directorate's land and building assets late in 2016-17, and increased repairs and maintenance expenditure.

OPERATING RESULT

In 2017-18, the operating deficit for the Directorate was \$75.1 million and was \$5.6 million or 8 percent greater than the original budget deficit of \$69.5 million. The variance was primarily due to increased expenditure related to Directorate cash funded initiatives, in addition to increased expenditure related to enrolment growth in ACT Public schools and repairs and maintenance.

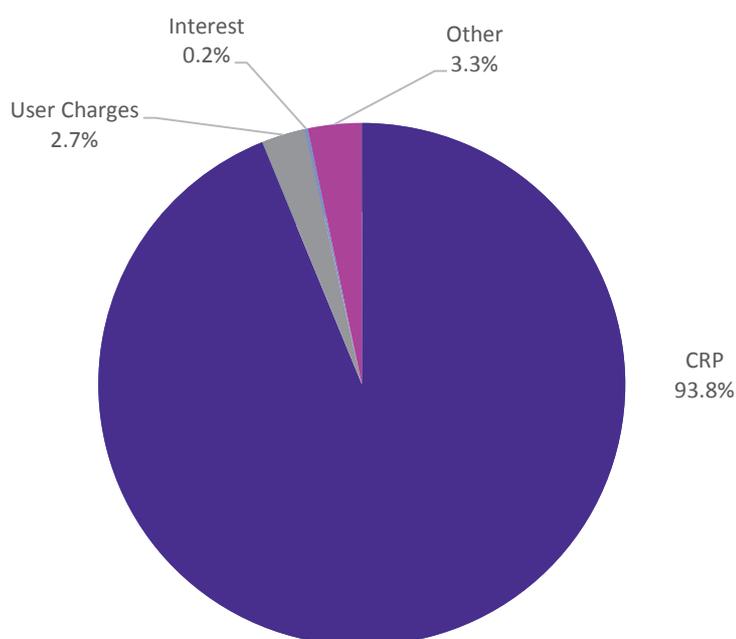
The 2017-18 total comprehensive deficit totalled \$83.1 million which comprises the 2017-18 operating deficit of \$75.1 million and a decrease in the Asset Revaluation surplus due to the impairment of Campbell Primary School and Narrabundah College, due to the demolition of buildings at each school.

Total Revenue

COMPONENTS OF REVENUE

The Directorate's revenue for 2017-18 totalled \$705.6 million. The main source of revenue for the Directorate is Controlled Recurrent Payments.

Figure C1.1: Components of Revenue 2017-18



Source: Education Directorate's 2017-18 Financial Statements.

The Directorate's revenue for 2017-18 (\$705.6 million) was \$6.8 million or 1 percent lower than the original budget (\$712.4 million), which is materially in line. In comparison to the 2016-17 actual, revenue increased by \$35.3 million or 5.3 percent.

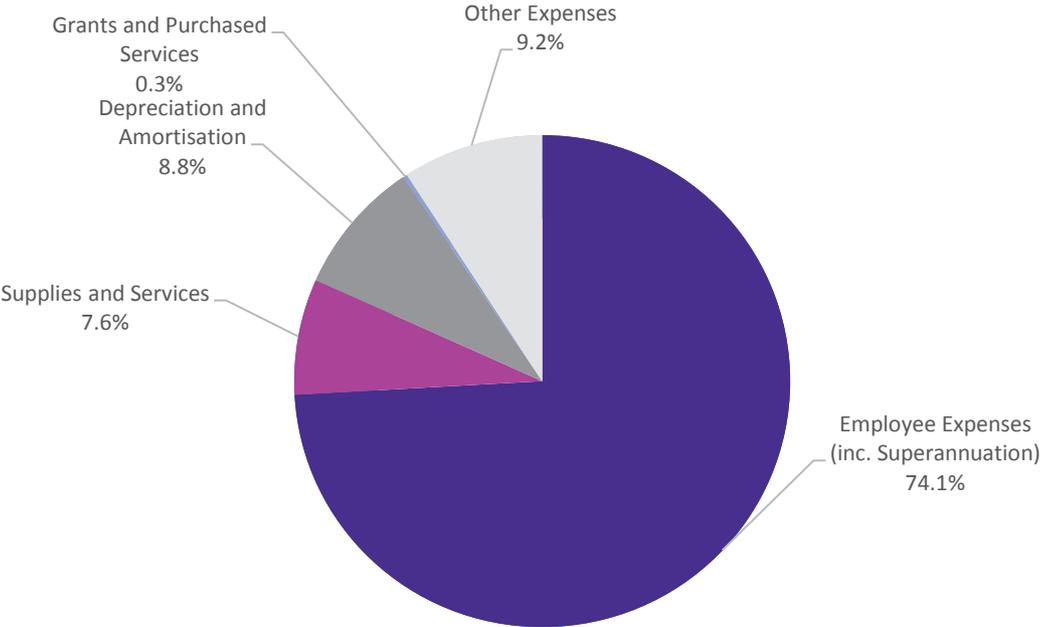
The increased revenue from 2016-17 is primarily due to additional funding received for increased salaries and wages associated with the enterprise agreements for teaching and non-teaching staff combined with increased funding for enrolment growth, Commonwealth grants and funding related to new initiatives. The increase has been partially offset by reduced costs related to workers' compensation insurance and superannuation due to a changing workforce profile.

Total Expenses

COMPONENTS OF EXPENSES

Expenses for the Directorate totalled \$780.8 million for 2017-18. As shown in Figure C1.3, the main component of expenses is employee expenses, including superannuation.

Figure C1.2: Components of Expenditure 2017-18



Source: Education Directorate's 2017-18 Financial Statements

In 2017-18, total expenses of \$780.8 million were \$1.1 million or 0.1 percent lower than the original budget of \$781.9 million which is materially in line. Higher expenditure related to additional employee costs associated with enrolment growth in ACT Public schools and repairs and maintenance, were more than offset by lower costs relating to workers compensation insurance and superannuation costs due to changing workforce profile.

Total expenses were \$51.9 million higher than the previous year (\$728.9 million). The increase primarily relates to additional employee expenses associated with enterprise agreements for teaching and non-teaching staff, enrolment growth and expenditure linked to new and cash funded initiatives, along with increased depreciation expense due to the flow on effect of the revaluation of the Directorate's land and building assets late in 2016-17, and increased repairs and maintenance expenditure.

Table C1.2: Line item explanation of significant variances from the amended budget – Controlled operating statement

	Actual 2017-18 \$m	Original Budget 2017-18 \$m	Variance \$m ¹
Revenue			
Controlled Recurrent Payments ²	662.1	670.1	(8.0)
User charges	19.0	18.7	0.3
Interest and distribution from investments	1.3	1.4	(0.1)
Resources received free of charge	0.7	0.7	-
Other revenue	22.6	21.5	1.1
Total Revenue ¹	705.6	712.4	(6.7)
Expenses			
Employee expenses ³	506.8	501.3	5.5
Superannuation expenses ⁴	71.9	76.9	(5.0)
Supplies and services	59.3	62.1	(2.8)
Depreciation	68.8	68.0	0.8
Grants and purchased services	2.2	3.4	(1.2)
Other	71.7	70.2	1.5
Total Expenses ¹	780.8	781.9	(1.2)

Notes:

1. Figures may not add due to rounding.
2. The lower than budgeted Controlled Recurrent Payments primarily relates to lower worker's compensation costs and rollover of appropriation from 2017-18 to meet anticipated cost of the new non-teaching staff enterprise agreement.
3. Higher than anticipated expenditure primarily relates to growth in staff numbers to meet increased student enrolment in ACT public schools.
4. Lower than anticipated superannuation expenditure against budget due to changing workforce profile.

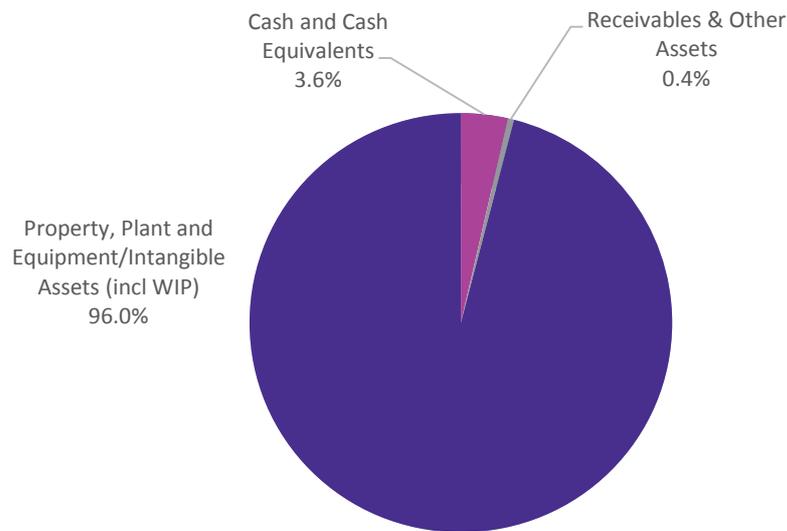
Financial Position

TOTAL ASSETS

Components of Total Assets

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

Figure C1.3: Total Assets at 30 June 2018



Source: Education Directorate's 2017-18 Financial Statements.

Comparison to Budget

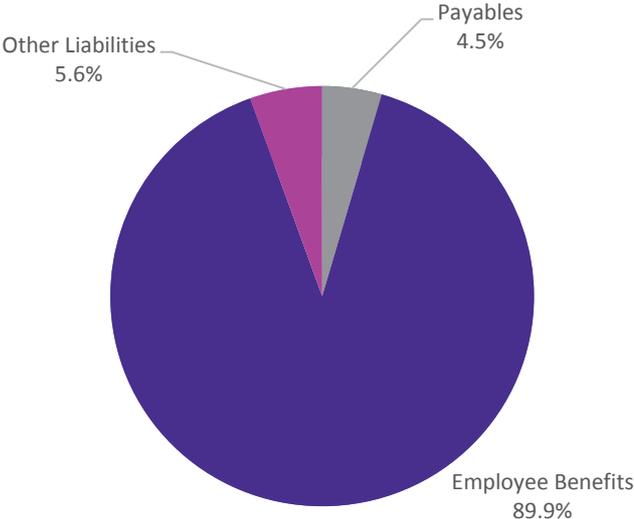
At 30 June 2018, the Directorate's assets totalled \$2.0 billion, which was materially in line with the 2017-18 original budget.

In comparison to 30 June 2017, total assets increased by \$18.6 million or 0.9 percent primarily due to the addition of capital works projects to the Directorate's assets base.

Components of Total Liabilities

The Directorate’s liabilities comprised mostly of employee benefits.

Figure C1.4: Total liabilities at 30 June 2018



Source: Education Directorate’s 2017-18 Financial Statements.

At 30 June 2018, the Directorate’s liabilities totalled \$167.7 million. This was \$3.6 million or 2.2 percent higher than the amended budget of \$164.1 million primarily due to an increase in capital works related creditors and employee benefits, offset by lower than anticipated revenue received in advance from International Private Students.

In comparison to 30 June 2017, total liabilities increased by \$5.9 million or 3.7 percent primarily relating to an increase in employee benefits due to increased wage and salary related expenditure.

Current Assets to Current Liabilities

At 30 June 2018, the Directorate’s current assets (\$79.7 million) were lower than its current liabilities (\$151.8 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 C1.3: Line item explanation of significant variances from the amended budget – Controlled balance sheet

Variance from budget	Actual 30 June 2018 \$m	Original Budget 30 June 2018 \$m	Variance \$m ¹
Current assets			
Cash and cash equivalents ²	72.4	79.4	(7.0)
Receivables	5.4	3.3	2.1
Investments	0.3	0.3	-
Other Assets	1.6	1.4	0.2
Total current assets	79.7	84.4	(4.7)
Non-current assets			
Investments	1.9	1.9	-
Property, plant and equipment and intangible assets (including capital works in progress) ³	1,937.8	1,928.8	9.0
Total non-current assets	1,939.7	1,930.7	9.0
Total assets¹	2,019.3	2,015.1	4.2
Variance from budget			
	Actual 30 June 2018 \$m	Original Budget 30 June 2018 \$m	Variance \$m¹
Current liabilities			
Payables	7.6	4.4	3.2
Employee benefits ⁴	138.3	137.5	0.8
Other liabilities	5.9	7.3	(1.4)
Total current liabilities	151.8	149.2	2.6
Non-current liabilities			
Employee benefits	12.5	11.7	0.8
Other borrowings	3.4	3.2	0.2
Total non-current liabilities	15.9	14.9	1.0
Total liabilities¹	167.7	164.1	3.6

Notes:

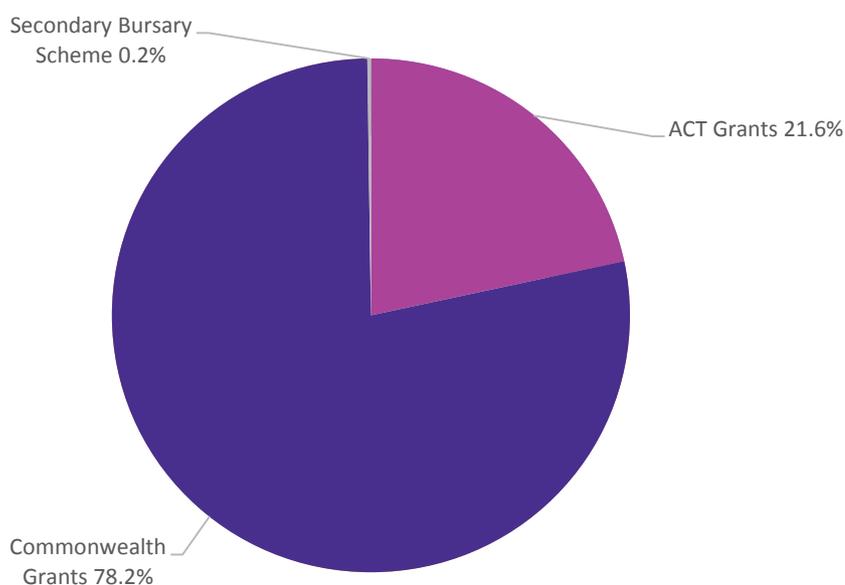
1. Figures may not add due to rounding.
2. Decrease primarily related to increased Directorate cash funded initiatives, offset by increase in school cash balances.
3. Increase primarily relates to capitalisation of capital works projects.
4. Primarily due to the increased expenditure related to wages and salaries and accrual.

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 C1.5: Sources of Territorial Revenue



Source: Education Directorate's 2017-18 Financial Statements.

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

Territorial revenue totalled \$296.1 million in 2017-18, which was \$12.0 million or 4.3 percent higher than original budget of \$284.1 million. The increase in revenue primarily related to Australian Government grants reflecting the impact of the National Education Reform Agreement: Australian Capital Territory Bilateral Agreement's 'Schooling Resource Standard' (NERA SRS).

When compared to the same period last year, total revenue increased by \$23.4 million or 8.6 percent primarily due to higher levels of general recurrent grants for non-government schools reflecting the impact of increased NERA SRS.

Territorial Expenses

Territorial expenses primarily comprised of grant payments to non-government schools (\$296.1 million). Territorial expenses in 2017-18 were \$6.8 million or 2.3 percent higher than amended budget. The increase in revenue primarily related to the NERA SRS.

When compared to the same period last year, total expenses increased by \$23.4 million or 8.6 percent primarily due to higher levels of general recurrent grants for non-government schools reflecting the impact of increased Commonwealth and ACT Government grants in accordance with the NERA SRS.

For further information contact:

Chief Finance Officer

Strategic Finance

Telephone: (02) 6205 2685

C2 Financial Statements



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY 

Sensitive: Auditor-General

A18/09

Ms Yvette Berry MLA
Minister for Education and Early Childhood Development
ACT Legislative Assembly
London Circuit
CANBERRA CITY ACT 2601

Dear Ms Berry

**AUDIT REPORT - EDUCATION DIRECTORATE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

The Audit Office has completed the audit of the financial statements of the Education Directorate for the year ended 30 June 2018.

Attached is a copy of the audited financial statements and an unqualified audit report.

I have provided the original financial statements and audit report to the Director-General of the Education Directorate, Ms Natalie Howson.

Yours sincerely

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

Brett Stanton
Director, Performance Audits
14 September 2018

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**INDEPENDENT AUDIT REPORT
EDUCATION DIRECTORATE****To the Members of the ACT Legislative Assembly****Audit opinion**

I am providing an **unqualified audit opinion** on the financial statements of the Education Directorate (the Directorate) for the year ended 30 June 2018. These comprise the following financial statements and accompanying notes:

- Controlled financial statements – operating statement, balance sheet, statement of changes in equity, cash flow statement 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, cash flow statement on behalf of the Territory and Territorial statement of appropriation.

In my opinion, the financial statements:

- (i) are presented in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Directorate and results of its operations and cash flows.

Basis for the audit opinion

The audit was conducted in accordance with the Australian Auditing Standards. I have complied with the requirements of the Accounting Professional and Ethical Standards 110 *Code of Ethics for Professional Accountants*.

I believe that sufficient evidence was obtained during the audit to provide a basis for the audit opinion.

Responsibility for preparing and fairly presenting the financial statements

The Director-General of the Directorate 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.

Responsibility for the audit of the financial statements

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

As required by Australian Auditing Standards, the auditors:

- applied professional judgement and maintained scepticism;
- identified and assessed the risks of material misstatements due to error or fraud and implemented procedures to address these risks so that sufficient evidence was obtained to form an audit opinion. The risk of not detecting material misstatements due to fraud is higher than the risk due to error, as fraud may involve collusion, forgery, intentional omissions or misrepresentations or the override of internal controls;
- obtained an understanding of internal controls to design audit procedures for forming an audit opinion;
- evaluated accounting policies and estimates used to prepare the financial statements and disclosures made in the financial statements;
- evaluated the overall presentation and content of the financial statements, including whether they present the underlying transactions and events in a manner that achieves fair presentation;
- reported the scope and timing of the audit and any significant deficiencies in internal controls identified during the audit to the Director-General; and
- assessed the going concern* basis of accounting used in the preparation of the financial statements.

(*Where the auditor concludes that a material uncertainty exists which casts significant doubt on the appropriateness of using the going concern basis of accounting, the auditor is required to draw attention in the audit report to the relevant disclosures in the financial statements or, if such disclosures are inadequate, the audit opinion is to be modified. The auditor's conclusions on the going concern basis of accounting are based on the audit evidence obtained up to the date of this audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.)

Limitations on the scope of the audit

An audit provides a high level of assurance about whether the financial statements are free from material misstatements, whether due to fraud or error. However, an audit cannot provide a guarantee that no material misstatements exist due to the use of selective testing, limitations of internal control, persuasive rather than conclusive nature of audit evidence and use of professional judgement in gathering and evaluating evidence.

An audit does not provide assurance on the:

- reasonableness of budget information included in the financial statements;
- prudence of decisions made by the Directorate;
- adequacy of controls implemented by the Directorate; or
- integrity of the audited financial statements presented electronically or information hyperlinked to or from the financial statements. Assurance can only be provided for the printed copy of the audited financial statements.



Brett Stanton
Director, Performance Audits

14 September 2018

Financial Statements
For the Year Ended
30 June 2018

Education Directorate

**Education Directorate
Financial Statements
For the Year Ended 30 June 2018**

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Directorate's accounts and records and fairly reflect the financial operations of the Directorate for the year ended 30 June 2018 and the financial position of the Directorate on that date.



Natalie Howson
Director-General
Education Directorate

7 September 2018

**Education Directorate
Financial Statements
For the Year Ended 30 June 2018**

Statement by the Chief Finance Officer

In my opinion, the financial statements have been prepared in accordance with the Australian Accounting Standards, and are in agreement with the Directorate's accounts and records and fairly reflect the financial operations of the Directorate for the year ended 30 June 2018 and the financial position of the Directorate on that date.



Lynette Daly

Chief Finance Officer

Education Directorate

7 September 2018

EDUCATION DIRECTORATE

CONTROLLED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2018**

**Education Directorate
Operating Statement
For the Year Ended 30 June 2018**

	Note No.	Actual 2018 \$'000	Original Budget 2018 \$'000	Actual 2017 \$'000
Income				
<i>Revenue</i>				
Controlled Recurrent Payments	4	662 146	670 059	628 063
User Charges	5	18 952	18 728	18 478
Interest		1 199	1 396	1 128
Distribution from Investments with the Territory Banking Account		61	84	90
Resources Received Free of Charge		688	666	595
Other Revenue	6	22 587	21 478	21 942
Total Revenue		705 633	712 411	670 296
Total Income		705 633	712 411	670 296
Expenses				
Employee Expenses	7	506 780	501 268	469 676
Superannuation Expenses	8	71 914	76 904	69 419
Supplies and Services	9	59 344	62 115	55 559
Depreciation and Amortisation	10	68 777	67 987	61 838
Grants and Purchased Services		2 231	3 450	2 709
School and Other Expenses	11	71 734	70 221	69 681
Total Expenses		780 780	781 945	728 882
Operating (Deficit)		(75 147)	(69 534)	(58 586)
Other Comprehensive Income				
(Decrease)/Increase in Asset Revaluation Surplus		(7 917)	120 202	140 553
Total Other Comprehensive Income		(7 917)	120 202	140 553
Total Comprehensive (Deficit)/Surplus		(83 064)	50 668	81 967

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

**Education Directorate
Balance Sheet
As at 30 June 2018**

	Note No.	Actual 2018 \$'000	Original Budget 2018 \$'000	Actual 2017 \$'000
Current Assets				
Cash and Cash Equivalents	14	72 389	79 419	77 819
Receivables	15	5 400	3 265	2 866
Investments	16	261	260	261
Other Assets - Prepayments		1 600	1 456	1 859
Total Current Assets		79 650	84 400	82 805
Non-Current Assets				
Investments	16	1 860	1 912	1 860
Property, Plant and Equipment	17	1 903 969	1 891 388	1 906 347
Intangible Assets	18	5 654	6 791	1 257
Capital Works in Progress	19	28 210	30 630	8 494
Total Non-Current Assets		1 939 693	1 930 721	1 917 958
Total Assets		2 019 343	2 015 121	2 000 763
Current Liabilities				
Payables	20	7 628	4 400	7 058
Employee Benefits	21	138 274	137 510	132 769
Other Liabilities	22	5 887	7 282	6 804
Total Current Liabilities		151 789	149 192	146 631
Non-Current Liabilities				
Employee Benefits	21	12 545	11 694	11 189
Other Liabilities	22	3 361	3 177	3 967
Total Non-Current Liabilities		15 906	14 871	15 156
Total Liabilities		167 695	164 063	161 787
Net Assets		1 851 648	1 851 058	1 838 976
Equity				
Accumulated Funds		853 677	865 521	833 088
Asset Revaluation Surplus	23	997 971	985 537	1 005 888
Total Equity		1 851 648	1 851 058	1 838 976

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

**Education Directorate
Statement of Changes in Equity
For the Year Ended 30 June 2018**

	Accumulated Funds Actual 2018 \$'000	Asset Revaluation Surplus Actual 2018 \$'000	Total Equity Actual 2018 \$'000	Original Budget 2018 \$'000
Note No.				
Balance at 1 July 2017	833 088	1 005 888	1 838 976	1 714 788
Comprehensive Income				
Operating (Deficit)	(75 147)	-	(75 147)	(69 534)
(Decrease)/Increase in the Asset Revaluation Surplus	-	(7 917)	(7 917)	120 202
Total Comprehensive (Deficit)/Income	(75 147)	(7 917)	(83 064)	50 668
Transactions Involving Owners Affecting Accumulated Funds				
Capital Injections	95 736	-	95 736	85 602
Total Transactions Involving Owners Affecting Accumulated Funds	95 736	-	95 736	85 602
Balance at 30 June 2018	853 677	997 971	1 851 648	1 851 058

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

**Education Directorate
Statement of Changes in Equity - Continued
For the Year Ended 30 June 2018**

	Accumulated Funds Actual 2017 \$'000	Asset Revaluation Surplus Actual 2017 \$'000	Total Equity Actual 2017 \$'000
Note No.			
Balance at 1 July 2016	865 704	865 335	1 731 039
Comprehensive Income			
Operating (Deficit)	(58 586)	-	(58 586)
Increase in Asset Revaluation Surplus	23	140 553	140 553
Total Comprehensive (Deficit)/Income	(58 586)	140 553	81 967
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	25 970	-	25 970
Total Transactions Involving Owners Affecting Accumulated Funds	25 970	-	25 970
Balance at 30 June 2017	833 088	1 005 888	1 838 976

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

**Education Directorate
Cash Flow Statement
For the Year Ended 30 June 2018**

	Note No.	Actual 2018 \$'000	Original Budget 2018 \$'000	Actual 2017 \$'000
Cash Flows from Operating Activities				
Receipts				
Controlled Recurrent Payments		662 146	670 059	628 063
User Charges		17 428	18 728	19 054
Interest Received		1 199	1 396	1 128
Distribution from Investments with the Territory Banking Account		61	84	88
Other		22 128	21 478	21 230
Goods and Services Tax Received		21 402	19 352	16 331
Total Receipts from Operating Activities		724 364	731 097	685 894
Payments				
Employees		498 008	497 725	474 238
Superannuation		71 891	76 904	69 128
Supplies and Services		60 101	61 449	53 321
Grants and Purchased Services		2 231	3 450	2 709
Schools and Other		70 918	70 122	69 961
Goods and Services Tax Paid		23 016	19 352	16 319
Total Payments from Operating Activities		726 165	729 002	685 676
Net Cash (Outflows)/ Inflows from Operating Activities	28	(1 801)	2 095	218
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale of Property, Plant and Equipment		54	-	180
Payments				
Purchase of Property, Plant and Equipment		98 812	87 526	28 968
Net Cash (Outflows) from Investing Activities		(98 758)	(87 526)	(28 788)
Cash Flows from Financing Activities				
Receipts				
Capital Injections		95 736	85 602	25 970
Payments				
Repayment of Loan		607	772	418
Net Cash Inflows from Financing Activities		95 129	84 830	25 552
Net (Decrease) in Cash and Cash Equivalents Held		(5 430)	(601)	(3 018)
Cash and Cash Equivalents at the Beginning of the Reporting Period		77 819	80 020	80 837
Cash and Cash Equivalents at the End of the Reporting Period	28	72 389	79 419	77 819

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

**Education Directorate
Summary of Directorate Output Classes
For the Year Ended 30 June 2018**

	Output Class 1 \$'000	Output Class 2 \$'000	Total \$'000
2018			
Total Income	702 369	3 264	705 633
Total Expenses	777 170	3 610	780 780
Operating (Deficit)	(74 801)	(346)	(75 147)
2017			
Total Income	666 819	3 477	670 296
Total Expenses	(725 042)	(3 840)	(728 882)
Operating (Deficit)	(58 223)	(363)	(58 586)

Education Directorate
Operating Statement for Output Class 1 - Public School Education
For the Year Ended 30 June 2018

Description

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

	Actual 2018 \$'000	Original Budget 2018 \$'000	Actual 2017 \$'000
Income			
<i>Revenue</i>			
Controlled Recurrent Payments	559 178	566 826	524 878
User Charges	18 949	18 668	18 460
Interest	1 192	1 396	1 123
Distribution from Investments with the Territory Banking Account	61	83	90
Resources Received Free of Charge	686	661	592
Other Revenue	22 303	21 118	21 676
Total Revenue	702 369	708 752	666 819
Total Income	702 369	708 752	666 819
Expenses			
Employee Expenses	504 896	499 741	467 766
Superannuation Expenses	71 647	76 630	69 137
Supplies and Services	58 468	60 962	54 547
Depreciation and Amortisation	68 639	67 791	61 726
Grants and Purchased Services	1 801	2 745	2 197
Other Expenses	71 719	70 221	69 669
Total Expenses	777 170	778 090	725 042
Operating (Deficit)	(74 801)	(69 338)	(58 223)

Education Directorate
Operating Statement for Output Class 2 - Non Government Education
For the Year Ended 30 June 2018

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 2018 \$'000	Original Budget 2018 \$'000	Actual 2017 \$'000
Income			
<i>Revenue</i>			
Controlled Recurrent Payments	2 968	3 233	3 185
User Charges	3	60	18
Interest	7	-	5
Distribution from Investments with the Territory Banking Account	-	1	-
Resources Received Free of Charge	2	5	3
Other Revenue	284	360	266
<i>Total Revenue</i>	<u>3 264</u>	<u>3 659</u>	<u>3 477</u>
Total Income	<u>3 264</u>	<u>3 659</u>	<u>3 477</u>
Expenses			
Employee Expenses	1 884	1 527	1 910
Superannuation Expenses	267	274	282
Supplies and Services	876	1 153	1 012
Depreciation and Amortisation	138	196	112
Grants and Purchased Services	430	705	512
Other Expenses	15	-	12
Total Expenses	<u>3 610</u>	<u>3 855</u>	<u>3 840</u>
Operating (Deficit)	<u>(346)</u>	<u>(196)</u>	<u>(363)</u>

**Education Directorate
Financial Statements
For the Year Ended 30 June 2018**

DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES

Year Ended 30 June 2018

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

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

**Education Directorate
Financial Statements
For the Year Ended 30 June 2018**

DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES - CONTINUED

Year Ended 30 June 2017

	Output Class 1 \$'000	Output Class 2 \$'000	Unallocated \$'000	Total \$'000
Current Assets				
Cash and Cash Equivalents ¹	46 868	228	30 723	77 819
Investments	261	-	-	261
Receivables	2 830	36	-	2 866
Other Assets	1 850	9	-	1 859
Total Current Assets	51 809	273	30 723	82 805
Non-Current Assets				
Investments	1 860	-	-	1 860
Property, Plant and Equipment	1 906 347	-	-	1 906 347
Intangible Assets	1 257	-	-	1 257
Capital Works in Progress	8 494	-	-	8 494
Total Non-Current Assets	1 917 958	-	-	1 917 958
Total Assets	1 969 767	273	30 723	2 000 763
Current Liabilities				
Payables	7 022	36	-	7 058
Employee Benefits	132 229	540	-	132 769
Other Liabilities	6 804	-	-	6 804
Total Current Liabilities	146 055	576	-	146 631
Non-Current Liabilities				
Employee Benefits	11 143	46	-	11 189
Other Liabilities	3 967	-	-	3 967
Total Non-Current Liabilities	15 110	46	-	15 156
Total Liabilities	161 165	622	-	161 787
Net Assets	1 808 602	(349)	30 723	1 838 976

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

**Education Directorate
Controlled Statement of Appropriation
For the Year Ended 30 June 2018**

	Note No.	Original Budget 2018 \$'000	Total Appropriated 2018 \$'000	Total Appropriation Drawn 2018 \$'000	Appropriation Drawn 2017 \$'000
Controlled					
Controlled Recurrent Payments	4	670 059	671 764	662 146	628 063
Capital Injections		85 602	122 610	95 736	25 970
Total Controlled Appropriation		755 661	794 374	757 882	654 033

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

Column Heading Explanations

- The *Original Budget* column shows the amounts that appear in the Cash Flow Statement in the Budget Papers. This amount also appears in these financial statements, in the Cash Flow Statement.
- The *Total Appropriated* column is inclusive of all appropriation variations occurring after the Original Budget.
- The *Appropriation Drawn* is the total amount of appropriation received by the Directorate during the year. This amount appears in these financial statements, in the Cash Flow Statement.

Variances between 'Original Budget' and 'Total Appropriated'

Controlled Recurrent Payments

The difference between the original budget and total appropriated mainly related to the transfer of funds from 2016-17 (\$1.186m) including professional development funds (\$0.434m), the Independent Public Schools national partnership (\$0.263m) and the School Modernisation project (\$0.250m), combined with new funding provided through the second appropriation for the Technology Enabled Learning program (\$0.519m).

Capital Injection

The difference between the original budget and the total appropriated relates to the transfer of funds from 2016-17 (\$17.845m) and the second appropriation (\$19.163m) which provided funding for works at Narrabundah College, Campbell Primary School and the Technology Enabled Learning program. The transfer of funds from 2016-17 included funding provided for the Public School Infrastructure Upgrades and Supporting our School System - Improving ICT projects.

Variances between 'Total Appropriated' and 'Appropriation Drawn'

Controlled Recurrent Payments

The difference between the total appropriated and appropriation drawn mainly related to lower than budgeted workers compensation insurance costs (\$3.119m) and funds transferred to 2018-19 (\$6.121m). Funds transferred to 2018-19 included transfers associated with delays in finalisation of the clerical enterprise bargaining agreement, professional development funds and early childhood scholarships.

Capital Injections

The difference between the total appropriated and appropriation drawn relates to the transfer of funds to 2018-19 (\$26.874m). The transfer of funds to 2018-19 largely related to project expenditure delays associated with contractor prequalification and tender processes for the Modernising Belconnen High School project and Schools for the Future - North Gurigahlin and Molonglo projects and the extended timeframe for the Education Cloud Enablement project which impacted expenditure on the Supporting our School System - Improving ICT project.

**EDUCATION DIRECTORATE
CONTROLLED NOTE INDEX – CONTINUED**

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**Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018**

NOTE 1. OBJECTIVES OF THE DIRECTORATE

Operations and Principal Activities

The Education Directorate (the Directorate) delivers quality public school education and early childhood education to shape every child's future and to lay the foundation for lifelong development and learning. The Directorate works in partnership with students, parents and the community to ensure that every child and young person in the ACT will benefit from high quality, accessible education.

In addition to providing public school education and early childhood education, the Directorate is responsible for the regulation of education and care services, registration of non-government schools and home education. Through this role the Directorate also facilitates the provision of quality education services across the ACT.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

- Appendix A – Basis of Preparation of the Financial Statements
- Appendix B – Significant Accounting Policies
- Appendix C – Impact of Accounting Standards Issued But Yet to be Applied

NOTE 3. CHANGE IN ACCOUNTING ESTIMATES

Refer to Appendix D – Change in Accounting Estimates.

NOTE 4. CONTROLLED RECURRENT PAYMENTS

	2018 \$'000	2017 \$'000
Revenue from ACT Government		
Controlled Recurrent Payments ¹	662 146	628 063
Total	662 146	628 063

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

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 5. USER CHARGES

	2018 \$'000	2017 \$'000
User Charges - ACT Government		
User Charges - ACT Government	357	534
Total	357	534
User Charges - Non-ACT Government		
International Private Students Program ¹	10 462	9 995
Active Leisure Centre	2 891	2 982
Hire of Facilities and Recreational Activities	689	612
Commonwealth National Agreements ²	4 000	3 729
Commonwealth Own Purpose Payments (COPE) / Specific Projects	389	467
Other	164	159
Total	18 595	17 944
Total User Charges for Goods and Services	18 952	18 478

1. The increase mainly relates to indexation of international student fees.
2. The increase primarily relates to indexation of Commonwealth funding for Jervis Bay School and Telopea Park School.

NOTE 6. OTHER REVENUE

Mainly comprises schools revenue from voluntary contributions, fund raising revenue and excursion funds.

Other Revenue		
School Revenue ¹	21 420	20 875
ACT Teacher Quality Institute	923	864
Other	244	203
Total	22 587	21 942

1. The increase mainly relates to higher community use revenue and the payment of Commonwealth Government funding associated with the Defence School Transition Aide program direct to schools.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 7. EMPLOYEE EXPENSES

	2018	2017
	\$'000	\$'000
Wages and Salaries ¹	491 708	464 117
Movement in Employee Benefits ²	6 561	(6 383)
Workers' Compensation Insurance Premium ³	8 511	11 942
Total	506 780	469 676

1. The increase is mainly due to wage increases provided through enterprise bargaining agreements for teaching and administrative staff and salary costs due to enrolment increases in public schools.
2. The increase relates to a change in the present value factor used to calculate employee benefits.
3. The decrease is due to a one-off reduction in workers compensation insurance in 2017-18.

NOTE 8. SUPERANNUATION EXPENSES

Superannuation Contributions to the Territory Banking Account	33 042	33 549
Productivity Benefit	4 433	4 684
Superannuation to External Providers ¹	34 439	31 186
Total	71 914	69 419

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

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 9. SUPPLIES AND SERVICES

	2018	2017
	\$'000	\$'000
Supplies and Services		
Property and Maintenance ¹	18 575	16 793
Materials and Services	30 803	29 781
Travel and Transport	749	881
Administrative ²	4 208	2 879
Financial	3 739	4 100
Operating Lease Costs	1 214	1 106
Write-Off of Assets	56	19
Total	59 344	55 559

1. The increase primarily relates to additional programmed maintenance work in schools undertaken by Education Support Office.
2. The increase mainly relates to Act of Grace payments and legal costs.

NOTE 10. DEPRECIATION AND AMORTISATION

Depreciation		
Buildings and Land Improvements ¹	56 668	50 739
Plant and Equipment ²	11 786	9 910
Leasehold Improvements	5	943
Total Depreciation	68 459	61 592
Amortisation		
Intangible Assets	318	246
Total Amortisation	318	246
Total Depreciation and Amortisation	68 777	61 838

1. The increase is due to the flow-on impact of the revaluation of assets in 2016-17 combined with capitalisation of new assets at the end of 2016-17.
2. The increase is mainly due to depreciation associated with new ICT assets.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 11. SCHOOL AND OTHER EXPENSES

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

	2018 \$'000	2017 \$'000
School Expenses ¹	68 060	65 712
Other Expenses	3 674	3 969
Total	71 734	69 681

1. The increase primarily relates to increased utility costs and higher levels of programmed maintenance undertaken directly by schools.

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

Write-offs		
Write-Off of Assets	56	18
Total	56	18
Impairment Losses		
Property, Plant and Equipment ¹	7 917	-
Total	7 917	-
Act of Grace Payments		
Payment relating to cleaning contracts ²	202	-
Total	202	-
Total Act of Grace Payments, Waivers, Impairment Losses and Write-offs	8 175	18

1. An impairment loss has been recognised in 2017-18 for Campbell Primary School (\$3.816 million) and Narrabundah College (\$4.101 million). The impairment loss recognises the demolition of buildings at the school sites.
2. Under Section 130 of the *Financial Management Act 1996* the Treasurer may, in writing, authorise Act of Grace Payments be made by a Directorate. In 2017-18, the Treasurer authorised Act of Grace Payments to ACT public school cleaners affected by transition arrangements between the expiration of prior contracts and the commencement of new contractual arrangements.
3. There were no waivers provided in 2016-17 or 2017-18.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 13. AUDITOR'S REMUNERATION

Auditor's remuneration consists of financial audit services provided to the Directorate by the ACT Audit Office. No other services were provided by the ACT Audit Office.

	2018 \$'000	2017 \$'000
Audit Services		
Audit Fees Paid or Payable to the ACT Audit Office	153	136
Total	<u>153</u>	<u>136</u>

NOTE 14. CASH AND CASH EQUIVALENTS

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

Educational Support Office Bank Accounts ¹	22 137	30 717
School Management Accounts ²	49 481	46 523
ACT Teacher Quality Institute Bank Account	712	508
Other Operations Bank Accounts	49	61
Cash on Hand	10	10
Total	<u>72 389</u>	<u>77 819</u>

1. The reduction in cash held largely relates to utilisation of cash held for specific projects including internally and externally funded programs.
2. The increase mainly relates to increased community use revenue and additional community donations including from Parents and Citizens Associations.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 15. RECEIVABLES

	2018	2017
	\$'000	\$'000
Current Receivables		
Trade Receivables ¹	1 643	767
Less: Allowance for Impairment Losses	(146)	(207)
	1 497	560
Other Trade Receivables ¹	434	375
Less: Allowance for Impairment Losses	-	-
	434	375
Accrued Revenue	41	116
Net Goods and Services Tax Receivable ²	3 428	1 815
Total Current Receivables	3 469	1 931
Total Receivables	5 400	2 866

1. The increase relates to a receivable associated with Commonwealth funding for the Jervis Bay school.
2. The increase is due to timing of payments.

Ageing of Receivables

	Not Overdue		Overdue		Total
		Less than 30 Days	30 to 60 Days	Greater than 60	
	\$'000	\$'000	\$'000	\$'000	\$'000
2018					
Not Impaired					
Receivables	4 727	142	158	373	5 400
Impaired					
Receivables	-	-	-	146	146
2017					
Not Impaired					
Receivables	2 221	134	26	485	2 866
Impaired					
Receivables	-	-	-	207	207

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 15. RECEIVABLES - CONTINUED

	2018	2017
	\$'000	\$'000
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	207	187
(Less)/Additional Allowance Recognised During the Reporting Period	(61)	20
Allowance for Impairment Losses at the End of the Reporting Period	146	207
Classification of ACT Government/Non-ACT Government Receivables		
Receivables from ACT Government Entities		
Net Trade Receivables	149	55
Net Other Trade Receivables	28	5
Accrued Revenue	17	18
Total Receivables from ACT Government Entities	194	78
Receivables from Non-ACT Government Entities		
Net Trade Receivables	1 494	712
Net Other Trade Receivables	406	370
Accrued Revenue	24	98
Net Goods and Services Tax Receivable	3 428	1 815
Less: Allowance for Impairment Losses	(146)	(207)
Total Receivables from Non-ACT Government Entities	5 206	2 788
Total Receivables	5 400	2 866

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 16. INVESTMENTS

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

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

	2018 \$'000	2017 \$'000
Current Investments		
Investments with the Territory Banking Account - Cash Enhanced Portfolio	261	261
Total	261	261
Non-Current Investments		
Investments with the Territory Banking Account - Fixed Interest Portfolio	1 860	1 860
Total	1 860	1 860
Total Investments¹	2 121	2 121

1. The unit value of the Directorate's investments did not change during 2017-18.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 17. PROPERTY, PLANT AND EQUIPMENT

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

	2018 \$'000	2017 \$'000
Land and Buildings		
Land at Fair Value	358 518	358 518
Total Land Assets	358 518	358 518
Buildings and Improvements to Land at Fair Value	1 566 081	1 517 223
Less: Accumulated Depreciation	(56 668)	-
Total Written-Down Value of Buildings and Improvements to Land	1 509 413	1 517 223
Total Land and Written Down Value of Buildings and Improvements to Land	1 867 931	1 875 741
Leasehold Improvements		
Leasehold Improvements at Cost	5 697	5 670
Less: Accumulated Depreciation	(5 648)	(5 643)
Total Written-Down Value of Leasehold Improvements	49	27
Plant and Equipment		
Plant and Equipment at Cost	138 939	121 979
Less: Accumulated Depreciation	(102 950)	(91 400)
Total Written-Down Value of Plant and Equipment	35 989	30 579
Total	1 903 969	1 906 347

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 17. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

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

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

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 17. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2016-17.

	Land \$'000	Buildings and Improvements to Land \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	316 745	1 453 390	943	33 129	1 804 207
Additions	-	15 792	27	7 371	23 190
Revaluation Increment	41 773	98 780	-	-	140 553
Depreciation	-	(50 739)	(943)	(9 910)	(61 592)
Write-offs/Other	-	-	-	(11)	(11)
Carrying Amount at the End of the Reporting Period	358 518	1 517 223	27	30 579	1 906 347

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 17. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Fair Value Hierarchy

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

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

Details of the Directorate's property, plant and equipment at fair value and information about the Fair Value Hierarchy as at 30 June 2018 are as follows:

2018

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

2017

	Classification According to Fair Value Hierarchy			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Property, Plant and Equipment at Fair Value				
Land	-	-	358 518	358 518
Buildings and Improvements to Land	-	-	1 517 223	1 517 223
	-	-	1 875 741	1 875 741

Transfers Between Categories

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

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 17. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Valuation Techniques, inputs and processes

Level 2 Valuation Techniques and Inputs

Valuation Technique: The valuation technique used to value land and buildings is the market approach that reflects recent transaction prices for similar properties and buildings (comparable in location and size).

Inputs: Prices and other relevant information generated by market transactions involving comparable land and buildings were considered. Regard was taken of the Crown Lease terms and tenure. The Australian Capital Territory Plan and the National Capital Plan, where applicable, as well as current zoning were also used.

Level 3 Valuation Techniques and Significant Unobservable Inputs

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

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

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

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

There has been no change to the above valuation techniques during the year.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 18. INTANGIBLE ASSETS

The Directorate has internally generated software.

	2018	2017
	\$'000	\$'000
Computer Software		
<i>Internally Generated Software</i>		
Computer Software at Cost ¹	6 834	2 119
Less: Accumulated Amortisation	(1 180)	(862)
Total Computer Software	5 654	1 257

1. The movement primarily relates to internally generated software associated with the School Administration System.

NOTE 19. CAPITAL WORKS IN PROGRESS

Assets under construction include buildings, infrastructure assets and software.

Capital Works in Progress	28 210	8 494
Total	28 210	8 494

Reconciliation of Capital Works in Progress¹

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

Balance at the Beginning of the Reporting Period	8 494	2 449
Additions ²	96 395	27 102
Capitalised to Property, Plant and Equipment ³	(76 679)	(21 057)
Carrying Amount at the End of the Reporting Period	28 210	8 494

1. The reconciliation of capital works in 2017-18 has been prepared on a gross movement basis to reflect the full amount added to capital works in progress during the year. In previous years the reconciliation was prepared on a net movement basis. 2016-17 comparatives have been updated to reflect the gross movement.
2. The additions primarily relate to Better Schools for our Kids – Narrabundah College and Campbell Primary School, Schools for the Future – North Gungahlin and Moongie and Modernising Belconnen High School projects and the Technology Enabled Learning program.
3. The capitalisation to property plant and equipment includes the Public School Infrastructure Upgrades program, Better Schools – Investment in Gungahlin School Infrastructure project and Better Schools for our Kids – Narrabundah College and Campbell Primary School.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 20. PAYABLES

	2018	2017
	\$'000	\$'000
Current Payables		
Payables	172	285
Accrued Expenses	7 456	6 773
Total	7 628	7 058

Payables are aged as followed

Not Overdue	7 608	7 033
Overdue for Less than 30 Days	20	12
Overdue for 30 to 60 Days	-	12
Overdue for More than 60 Days	-	1
Total	7 628	7 058

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities

Payables	15	68
Accrued Expenses	3 267	4 856
Total Payables with ACT Government Entities	3 282	4 924

Payables with Non-ACT Government Entities

Payables	157	217
Accrued Expenses	4 189	1 917
Total Payables with Non-ACT Government Entities	4 346	2 134
Total	7 628	7 058

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 21. EMPLOYEE BENEFITS

	2018	2017
	\$'000	\$'000
Current Employee Benefits		
Annual Leave ¹	38 437	35 983
Long Service Leave ¹	95 347	92 595
Accrued Salaries	4 490	4 191
Total Current Employee Benefits	<u>138 274</u>	<u>132 769</u>
Non-Current Employee Benefits		
Long Service Leave ¹	12 545	11 189
Total Non-Current Employee Benefits	<u>12 545</u>	<u>11 189</u>
Total	<u>150 819</u>	<u>143 958</u>
Estimate of when Leave is Payable		
Estimated Amount Payable within 12 months		
Annual Leave	32 118	32 798
Long Service Leave	5 786	6 862
Accrued Salaries	4 490	4 191
Total Employee Benefits Payable within 12 months	<u>42 394</u>	<u>43 851</u>
Estimated Amount Payable after 12 months		
Annual Leave	6 319	3 185
Long Service Leave	102 106	96 922
Total Employee Benefits Payable after 12 months	<u>108 425</u>	<u>100 107</u>
Total	<u>150 819</u>	<u>143 958</u>

1. The increase is primarily due to wage and salary increases and accrued leave partially offset by a decrease in the present value rate used to calculate leave entitlements.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 22. OTHER LIABILITIES

	2018	2017
	\$'000	\$'000
Current Other Liabilities		
International Students Revenue Received in Advance	5 030	5 528
Schools Revenue Received in Advance	857	1 276
Total	<u>5 887</u>	<u>6 804</u>
Non-Current Other Liabilities		
Other Loans ¹	3 361	3 967
Total	<u>3 361</u>	<u>3 967</u>
Total Other	<u>9 248</u>	<u>10 771</u>

1. Relates to loans from the Environment, Planning and Sustainable Development Directorate for environmentally sustainable projects in schools.

NOTE 23. EQUITY

Asset Revaluation Surplus

The Asset Revaluation Surplus is used to record the increments and decrements in the value of Property, Plant and Equipment.

Balance at the Beginning of the Reporting Period	1 005 888	865 335
Increment in Land due to Revaluation	-	41 773
Increment in Buildings and Improvements to Land due to Revaluation	-	98 780
(Decrement) in Buildings and Improvements to Land due to Impairment Loss ¹	(7 917)	-
Total (Decrease)/Increase in the Asset Revaluation Surplus	<u>(7 917)</u>	<u>140 553</u>
Balance at the End of the Reporting Period	<u>997 971</u>	<u>1 005 888</u>

1. An impairment loss has been recognised in 2017-18 for Campbell Primary School (\$3.816 million) and Narrabundah College (\$4.101 million). The impairment loss recognises the demolition of buildings at the school sites.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 24. FINANCIAL INSTRUMENTS

Terms, Conditions and Accounting Policies

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 Note 2 - Significant Accounting Policies (see Appendix B).

Interest Rate Risk

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

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

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

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

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

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

Credit Risk

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

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

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

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 24. FINANCIAL INSTRUMENTS – CONTINUED

Credit Risk - Continued

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

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

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 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 last reporting period.

Price Risk

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

The only price risk which the Directorate is exposed to results from its investments in the Fixed Interest Portfolio. The Directorate has units in the Fixed Interest Portfolio that fluctuate in value. The price fluctuations in the units of the Fixed Interest Portfolio are caused by movements in the underlying investments of the portfolio. To limit price risk, all bonds that make up the underlying investments of the Fixed Interest Portfolio must have a long term credit rating of BBB or greater.

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

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 24. FINANCIAL INSTRUMENTS – CONTINUED

Fair Value of Financial Assets and Liabilities

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

	Note No.	Carrying Amount 2018 \$'000	Fair Value 2018 \$'000	Carrying Amount 2017 \$'000	Fair Value 2017 \$'000
Financial Assets					
Cash and Cash Equivalents	14	72 389	72 389	77 819	77 819
Investments	16	2 121	2 121	2 121	2 121
Receivables ¹	15	1 972	1 972	1 051	1 051
Total		76 482	76 482	80 991	80 991
Financial Liabilities					
Payables	20	7 628	7 628	7 058	7 058
Other Loans	22	3 361	3 361	3 967	3 967
Total		10 989	10 989	11 025	11 025

1. Receivable reported under Financial Instrument does not include receivables relating to goods and service tax.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 24. FINANCIAL INSTRUMENTS - CONTINUED

Fair Value Hierarchy

The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the table below. All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not included in the table below.

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

30 June 2017	<u>Classification According to Fair Value Hierarchy</u>			Total \$'000
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	
Financial Assets				
Investment with the Territory Banking Account - Cash Enhanced Portfolio	-	261	-	261
Investment with the Territory Banking Account - Fixed Interest Portfolio	-	1 860	-	1 860
	-	<u>2 121</u>	-	<u>2 121</u>

Transfer between Categories

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

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 24. FINANCIAL INSTRUMENTS – CONTINUED

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

As at 30 June 2018	Note No.	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing In:			Non-Interest Bearing \$'000	Total \$'000
				1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	14	1.36%	50 242	-	-	-	22 147	72 389
Investments	16	-	-	-	-	-	2 121	2 121
Receivables	15	-	-	-	-	-	1 972	1 972
Total			50 242	-	-	-	26 240	76 482
Financial Liabilities								
Payables	20	-	-	-	-	-	(7 628)	(7 628)
Other Liabilities	22	-	-	-	-	-	(3 361)	(3 361)
Total			-	-	-	-	(10 989)	(10 989)
Net Financial Assets			50 242	-	-	-	15 251	65 493

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 24. FINANCIAL INSTRUMENTS – CONTINUED

The following tables set out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2017. Except for non-current other liabilities, financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

As at 30 June 2017	Note No.	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing In:		Over 5 Years \$'000	Non-Interest Bearing \$'000	Total \$'000
				1 Year or Less \$'000	Over 1 Year to 5 Years \$'000			
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	14	1.39%	47 092	-	-	-	30 727	77 819
Investments	16	-	-	-	-	-	2 121	2 121
Receivables	15	-	-	-	-	-	1 051	1 051
Total Financial Assets			47 092	-	-	-	33 899	80 991
Financial Liabilities								
Payables	20	-	-	-	-	-	(7 058)	(7 058)
Other Liabilities	22	-	-	-	-	-	(3 967)	(3 967)
Total Financial Liabilities			-	-	-	-	(11 025)	(11 025)
Net Financial Assets			47 092	-	-	-	22 874	69 966

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 24 FINANCIAL INSTRUMENTS - CONTINUED

	2018	2017
	\$'000	\$'000
Carrying Amount of Each Category of Financial Asset and Financial Liability		
Financial Assets		
Financial Assets at Fair Value through the Profit and Loss		
Designated upon Initial Recognition	2 121	2 121
Loans and Receivables at Amortised Cost	1 972	1 051
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	10 989	11 025

The Directorate does not have any financial assets in the 'Available for Sale' category or the 'Held to Maturity' category and as such these categories are not included above. Also, 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.

Gains / (Losses) on Each Category of Financial Asset and Financial Liability

Gains / (Losses) on Financial Assets

Financial Assets at Fair Value through the Profit and Loss ¹	-	(51)
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1. The result reflects nil growth in the Directorate's investments in 2017-18.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 25. COMMITMENTS

Capital Commitments

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

	2018	2017
	\$'000	\$'000
Capital Commitments - Property, Plant and Equipment		
Payable:		
Within one year	12 984	23 615
Later than one year but not later than five years	16 880	13 325
Later than five years	10 375	266
Total¹	40 239	37 206

Other Commitments

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

Within one year	22 157	24 410
Later than one year but not later than five years	16 220	25 756
Later than five years	-	-
Total²	38 377	50 166

1. The decrease in commitments due within one year mainly relates to finalisation of contracts including construction contracts for investment in Gungahlin School Infrastructure and Schools for the Future – Caroline Chisholm Centre – Centre for Innovation and Learning. The increase in commitments between one to five years and greater than five years is primarily due to contract commitments for the North Gungahlin P-6 School.
2. The decrease in the commitments of between one to five years mainly relates to the expiration of a number of new and existing contracts in June 2019.

Operating Lease Commitments

Within one year	3 927	3 547
Later than one year but not later than five years	4 504	5 556
Later than five years	332	337
Total¹	8 763	9 440

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

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

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 26. CONTINGENT LIABILITIES

As at 30 June 2018 the Directorate had contingent liabilities in relation to known personal injury cases not settled of \$2.89m. As at 30 June 2017 the liability was \$2.59m. The liability will be offset by insurance and the final settlement amount is unknown as at 30 June 2018.

NOTE 27. INTEREST IN A JOINT OPERATION

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

	2018	2017
	\$'000	\$'000
Share of the Jointly Controlled Operation is as follows:		
Revenue	104	103
Expenses	(152)	(144)
Operating (Deficit)	(48)	(41)
Share of Asset in the Jointly Controlled Operation		
Current Assets	105	109
Non-Current Assets	3 455	3 188
Total Assets	3 560	3 297
Current Liabilities	6	2
Total Liabilities	6	2
Net Assets	3 554	3 295

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 28. CASH FLOW RECONCILIATION

	2018	2017
	\$'000	\$'000
(a) Reconciliation of Cash and Cash Equivalents at the End of the Reporting in the Cash Flow Statement to the Equivalent Items in the Balance Sheet		
Total Cash and Cash Equivalents Recorded in the Balance Sheet	72 389	77 819
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	72 389	77 819
(b) Reconciliation of Operating (Deficit) to Net Cash Inflows from Operating Activities		
Operating (Deficit)	(75 147)	(58 586)
Add/(Less) Non-Cash Items		
Depreciation and Amortisation	68 777	61 838
Assets Written Off/Other Asset Adjustments	56	17
(Gain) from Sale of Assets	(54)	(180)
Unrealised Gain on Investments	-	51
Cash Before Changes in Operating Assets and Liabilities	(6 368)	3 140
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(2 534)	401
Decrease /(Increase) in Prepayments	259	(402)
Increase in Payables	898	1 719
Increase/(Decrease) in Employee Benefits	6 861	(4 162)
(Decrease) in Revenue Received in Advance	(917)	(478)
Net Changes in Operating Assets and Liabilities	4 567	(2 922)
Net (Outflows)/Inflows from Operating Activities	(1 801)	218

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 29. RELATED PARTY DISCLOSURES

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

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

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

The Head of Service and the ACT Executive comprising the Cabinet Ministers are KMP of the ACT Government and therefore related parties of the 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 2018.

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 2018.

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

	2018	2017
	\$'000	\$'000
Short-term employee benefits	2 294	1 501
Post employment benefit	363	249
Other long-term benefit	54	35
Total Compensation by the Education Directorate to KMP¹	2 711	1 785

1. The total full time equivalent staff identified as key management personnel in 2017-18 was 10. The total full time equivalent key management personnel in 2016-17 was 6. The increase is a result of changes in the structure of the Directorate's governance committee.

Education Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2018

NOTE 29. RELATED PARTY DISCLOSURES – CONTINUED

(C) TRANSACTIONS WITH OTHER ACT GOVERNMENT CONTROLLED ENTITIES

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

Note 30. BUDGETARY REPORTING

Operating Statement Line Items	Actual 2017-18 \$'000	Original Budget ¹ 2017-18 \$'000	Variance \$'000	Variance %	Variance Explanation
Increase/(Decrease) in Asset Revaluation Surplus	(7 917)	120 202	(128 119)	(107)	The budget anticipated an effective revaluation date in 2017-18. The revaluation was actually taken up in the previous year.

Cash Flow Statement Line Items	Actual 2017-18 \$'000	Original Budget ¹ 2017-18 \$'000	Variance \$'000	Variance %	Variance Explanation
Purchase of Property Plant and Equipment	98 812	87 526	11 286	13	The variance is primarily related to additional funding provided through the 2017-18 Second Appropriation for works at Narrabundah College and Campbell Primary School.

1. Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2017-18 Budget Statements). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.
2. Explanations for variations from budget for Controlled Recurrent Payments, and Capital Injection are provided in the Statements of Appropriation.

EDUCATION DIRECTORATE

TERRITORIAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2018

Education Directorate
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2018

	Note No.	Actual 2018 \$'000	Original Budget 2018 \$'000	Actual 2017 \$'000
Income				
<i>Revenue</i>				
Payments for Expenses on Behalf of the Territory	31	296 072	284 090	272 654
Total		<u>296 072</u>	<u>284 090</u>	<u>272 654</u>
Expenses				
Grants and Purchased Services	32	296 072	284 090	272 654
Total		<u>296 072</u>	<u>284 090</u>	<u>272 654</u>
Operating Result		<u>-</u>	<u>-</u>	<u>-</u>

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

Education Directorate
Statement of Assets and Liabilities on Behalf of the Territory
As at 30 June 2018

	Note No.	Actual 2018 \$'000	Original Budget 2018 \$'000	Actual 2017 \$'000
Current Assets				
Cash and Cash Equivalents	33	51	208	201
Receivables		-	2	-
Total Current Assets		51	210	201
Total Assets		51	210	201
Current Liabilities				
Payables	34	51	210	201
Total Current Liabilities		51	210	201
Total Liabilities		51	210	201
Net Assets		-	-	-
Equity				
Accumulated Funds		-	-	-
Total		-	-	-

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

**Education Directorate
Cash Flow Statement on Behalf of the Territory
For the Year Ended 30 June 2018**

	Note No.	Actual 2018 \$'000	Original Budget 2018 \$'000	Actual 2017 \$'000
Cash Flows from Operating Activities				
Receipts				
Cash from Government for Expenses on Behalf of the Territory		295 923	284 090	272 646
Goods and Services Tax Received		6 395	6 538	6 161
Total Receipts from Operating Activities		302 318	290 628	278 807
Payments				
Grants and Purchased Services	32	296 072	284 090	272 656
Goods and Services Tax Paid		6 396	6 538	6 158
Total Payments from Operating Activities		302 468	290 628	278 814
Net Cash Outflows from Operating Activities	36	(150)	-	(7)
Net (Decrease) in Cash and Cash Equivalents Held				
		(150)	-	(7)
Cash and Cash Equivalents at the Beginning of the Reporting Period	33	201	208	208
Cash and Cash Equivalents at the End of the Reporting Period	36	51	208	201

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

**Education Directorate
Territorial Statement of Appropriation
For the Year Ended 30 June 2018**

	Original Budget 2018 \$'000	Total Appropriated 2018 \$'000	Appropriation Drawn 2018 \$'000	Appropriation Drawn 2017 \$'000
Territorial				
Expenses on Behalf of the Territory	284 090	298 877	295 923	272 646
Total Territorial Appropriation	284 090	298 877	295 923	272 646

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

Column Heading Explanations

- The *Original Budget* column shows the amounts that appear in the Cash Flow Statement in the Budget Papers.
- The *Total Appropriated* column is inclusive of all appropriation variations occurring after the Original Budget.
- The *Appropriation Drawn* is the total amount of appropriation received by the Directorate during the year. This amount appears in these financial statements, in the Cash Flow Statement.

Variances between 'Original Budget' and 'Total Appropriated'

Expenses on Behalf of the Territory

The difference between the original budget and the total appropriated relates to increased Commonwealth Government Quality Schools grants (\$13.445 million) and the transfer of funds from 2016-17 for the Interest Subsidy Scheme (\$1.342 million).

Variances between 'Total Appropriated' and 'Appropriation Drawn'

Expenses on Behalf of the Territory

The difference between the total appropriated and appropriation drawn mainly relates to transfer of funds to 2018-19 associated with the Interest Subsidy Scheme (\$2.270 million) and other ACT Government grants. The funding associated with the Interest Subsidy Scheme will be incorporated into the Non-Government School Infrastructure program from 2018-19.

TERRITORIAL NOTE INDEX

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Note	35	Financial Instruments – Territorial
Note	36	Cash Flow Reconciliation – Territorial
Note	37	Budgetary Reporting – Territorial

Education Directorate
Notes to and Forming Part of the Financial Statements - Territorial
For the Year Ended 30 June 2018

NOTE 31. PAYMENT FOR EXPENSES ON BEHALF OF THE TERRITORY – TERRITORIAL

Under the *Financial Management Act 1996*, the Directorate receives this appropriation to fund a number of expenses incurred on behalf of the Territory, the main one being the payment of grants to non-government schools. Refer **Note 32 – Grants and Purchased Services – Territorial** for the details of the expenses.

	2018	2017
	\$'000	\$'000
Expenses Incurred on Behalf of the Territory	296 072	272 654
Total Payment for Expenses on Behalf of the Territory¹	296 072	272 654

1. The increase from 2016-17 primarily relates to increased Commonwealth and ACT Government Grants in accordance with the *Commonwealth Education Act 2013* and the *National Education Reform Agreement: Australian Capital Territory Bilateral Agreement*.

NOTE 32. GRANTS AND PURCHASED SERVICES – TERRITORIAL

	2018	2017
	\$'000	\$'000
Grants and Purchased Services		
<i>Payments for grants and subsidies were as follows:</i>		
Grants - Non-Government Schools ¹	295 396	272 005
Junior Bursary Scheme	676	649
Total	296 072	272 654

1. The increase from 2016-17 primarily relates to increased Commonwealth and ACT Government Grants in accordance with the *Commonwealth Education Act 2013* and the *National Education 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 2018

NOTE 33. CASH AND CASH EQUIVALENTS – TERRITORIAL

	2018 \$'000	2017 \$'000
Cash at Bank ^{1,2}	51	201
Total	51	201

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.

2. Under whole-of-government banking arrangements interest is not earned on cash at bank held with the Territory Banking Account.

NOTE 34. PAYABLES – TERRITORIAL

All payables at 30 June 2018 are current and not overdue.

Current Payables:

Payable to the Territory Banking Account ¹	51	201
Total Current Payables	51	201
Total	51	201

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

Education Directorate
Notes to and Forming Part of the Financial Statements - Territorial
For the Year Ended 30 June 2018

NOTE 35. FINANCIAL INSTRUMENTS – TERRITORIAL

Terms, Conditions and Accounting Policies

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, with respect to each class of financial asset and financial liability are disclosed in **Note 2 – Significant Accounting Policies** (refer Appendix B).

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

NOTE 36. CASH FLOW RECONCILIATION – TERRITORIAL

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

	2018 \$'000	2017 \$'000
Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory	51	201
Cash at the end of the Reporting Period as Recorded in the Cash Flow Statement on Behalf of the Territory	51	201

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

Operating Result	-	-
Cash Before Changes in Operating Assets and Liabilities	-	-
Changes in Operating Assets and Liabilities		
Decrease in Receivables	-	2
(Decrease) in Payables	(150)	(9)
Net Changes in Operating Assets and Liabilities	(150)	(7)
Net Cash (Outflows) from Operating Activities	(150)	(7)

Education Directorate
Notes to and Forming Part of the Financial Statements - Territorial
For the Year Ended 30 June 2018

Note 37. BUDGETARY REPORTING – TERRITORIAL

The following are brief explanations of major line item variances between budget estimates and actual outcomes. Variances are considered to be major variances if **both** of the following criteria are met:

- The line item is a significant line item: the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals); and
- The variances (original budget to actual) are greater than plus (+) or minus (-) 10% of the budget for the financial statement line item.

Statement of Assets and Liabilities on Behalf of The Territory Line Items	Actual 2017-18 \$'000	Original Budget ¹ 2017-18 \$'000	Variance \$'000	Variance %	Variance Explanation
Cash and Cash Equivalents	51	208	(157)	(75)	The Territorial accounts are programs administered on behalf of the Territory. The accounts cannot generate an operating result and must hold a nil equity balance. This means cash held at year end is recorded as a payable owed to the Territory Banking Account.
Payables	51	210	(159)	(76)	

1. Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2017-18 Budget Statements).
2. There were no significant variations against budget in the Statement of Income and Expenses on Behalf of the Territory or the Cash Flow Statement on Behalf of the Territory in accordance with the criteria (a) and (b) above.

Education Directorate
APPENDIX A - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS
FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

APPENDIX A - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

LEGISLATIVE REQUIREMENT

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

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

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

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

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

ACCRUAL ACCOUNTING

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

CURRENCY

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

INDIVIDUAL REPORTING ENTITY

The Education Directorate is an individual reporting entity.

APPENDIX A - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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 ACT Directorate for the year ended 30 June 2018 together with the financial position of the Education Directorate as at 30 June 2018.

COMPARATIVE FIGURES

Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2017-18 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.

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

As at 30 June 2018, the Education Directorate's current assets are insufficient to meet its current liabilities. This is not considered a liquidity risk as its cash needs are funded through appropriation from the ACT Government on a cash-needs basis. This is consistent with the whole of government cash management regime, which requires excess cash balances to be held centrally rather than within individual agency bank accounts.

The 2017-18 financial statements have been prepared on a going concern basis as the Directorate has been funded in 2018-19 Budget and Budget Papers include forward estimates for the Directorate.

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES

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

SIGNIFICANT ACCOUNTING POLICIES – INCOME

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

REVENUE RECOGNITION

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

NOTE 4 – CONTROLLED RECURRENT PAYMENTS

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

NOTE 5 – USER CHARGES

User charges

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

NOTE 6 – OTHER REVENUE

Revenue Received in Advance

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

SIGNIFICANT ACCOUNTING POLICIES – EXPENSES

NOTE 7 – EMPLOYEE EXPENSES

Employee benefits include:

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

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

(See Appendix B – Note 21 Employee Benefits for accrued wages and salaries, and annual and long service leave).

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES – EXPENSES CONTINUED

NOTE 8 – SUPERANNUATION EXPENSES

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

For employees who are members of the defined benefit Commonwealth Superannuation Scheme (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.

SUPERANNUATION LIABILITY RECOGNITION

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

NOTE 9 – SUPPLIES AND SERVICES

Insurance

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

Repairs and Maintenance

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

Operating Leases

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

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES – EXPENSES CONTINUED

NOTE 10 – DEPRECIATION AND AMORTISATION

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

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

Class of Asset	Depreciation/Amortisation	Useful Life (Years)
Buildings and Land Improvements	Straight Line	50
Leasehold Improvements	Straight Line	5
Plant and Equipment	Straight Line	2-20
Internally Generated Intangibles	Straight Line	2-10

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in **Note 10 – Depreciation and Amortisation**.

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

Waivers

Debts that are waived under Section 131 of the FMA are expensed during the reporting period in which the right to payment was waived. Further details of waivers are disclosed at **Note 12 Act of Grace Payments, Waivers, Impairment Losses and Write-Offs**.

Impairment of Assets

Expense impairment losses of assets include: land, buildings, and improvements to land, (refer Appendix – B – **Note 17 – Property, Plant and Equipment – Impairment of Assets**).

Impairment Losses and Write-Offs - Receivables

The allowance for impairment of receivables (see **Note 15 Receivables - Impairment Loss Receivables**).

SIGNIFICANT ACCOUNTING POLICIES – ASSETS

ASSETS – CURRENT AND NON-CURRENT

Assets are classified as current where they are expected to be realised within 12 months after the reporting date.

Assets which do not fall within the current classification are classified as non-current.

Significant Accounting Judgements and Estimates - Fair Value of Assets

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

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES – ASSETS CONTINUED

NOTE 14 – CASH AND CASH EQUIVALENTS

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

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

NOTE 15 – RECEIVABLES

Accounts Receivables

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

Impairment Losses – Receivables

The allowance for impairment losses represents the amount of receivables that the Directorate estimates will not be repaid. The allowance for impairment losses is based on objective evidence and a review of overdue balances. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The Directorate considers the following as indicators of impairment:

- (a) becoming aware of financial difficulties of debtors;
- (b) default in payments;
- (c) debts more than 90 days overdue; or
- (d) known changes to the regulatory environment which may impact recoverability.

The amount of the allowance is recognised in the Operating Statement. The allowance for impairment losses is written off against the allowance account when the Directorate ceases action to collect the debt as it considers that it will cost more to recover the debt than the debt is worth.

NOTE 16 – INVESTMENTS

Short-term investments are held with the Territory Banking Account in a unit trust called the Cash Enhanced Portfolio. Long-term investments are held with the Territory Banking Account in a unit trust called the Fixed Interest Portfolio.

The price of units in both these unit trusts fluctuates in value. The net gain or loss on investments consists of the fluctuation in price of the unit trust between the end of the last reporting period and the end of this reporting period as well as any profit on the sale of units in the trust (the profit being the difference between the price at the end of the last reporting period and the sale price). The net gains or losses do not include interest or dividend income.

These short-term and long term investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices at the reporting date.

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES – ASSETS CONTINUED

NOTE 17 – PROPERTY, PLANT AND EQUIPMENT

Acquisition and Recognition of Property, Plant and Equipment

Property, plant and equipment is initially recorded at cost.

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

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

Measurement of Property, Plant and Equipment after Initial Recognition

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

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

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

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

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

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

Impairment of Assets

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

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES – ASSETS CONTINUED

NOTE 17 – PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Any resulting impairment losses for land, buildings and improvements are recognised against the relevant class of asset in the Asset Revaluation Surplus with corresponding reduction to the carrying amount in the Balance Sheet. Where the impairment loss is greater than the balance in the Asset Revaluation Surplus, the difference is expensed in the Operating Statement. Refer **Note 12 Act of Grace Payments, Waivers, Impairment Losses and Write-Offs**.

NOTE 18 – INTANGIBLE ASSETS

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

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

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

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

Intangible assets are measured at cost.

SIGNIFICANT ACCOUNTING POLICIES – LIABILITIES

LIABILITIES – CURRENT AND NON-CURRENT

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

Liabilities which do not fall within the current classification are classified as non-current.

NOTE 20 – PAYABLES

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

Payables include Trade Payables, Accrued Expenses and Other Payables.

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES – LIABILITIES – CONTINUED

NOTE 21 – EMPLOYEE BENEFITS

Wages & Salaries

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

Annual and Long Service Leave

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

Annual leave liabilities have been estimated on the assumption that they will be wholly settled within three years. In 2017-18 the rate used to estimate the present value of future annual leave payments is 99.7% (99.8% in 2016-17).

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. In 2017-18, the rate used to estimate the present value of future payments for long service leave is 100.9% (103.4% in 2016-17).

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

Annual leave and long service leave are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months.

Conditional long service leave liabilities are classified as non-current because the agency has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Significant Accounting Judgements and Estimates – Employee Benefits

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

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES – LIABILITIES – CONTINUED

NOTE 21 – EMPLOYEE BENEFITS – CONTINUED

The significant judgements and assumptions included in the estimation of annual and long service leave liabilities include an assessment by an actuary. The Australian Government Actuary performed this assessment in May 2014. The assessment by an actuary is performed every 5 years. However, it may be performed more frequently if there is a significant contextual change in the parameters underlying the 2014 report. The next actuarial review is expected to be undertaken by May 2019.

NOTE 22 – OTHER LIABILITIES

Revenue Received in Advance

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

SIGNIFICANT ACCOUNTING POLICIES – EQUITY

NOTE 23 – EQUITY

Contributions made by the ACT Government, through its role as owner of the Directorate, are treated as contributions of equity.

Increases or decreases in net assets as a result of Administrative Restructures are also recognised in equity.

SIGNIFICANT ACCOUNTING POLICIES – OTHER NOTES

NOTE 27 - INTEREST IN A JOINT OPERATION

The Directorate is involved in a joint operation with the Catholic Education Office at Gold Creek Primary School and its share of assets, liabilities, income and expenses have been recognised in the Directorate's financial statements under appropriate headings consistent with AASB 131 'Joint Arrangements'. Please refer to **Note 27 – Interest in a Joint Operation** for details.

NOTE 30 – BUDGETARY REPORTING

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

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

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES

TERRITORIAL – SPECIFIC SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES – SPECIFIC TO TERRITORIAL – INCOME

NOTE 31 – PAYMENT FOR EXPENSES ON BEHALF OF THE TERRITORY – TERRITORIAL

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

TERRITORIAL NOTES REFERENCED TO CONTROLLED NOTES

NOTE 33 CASH AND CASH EQUIVALENTS – TERRITORIAL: see Appendix B: Note 14 Cash and Cash Equivalents.

NOTE 34 PAYABLES – TERRITORIAL: see Appendix B: Note 20 Payables.

NOTE 37 BUDGETARY REPORTING – TERRITORIAL: see Appendix B: Note 30 Budgetary Reporting.

Education Directorate
APPENDIX C - IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED
FORMS PART OF NOTE 2 OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

Appendix C - impact of accounting standards issued but yet to be applied concerns both the Controlled and Territorial financial statements. Where specific to Territorial they are listed below under the heading Territorial.

ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

The following new and revised accounting standards and interpretations that are applicable to the Directorate have been issued by the Australian Accounting Standards Board but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods. The Directorate does not intend to adopt these standards and interpretations early. Where applicable, these Australian Accounting Standards will be adopted from their application date. It is estimated that the effect of adopting the below pronouncements, when applicable and based on an initial assessment, will have no material financial impact on the Directorate in future reporting periods:

- AASB 9 Financial Instruments (application date 1 January 2018);
- AASB 15 Revenue from Contracts with Customers (application date 1 January 2019);
- AASB 16 Leases (application date 1 January 2019);
- AASB 1058 Income for Not-for-Profit Entities (application date 1 January 2019);

APPENDIX D - CHANGE IN ACCOUNTING ESTIMATES

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

CHANGE IN ACCOUNTING ESTIMATES

As disclosed in **Note 21 – Employee Benefits**, annual leave and long service leave, including applicable on-costs that do not fall due in the next 12 months are measured at the present value of estimated payments to be made in respect of services provided by employees up to the reporting date. The present value of future payments is estimated from an assessment made by the Australian Government Actuary.

Last financial year the rate used to estimate the present value of future long service leave and annual leave payments was 103.4% for long service leave and 99.8% for annual leave. The rate for 2017-18 is 100.9% for long service leave and 99.7% 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 \$2.673 million and a decrease to the estimate of the annual leave liability and expense in the current reporting period of approximately \$0.039 million.

C3 CAPITAL WORKS

Overview

In 2017-18, the Directorate delivered a significant capital works program, totalling \$23.8 million, following on from the \$19.5 million program in 2016-17 and \$41 million program delivered in 2015-16.

Significant achievements for the year included the continuation of the modernisation works at the Belconnen High School and the completion and operation of the Caroline Chisholm School Centre for Innovation and Learning. Investment in Gungahlin School infrastructure continued with the further expansion of Neville Bonner Primary School. The first phase of the modernisation works were completed at Campbell Primary School with the installation of five demountable classroom buildings and the demolition and site remediation of a classroom block at the site.

New schools

MOLONGLO SCHOOL

Early planning and design activities have progressed throughout the reporting period for the preschool to year 10 school in Denman Prospect in the Molonglo region.

The school will be delivered in two stages with the preschool to year 6 areas and community use facilities ready for the start of the 2021 school year.

NORTH GUNGAHLIN PRIMARY SCHOOL

Construction activities for the new school commenced during the reporting period with bulk earthworks, in-ground services and building structures progressing well.

The school is being delivered under a Design Construct Maintain (DCM) construction methodology with construction to be completed and the school ready for operation for the start of the 2019 school year.

CAROLINE CHISHOLM SCHOOL CENTRE FOR INNOVATION AND LEARNING

The Centre for Innovation and Learning commenced operation at the start of the 2018 school year delivering Science, Technology, Engineering and Mathematics (STEM) programs to students attending Caroline Chisholm School and in the Tuggeranong Network.

It includes multi-purpose learning spaces and state-of-the-art equipment and facilities to support students and provide professional development to teachers across the ACT public education system.

MODERNISING BELCONNEN HIGH SCHOOL

The Belconnen High School modernisation project continued during the reporting period with major refurbishment works to the student learning and teaching spaces of the main building, a new administration area and main entry and additional outdoor works.

The completion of modernisation works is scheduled for early 2019.

NARRABUNDAH COLLEGE AND CAMPBELL PRIMARY SCHOOL MODERNISATION

The initial stages of the Campbell Primary School modernisation were completed for the start of the 2018 school year. This included the installation of five double classroom transportable buildings and an amenities block. Additional games courts, covered walkways and landscaping were also provided together with the demolition of an end of life building over the summer holiday period.

At Narrabundah College 22 transportable classroom and support buildings have been installed on the site during the reporting period with works progressing for their occupation during term 3 of the 2018 school year.

A program of community engagement has been ongoing with both schools regarding the future modernisation program.

INVESTMENT IN GUNGAHLIN SCHOOL INFRASTRUCTURE

Expansion works have continued at a number of schools in the North Gungahlin region to accommodate increased enrolment demand in the area.

An additional eight new learning spaces were provided at Neville Bonner Primary School together with two new learning spaces at the Gold Creek School junior campus for the start of the 2018 school year.

Amaroo School expansion works were completed for the start of the 2018 school year including a new permanent building providing an additional 300 places and a double gymnasium extension.

Capital Upgrades Program

SCHOOL UPGRADES

Works completed in the 2017-18 year included:

- > Alfred Deakin High School – external quiet seating deck and new flag poles;
- > Arawang Primary School – two new learning spaces, new flag poles;
- > Aranda Primary – new transportable classrooms;
- > Bonython Primary School – new small group learning room (LSU) and courtyard extension and revitalisation;
- > Campbell Primary School - sensory garden;
- > Cranleigh School – enclosure and heating of Silver Courtyard to enable winter use;
- > Erindale College – new small group learning room (LSU) and major roof upgrade works;
- > Farrer Primary School – Boiler replacement and two disused rooms converted to a withdrawal and a sensory room;
- > Fraser Primary School – shade structure and new flag poles;
- > Gilmore Primary School – three store rooms converted to withdrawal spaces;
- > Giralang Primary School – heritage upgrade to the school hall ceiling;
- > Gowrie Primary – sensory nature play area and shade structure;
- > Kaleen Primary – installation of a school security fence;
- > Kingsford Smith – sensory play area with shade sail;

- > Lake Ginninderra College – outdoor quiet seating/withdrawal area;
- > Lake Tuggeranong College – refurbishment of student wellbeing hub, food technology upgrade;
- > Lanyon High – school entry upgrade;
- > Lyneham High – food technology area upgrade;
- > Lyneham Primary – boiler replacement;
- > Malkara School – new fixed play equipment area for sensory play;
- > Mawson Primary School – Sewer rectification works;
- > Melba-Copland School – Science laboratory upgrade, school entry upgrade;
- > Melrose High – installation of a school security fence;
- > Mount Stromlo High – Complete roof replacement and Science Laboratory upgrade;
- > Palmerston Primary School – Car park expansion;
- > Richardson Primary School – new small group learning room (LSU) with landscaped courtyard;
- > Telopea Park School – new transportable classrooms;
- > The Woden School – College Building project; and
- > UC Kaleen High – science preparation room.

BUILDING COMPLIANCE UPGRADES

Building compliance upgrades and modifications completed during the report period included:

- > Black Mountain school toilet upgrades to rooms 8/9;
- > The new accessible toilet at Fraser Primary School; and
- > Alfred Deakin High School new elevator to music rooms.

AIR CONDITIONING IN SCHOOLS

In 2017, a multi-year program commenced to reduce the heat load in the most critical areas of schools based on a priority matrix. Solutions included the provision of reflective film on east and west facing windows, shading of windows via planting of mature trees or mechanical louvres, installation of ceiling fans, evaporative cooling or refrigerated air conditioning. This program is expected to continue for two financial years.

The cost of the program in 2017-18 was \$1.96 million with various works undertaken at 42 schools.

ENVIRONMENTAL SUSTAINABILITY

As capital works are undertaken at public schools, including new facilities, building upgrades and refurbishments, opportunities are taken to improve the energy efficiency, increase use of sustainable transport and decrease the water consumption of these spaces. Specific capital works directly targeting sustainability are also undertaken directly by schools. The key funding source for these projects is the feed-in-tariff income associated with the solar panels at schools.

A total of \$0.975 million was allocated from the schools capital upgrades program during the reporting period to support the Directorate's strategic priorities for environmental sustainability improvements. Refer to Section B9 for an overview of the projects and programs implemented during the 2017-18 reporting period.

Table C3.1: Capital Works Management 2017-18

Project	Original Project Value	Revised Project Value	Prior Year Expenditure	Actual Expenditure 2017-18	Total Expenditure to Date	Estimated/ Actual physical completion date
	\$'000	\$'000	\$'000	\$'000	\$'000	
NEW CAPITAL WORKS						
Better schools for our kids – New School Facilities in Molonglo - Early Planning	500	500	0	301	301	Dec-18
Better schools for our kids – Expanding Schools in Gungahlin	24,072	24,072	0	3,440	3,440	Jun-21
Better schools for our kids – Narrabundah College and Campbell Primary School	1,200	25,066	0	12,852	12,852	Jun-22
Total New Capital Works	25,772	49,638	0	16,593	16,593	
PUBLIC SCHOOL INFRASTRUCTURE UPGRADES						
Disability Access Compliance	1,450	1,559	0	1,410	1,410	Jun-18
Environmental Sustainable Design	975	1,400	0	843	843	Jun-18
External Learning Environments	450	1,445	0	459	459	Jun-18
Joint Funding Works Program	1,795	1,676	0	2,059	2,059	Jun-18
School Administration and Support Area Improvements	1,760	2,125	0	1,943	1,943	Jun-18
School Learning Area Improvements	3,720	5,350	0	6,462	6,462	Jun-18
School Revitalisation	9,450	10,499	0	9,876	9,876	Jun-18
School Safety Improvements	550	972	0	938	938	Jun-18
School Security Improvements	550	549	0	373	373	Jun-18
Total Public School Infrastructure Upgrades	20,700	25,575	0	24,363	24,363	
Total New Works	46,472	75,213	0	40,956	40,956	

Project	Original Project Value	Revised Project Value	Prior Year Expenditure	Actual Expenditure 2017-18	Total Expenditure to Date	Estimated/ Actual physical completion date
WORK IN PROGRESS						
Better Schools – Investment in Gungahlin School Infrastructure	16,600	16,600	4,344	11,242	15,586	Jun-19
Schools for the Future – Caroline Chisholm School - Centre for Innovation and learning	5,896	5,696	1,013	4,236	5,249	Feb-18
Schools for the Future – Modernising Belconnen High	17,627	23,527	2,417	11,627	14,044	Jun-19
Schools for the Future - North Gungahlin and Molonglo	28,609	28,609	1,338	11,899	13,237	Feb-19
Hazardous Material Removal Program – Stage 3	3,000	3,000	2,508	267	2,775	Jun-18
Total Work In Progress	71,732	77,432	11,620	39,271	50,891	
PROJECTS - PHYSICALLY BUT NOT FINANCIALLY COMPLETED						
Coombs P-6 School Construction Funding	47,250	35,752	35,142	158	35,300	Jan-16
TOTAL	47,250	35,752	35,142	158	35,300	
PROJECTS - PHYSICALLY AND FINANCIALLY COMPLETED						
Belconnen Trade Skill Centres	8,120	8,120	8,117	3	8,120	Jun-17
TOTAL	8,120	8,120	8,117	3	8,120	
TOTAL CAPITAL WORKS PROGRAM 2017-18	173,574	196,517	54,879	80,388	135,267	

Table C3.2: End of Financial Year Reconciliation Schedule 2017-18

Reconciliation of total current year financing	2017-18 \$'000
Total current year capital works financing	80,684
Add: Other capital initiatives financing	15,052
Capital Injection as per Cash flow statement	95,736
Reconciliation of Total Current Year Actual Expenditure - against financing	
Total current year capital works expenditure	80,221

Reconciliation of total current year financing	2017-18 \$'000
Total current year capital initiatives expenditure	16,174
Add: Net Impact of accruals between financial years	327
Less: Net Impact of Capital purchases expenditure funded outside of Capital Injections	-986
Capital Injection (as per Cash flow statement)	95,736
Reconciliation of Total Current Year Actual Expenditure	
Total current year capital works expenditure	80,221
Total current year capital initiatives expenditure	16,174
Add: Net Impact of accruals between financial years	327
Add: Other asset purchases outside of capital works program and capital initiatives	2,090
Purchase of Property, Plant and Equipment (as per Cash Flow Statement)	98,812

C4 Asset Management

The Directorate's asset management strategy is based on the following key principles:

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

In 2017-18, the Directorate progressed the following activities in relation to the asset management strategy:

- > Implemented the first set of the Sustainable Development of Public School Facilities specifications for preschool to year 6 schools with the construction of the new Margaret Hendry School in the suburb of Taylor. The specifications define the infrastructure requirements which will meet modern pedagogy and sustainability requirements; and
- > Continued the development of the Strategic Asset Management Plan (SAMP) asset database.

The Directorate is responsible for 91 school sites and 28 offsite preschools. In addition, the Directorate manages two major facilities for Education Support Office staff. In total, there are 122 sites under direct management by the Directorate.

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

Asset management issues which were a priority for the Directorate in 2017-18 included:

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

Assets Managed

As at 30 June 2018, the Directorate managed school infrastructure assets with a total net book value of \$1,909.6 million (Table C4.1).

Table C4.1: Assets and their values at 30 June 2018

Asset Class	Value (\$ million)
Land and Buildings (including improvements) for schools and preschools	1,867.9
Leasehold Improvements	-
Property, Plant and Equipment	36.0
Intangible Assets	5.7
Total	1,909.6

Source: Education Directorate

Assets to the value of \$77.6 million were added to the register in 2017-18 (Table C4.2).

Table C4.2: Assets added to the Asset Register in 2017-18

Assets	Value (\$ million)
Capital Works (Schools):	58.6
Capital Initiatives - ICT and other projects	19.0
Total	77.6

Source: Education Directorate

Surplus Assets

As at 30 June 2018, the Directorate did not have any properties which were not being utilised by the agency or that had been identified as potentially surplus.

Assets Maintenance and Upgrade

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

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

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

ASSET MAINTENANCE

In 2017-18, the Directorate spent \$19.084 million on school repairs and maintenance. The repairs and maintenance program included:

- > a program of works for all primary and secondary schools based on the annual rolling program;
- > an allocation for unforeseen maintenance such as vandalism, fire and flood damage;
- > high priority works arising from school building condition assessment reports; and
- > a schedule of maintenance for preschools.

In 2017-18 new contracts were established for the provision of cleaning services in schools. These contracts sought to improve the quality of services, reduce management complexity and to ensure fair and equitable conditions for the cleaning workforce.

To assist in the management of asbestos and other hazardous materials, Hazardous Materials Survey Management Plans (HMSMP) are developed for each school. Plans showing areas of known asbestos containing materials are mounted in entry areas of all schools and preschools. The Directorate updates the asbestos register and asbestos management plans at a minimum every five years and as required based on the results of hazardous materials inspections.

In addition to the planned school asset maintenance and upgrade programs managed and delivered by the Education Support Office, schools are also funded to undertake repairs and minor works tasks independently.

ASSETS MAINTENANCE

In the 2017-18 Budget, funding of \$20.7 million was provided for capital upgrades at schools and preschools. Details of specific works are included in Section C3.

Office Accommodation

There were 475 staff occupying office-based workstations as at 30 June 2018 (excluding the Office of the Board of Senior Secondary Studies), occupying a total of 6,080m². Details about the list of sites, staff numbers (head count) and space occupied are provided in Table C4.3. Remaining staff were employed in school environments undertaking school-based activities, including teaching, student support, school leadership and school administration. Full staffing profiles are reported in Section B8.

Table C4.3: Education Support Office sites, staff numbers (headcount) and space occupied as at 30 June 2018

Building and location	Staff numbers	Approximate area occupied (m²)	Average area occupied per employee (m²)
220 Northbourne Avenue, Braddon	153	1,991	13.0
Hedley Beare Centre for Teaching and Learning, Stirling ¹	243	3,447	14.2
Gilmore Primary School, Majura Primary School, Melrose High School, Wanniassa (P-10) School Senior Campus & University of Canberra High School Kaleen ²	79	642	8.1
Callam Offices, Phillip ³ (The Office of the Board of Senior Secondary Studies)	14	466	33.3
Total	489^{4,5}	6,546	13.4

Source: Education Directorate

Notes:

1. Approximate area occupied at Hedley Beare Centre for Teaching and Learning does not include meeting rooms and training facilities (1,955m²) available for booking by other Directorates of ACT Government and members of the public.
2. School areas that are occupied by Education Support Office staff are from the Network Student Engagement and Hearing & Vision Support Teams.
3. The Australian Institute for Teaching and School Leadership is co-located within the same office space and leases 138m² of the office area from the Education Directorate.
4. Staff numbers do not include 25 SSICT staff embedded in Hedley Beare Centre for Teaching and Learning.
5. Staff numbers have been calculated based on occupied work stations at 30 June 2018.

For further information contact:

**Director, Infrastructure and Capital Works
(02) 6205 1289**

C5 Government Contracting

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

Under the whole of government procurement arrangements, Procurement and Capital Works continued to provide advice and support in relation to procurement and contract management issues and undertook higher value procurements on behalf of the Directorate.

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

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

The content of Table C5.1 has been derived from the online Contracts Register. This covers agreements entered into from 1 July 2017 to 30 June 2018 in accordance with Government requirements. Staff were encouraged to notify relevant contracts for uploading to the Contracts Register website.

Table C5.1: Education Directorate contracts executed in 2017-18 with an estimated total value of \$25,000 or more

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME) *	Exemption from Quotation and Tender Threshold Requirements
Lake Tuggeranong College - External Painting	Quotation	Works	Horizon Coatings (ACT) Pty Ltd	\$25,949	23/11/2017	23/02/2018	Yes	No
Kingsford Smith School - Year 7 Camp 2018	Single Select	Services (non-consultancy)	Away We Go Tours Pty Ltd	\$26,213	19/03/2018	21/03/2018	Yes	Yes
University of Canberra Senior Secondary College Lake Ginninderra - Year 12 Formal	Single Select	Services (non-consultancy)	Australian Sports Commission	\$26,328	13/09/2017	24/11/2017	Yes	Yes
Dickson College - Replacement of Evaporative Coolers in Canteen	Quotation	Goods	King Air Pty Ltd	\$26,400	14/09/2017	14/09/2017	Yes	No

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME) *	Exemption from Quotation and Tender Threshold Requirements
Mawson Primary School - Year 5 and 6 Camp 2018	Single Select	Services (non-consultancy)	Coastlife Adventures	\$26,630	25/10/2017	08/03/2018	Yes	Yes
Cranleigh School - Staff Toilets Upgrade	Single Select	Works	Binutti Constructions Pty Ltd	\$26,691	20/09/2017	09/10/2017	Yes	Yes
Harrison School - Year 3 and 4 Camp 2018	Quotation	Services (non-consultancy)	The Outdoor Education Group	\$27,102	10/04/2018	11/04/2018	No	No
Melba Copland Secondary School - Year 7 Camp 2018	Quotation	Services (non-consultancy)	Funston Nominees Pty Ltd	\$27,104	26/03/2018	28/03/2018	Yes	No
Bonython Primary School - Learning Support Unit (LSU) Internal Works	Single Select	Works	Colda Constructions	\$27,258	22/11/2017	01/02/2018	Yes	Yes
Campbell Primary School - Supply and Install 5 Wall Hung 8.5kw Split Air Conditioners for 5 Junior Wing Classrooms	Select	Works	Hirotec Maintenance Pty Ltd	\$28,080	27/11/2017	27/02/2018	No	No
Translation Services	Single Select	Services (non-consultancy)	Chin Communications Pty Ltd	\$28,533	20/12/2017	08/01/2018	No	Yes
Gold Creek School - Supply and Installation of Electronic Student Lockers	Single Select	Works	Infinite Joinery Pty Ltd	\$28,567	13/03/2018	30/03/2018	Yes	Yes
Hawker Preschool - Playground Softfall Removal and Replacement	Quotation	Works	Tuff Group Pty Ltd	\$29,150	18/09/2017	09/10/2017	No	No
Melbourne Schools Volleyball Cup	Quotation	Services (non-consultancy)	Easy Stay Bayside Motel	\$29,260	08/12/2017	14/12/2018	No	No
Gungahlin College - Thredbo Ski Trip Excursion	Quotation	Services (non-consultancy)	Action Learning Initiatives Pty Ltd	\$29,612	25/08/2017	29/08/2017	Yes	No
Singapore Teachers Delegation to Canberra April 2018	Select	Services (non-consultancy)	National Capital Educational Tourism Project	\$29,999	23/03/2018	11/05/2018	Yes	No
Charles Weston School - Library Courtyard - Supply and Installation of	Select	Works	Spanline Home Additions ACT	\$30,021	09/05/2018	30/07/2018	Yes	No

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME) *	Exemption from Quotation and Tender Threshold Requirements
Insulated Flyover Pergola								
Arawang Primary School - Year 5 and 6 Camp 2018	Quotation	Services (non-consultancy)	NSW Office of Sport and Recreation	\$30,234	31/01/2018	09/05/2018	No	No
Lyneham Primary School - Installation of Artificial Turf in Play Areas	Quotation	Works	Evergreen Artificial Turf Supplies Canberra	\$30,680	06/03/2018	27/04/2018	Yes	No
Consultation Services for Students with Disability Review	Single Select	Consultancy	Graeme Innes	\$30,800	02/11/2017	30/11/2017	No	Yes
Black Mountain School - Demountable/New Room and Fitments	Select	Works	ACT Building and Maintenance Pty Ltd	\$30,869	29/06/2018	31/08/2018	Yes	No
Lyneham High School - Musical Camp 2018	Quotation	Services (non-consultancy)	Warrambui Retreat and Conference Centre	\$31,785	21/03/2018	04/06/2018	Yes	No
Narrabundah College - Modernisation - Painting Trade Package	Public	Works	Macgregor Renovations Pty Ltd	\$32,000	09/05/2018	07/06/2019	Yes	No
Maribyrnong Primary School - Purchase of Interactive LED Panels	Single Select	Goods	Vista Visuals Australia Pty Ltd	\$32,307	13/11/2017	22/01/2018	No	Yes
Lake Tuggeranong College - Year 12 Formal 2017	Single Select	Services (non-consultancy)	National Convention Centre Canberra	\$32,447	13/12/2017	20/01/2018	Yes	Yes
Latham Primary School - Supply and Install Ceiling Fans as per Echelon Report	Select	Works	Intricate Electrical Systems	\$32,448	21/11/2017	21/02/2018	Yes	No
Performance Audit for Cleaning Services in ACT Public Schools	Quotation	Consultancy	FM Contract Solutions Pty Ltd	\$32,589	07/05/2018	30/06/2018	No	No
Amaroo School - Year 5 School Camp 2017	Quotation	Services (non-consultancy)	NSW Office of Sport and Recreation	\$32,880	06/09/2017	08/09/2017	No	No
Google Chrome Management Licence for the	Quotation	Services (non-consultancy)	Learning with Technologies Pty Ltd	\$34,100	14/12/2017	14/12/2018	No	No

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME) *	Exemption from Quotation and Tender Threshold Requirements
Education Directorate								
Harrison School - Year 3 and 4 Camp 2018	Quotation	Services (non-consultancy)	The Outdoor Education Group	\$34,199	10/04/2018	13/04/2018	No	No
Calwell High School - Year 7 Camp 2018	Quotation	Services (non-consultancy)	Away We Go Tours Pty Ltd	\$34,531	27/10/2017	21/02/2018	Yes	No
Principals as Numeracy Leaders - Round Three	Single Select	Consultancy	Association of Independent Schools - Western Australia	\$36,140	17/01/2018	27/03/2019	No	Yes
Gungahlin College - Year 12 Formal 2017	Quotation	Services (non-consultancy)	Ginger Catering	\$36,242	23/11/2017	23/11/2017	Yes	No
Amaroo School - Carpet Replacement	Quotation	Works	Canberra Floor World	\$36,364	23/11/2017	18/01/2018	Yes	No
Fraser Primary School - Year 5 and 6 Camp 2018	Single Select	Services (non-consultancy)	Away We Go Tours Pty Ltd	\$36,504	27/03/2018	29/03/2018	Yes	Yes
Hawker College - Dust Extraction	Select	Works	Carrier Australia Pty Ltd	\$36,762	28/03/2018	28/06/2018	Yes	No
Supply and Install Flag Poles at Various Public Schools	Select	Works	ACT Building and Maintenance Pty Ltd	\$37,147	15/06/2018	30/06/2018	Yes	No
Mount Stromlo High School - Year 8 Camp	Quotation	Services (non-consultancy)	Long Beach Camp	\$37,163	09/05/2018	30/06/2018	No	No
Electronic Booking System for the Education Directorate and ACT Public Schools	Single Select	Services (non-consultancy)	Rollercoaster Digital Pty Ltd	\$37,460	16/11/2017	23/07/2018	Yes	Yes
Telopea Park School - Year 10 German Tour 2018	Quotation	Services (non-consultancy)	Passport Travel	\$37,622	14/02/2018	24/02/2018	No	No
Aranda Primary School - 2018 Chromebook Program	Quotation	Goods	Learning with Technologies	\$37,994	14/09/2017	31/12/2018	No	No
Aranda Primary School - Year 5 and 6 Camp 2018	Select	Services (non-consultancy)	Away We Go Tours Pty Ltd	\$39,250	19/03/2018	28/03/2018	Yes	No
Provision of Work, Health and Safety Audit of Cleaning	Quotation	Consultancy	Deloitte Risk Advisory Pty Ltd	\$39,357	04/05/2018	30/06/2018	No	No

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME) *	Exemption from Quotation and Tender Threshold Requirements
Services in ACT Public Schools								
Lyneham Primary School - Removal and Replacement of Damaged Asphalt	Quotation	Works	B & B Asphalt Pty Ltd	\$39,410	16/03/2018	27/04/2018	Yes	No
North Ainslie Primary School - Year 5 and 6 Camp 2018	Quotation	Services (non-consultancy)	Away We Go Tours Pty Ltd	\$40,765	12/02/2018	14/02/2018	Yes	No
Dickson College - Year 12 Formal 2017	Quotation	Services (non-consultancy)	National Convention Centre Canberra	\$41,179	23/08/2017	29/11/2017	Yes	No
Renewal of School Catalogue Information Service (SCISWEB, SCIS Authority Files and SCIS Subject Headings) to ACT Government Schools in 2018	Single Select	Services (non-consultancy)	Education Services Australia	\$42,748	07/09/2017	31/12/2018	No	Yes
Calwell High School - C12 Upgrade	Quotation	Works	ACT Building and Maintenance Pty Ltd	\$42,800	20/02/2018	02/04/2018	Yes	No
Amaroo School - Bicycle Facilities	Quotation	Works	Greenline Group Pty Ltd	\$42,900	29/06/2018	29/06/2018	No	No
Majura Primary School - Year 5 and 6 Camp 2018	Single Select	Services (non-consultancy)	Away We Go Tours Pty Ltd	\$45,035	26/02/2018	28/02/2018	Yes	Yes
Healthcare Access at School (HAAS) Targeted Skill Set Training	Quotation	Services (non-consultancy)	Canberra Institute of Technology	\$45,500	28/07/2017	28/08/2020	No	No
Gold Creek School - Year 7 Camp 2018	Quotation	Services (non-consultancy)	Action Learning Initiatives Pty Ltd	\$46,200	22/09/2017	07/03/2018	Yes	No
Fadden Primary School and Preschool - External Painting	Select	Works	Glending Commercial Painting and Maintenance Pty Ltd	\$46,224	06/12/2017	06/03/2018	Yes	No
Canberra College - Year 12 Formal 2017	Quotation	Services (non-consultancy)	Ginger Catering at NAC Pty Ltd	\$46,316	24/08/2017	29/11/2017	Yes	No
Garran Primary School -Cooba Camp 2018	Quotation	Services (non-consultancy)	Away We Go Tours Pty Ltd	\$46,900	07/03/2018	23/03/2018	Yes	No

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME) *	Exemption from Quotation and Tender Threshold Requirements
Turner Primary School - Supply and Install Ceiling Fans as per Echelon Report	Select	Works	ACT Electric's Pty Limited	\$47,021	21/11/2017	21/02/2018	Yes	No
Teloepa Park School - Electronic Textbooks for Years 7 to 10	Single Select	Services (non-consultancy)	Learning Field	\$47,955	28/04/2018	28/04/2018	No	Yes
Teloepa Park School - Exterior Painting	Public	Works	Horizon Coatings (ACT) Pty Ltd	\$48,939	06/12/2017	04/03/2018	Yes	No
Australian Curriculum Implementation Project	Single Select	Consultancy	Tracey McAskill Consulting	\$49,500	25/07/2017	31/01/2018	Yes	Yes
Southern Cross Early Childhood School - Double Glazing of Courtyard Doors and Corridor Window	Quotation	Works	Solace Creations Pty Ltd	\$49,676	08/12/2017	30/06/2018	Yes	No
Chapman Primary School - Year 5 and 6 Camp	Quotation	Services (non-consultancy)	NSW Office of Sport and Recreation	\$49,741	20/02/2018	28/02/2018	No	No
Kingsford Smith School - China Educational Tour 2017	Quotation	Services (non-consultancy)	ACT World Travel Service Pty Ltd	\$50,050	17/08/2017	04/10/2017	Yes	No
Fadden Primary School - Shade Sails Over Play Equipment and Uluru Courtyard	Quotation	Works	Greenline Group Pty Ltd	\$50,072	16/03/2018	01/06/2018	Yes	No
Turner Primary School - Supply and Installation of 6 Split Air Conditioners	Public	Works	Hirotec Maintenance Pty Ltd	\$50,820	13/12/2017	13/03/2018	No	No
Charles Weston School - Library Courtyard - Supply and Installation of Insulated Flyover Pergola	Quotation	Works	Sumloe Pty Ltd	\$52,287	09/05/2018	30/07/2018	No	No
Curtin Primary School - Year 5 and 6 Camp 2018	Single Select	Services (non-consultancy)	Away We Go Tours Pty Ltd	\$52,500	09/05/2018	11/05/2018	Yes	Yes
Campbell High School - Noumea Trip	Quotation	Services (non-consultancy)	G.E.T. Educational Tours Pty Ltd	\$53,454	04/07/2017	29/09/2017	No	No

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME) *	Exemption from Quotation and Tender Threshold Requirements
Melrose High School - Japan Trip 2017	Quotation	Services (non-consultancy)	JTB Australia Pty Ltd	\$54,782	19/09/2017	01/10/2017	No	No
Campbell High School - Year 10 Gold Coast Trip 2017	Single Select	Services (non-consultancy)	World Strides Pty Ltd	\$55,040	10/08/2017	06/10/2017	No	Yes
Teloopa Park School - Year 7 Camp 2018	Single Select	Services (non-consultancy)	NSW Office of Sport and Recreation	\$55,488	19/02/2018	23/02/2018	No	Yes
Weetangera Primary School - Purchase of Wall Mounted LED Panels	Select	Goods	Vista Visuals Australia Pty Ltd	\$55,930	20/11/2017	01/02/2019	No	No
Oliver Support and Maintenance for 12 Months to May 2019	Single Select	Services (non-consultancy)	Softlink Australia Pty Ltd	\$57,298	16/03/2018	31/05/2018	No	Yes
Early Years Learning Project	Single Select	Consultancy	Christine Topfer	\$58,580	08/08/2017	08/08/2018	No	Yes
Isabella Plains Early Childhood School - Provision of Playground Equipment	Quotation	Works	The Playground People	\$58,982	20/06/2018	22/06/2018	Yes	No
Narrabundah College - Purchase of School Calculators	Quotation	Goods	Abacus Calculators	\$59,400	17/09/2017	20/10/2017	No	No
Campbell High School - Japan Trip	Quotation	Services (non-consultancy)	JTB Australia Pty Ltd	\$59,778	17/09/2017	03/10/2017	No	No
Narrabundah College - New Furniture for Transportables	Quotation	Goods	R. E. Batger Pty Ltd	\$61,213	16/05/2018	30/06/2018	No	No
Hawker Primary School - Installation of Playground Equipment	Quotation	Goods	Moduplay Commercial Systems	\$62,480	18/09/2017	01/01/2018	No	No
Chrome Management Console Licence	Quotation	Services (non-consultancy)	Technology for Education Solutions Pty Ltd	\$66,440	27/07/2017	24/08/2017	No	No
Consultancy Services - Playing Fields for North Gungahlin and Community	Public	Consultancy	Cardno (NSW/ACT) Pty Ltd	\$65,197	05/09/2017	01/07/2019	Yes	No

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME) *	Exemption from Quotation and Tender Threshold Requirements
Wanniassa Hills Primary School - Double Glazing and Doors in Kindergarten and Conference Room	Quotation	Works	Solace Creations Pty Ltd	\$65,491	02/02/2018	30/06/2018	Yes	No
Charles Conder Primary School - Purchase of Interactive Whiteboards	Single Select	Goods	Empowered Learning Pty Ltd	\$65,644	06/09/2017	15/12/2017	No	Yes
Campbell Primary School - Synthetic Turf and Automatic Irrigation System	Quotation	Works	A Better Place Landscapes	\$65,836	29/03/2018	29/06/2018	Yes	No
Chrome Management Console Licence	Quotation	Services (non-consultancy)	Technology for Education Solutions Pty Ltd	\$66,440	24/07/2017	24/08/2017	No	No
Calwell Primary School - Concrete Coating and Trip Hazard/Crack Repairs to Blacktop Surface	Quotation	Works	Line-X Canberra	\$66,501	08/03/2018	27/04/2018	Yes	No
University of Canberra Senior Secondary College Lake Ginninderra - Installation of Seven Automatic Doors	Quotation	Works	Dormakaba Australia Pty Ltd	\$67,537	23/11/2017	31/01/2018	Yes	No
Visible Learning Plux for the Education Directorate	Single Select	Consultancy	Corwin Press Australia Pty Ltd	\$68,739	31/07/2017	31/08/2018	No	Yes
Curtin Primary School - Junior Courtyard Upgrade	Select	Works	Dan and Dan Landscaping Pty Ltd	\$69,036	04/06/2018	30/09/2018	Yes	No
Gold Creek School - Hospitality Upgrade	Quotation	Works	Infinite Joinery Pty Ltd	\$71,258	21/05/2018	28/07/2018	Yes	No
University of Canberra Senior Secondary College Lake Ginninderra - Construction of a Security Fence to a Portion of the Site Within the School Boundary	Quotation	Works	Lido's Fencing Trust	\$74,800	14/02/2018	29/06/2018	Yes	No

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME) *	Exemption from Quotation and Tender Threshold Requirements
Aranda Primary School - Retractable Assembly Hall Seating	Quotation	Goods	Profurn Commercial Pty Ltd	\$74,866	03/11/2017	30/04/2018	No	No
Development of 2018-2020 ACT Education Directorate Strategic Plan	Quotation	Consultancy	Kirribilli Partners	\$75,000	03/08/2017	31/12/2017	Yes	No
Principal Capability Assessment and Accreditation Process	Single Select	Consultancy	Noetic Solutions Pty Ltd	\$76,780	25/05/2018	29/06/2018	Yes	Yes
Lake Tuggeranong College - Pavilion 6 Refurbishment	Quotation	Works	Canberra Commercial Contractors (ACT) Pty Ltd	\$78,601	16/11/2017	02/02/2018	Yes	No
Narrabundah College - New Furniture for Transportables	Quotation	Goods	Woods Furniture Pty Ltd	\$85,155	16/05/2018	30/06/2018	No	No
University of Canberra Senior Secondary College Lake Ginninderra - New Zealand Excursion 2017	Quotation	Services (non-consultancy)	Flight Centre Travel Group Limited	\$88,850	31/07/2017	22/09/2017	No	No
Independent Commissioning Agent for the North Gungahlin P-6 School	Select	Consultancy	Engineered Solutions for Building Sustainability Pty Ltd. The Trustee for Sampath Trust	\$92,950	02/08/2017	03/03/2020	Yes	No
Belconnen High School - Modernisation Independent Commissioning Agent	Select	Works	Engineered Solutions for Building Sustainability Pty Ltd. The Trustee for Sampath Trust	\$93,885	07/05/2018	31/01/2019	Yes	No
Alfred Deakin High School - Top End Excursion 2018	Quotation	Services (non-consultancy)	GET Educational Tours Pty Ltd	\$105,000	28/06/2018	31/10/2018	No	No
Various Schools - Supply and Plant Trees	Public	Works	Leaves Away Pty Ltd	\$108,208	17/04/2018	17/08/2018	Yes	No
Aranda Primary School - Hall Upgrade	Select	Works	Complete Constructions (Aust) Pty Ltd	\$110,876	18/12/2017	02/02/2018	Yes	No

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME) *	Exemption from Quotation and Tender Threshold Requirements
Oliver Support for 12 Months to October 2018	Single Select	Services (non-consultancy)	Softlink Australia Pty Ltd	\$111,915	24/08/2017	31/10/2018	No	Yes
Kingsford Smith School - Roof Safety Rectification	Select	Works	Rigcom Access Pty Ltd	\$112,115	14/03/2018	14/06/2018	No	No
Lyneham High School - Year 7 Camp 2018	Single Select	Services (non-consultancy)	NSW Office of Sport and Recreation	\$116,036	01/02/2018	09/03/2018	No	Yes
Campbell Primary School - Landscape Construction for School Sensory Garden with Shed	Select	Works	Dan and Dan Landscaping Pty Ltd	\$117,994	06/04/2018	30/07/2018	Yes	No
Provision of Cleaning Services for Jervis Bay Primary School	Quotation	Services (non-consultancy)	TJS Services Group Pty Ltd	\$119,201	27/06/2018	16/07/2020	Yes	No
Hedley Beare Centre for Teaching and Learning - Energy Efficient Lighting Upgrade	Public	Works	Shine on Solar	\$122,796	15/05/2018	18/07/2018	No	No
Business Operational Audit - ACT School Cleaning Contract Services	Quotation	Consultancy	Deloitte Touche Tohmatsu	\$124,657	08/03/2018	24/04/2018	No	No
Alfred Deakin High School - Japan Trip 2018	Quotation	Services (non-consultancy)	JTB Australia Pty Ltd	\$125,000	26/06/2018	31/10/2018	No	No
Survey and Data Management Services	Public	Consultancy	The Social Research Centre	\$125,046	12/04/2018	04/04/2019	No	No
Narrabundah College - Modernisation - Joinery Trade Package	Public	Works	Advance Detail Joinery Pty Ltd	\$131,047	02/05/2018	07/06/2019	Yes	No
Deed of Grant Between ACT and Association of Independent Schools (AIS) for VET in Schools	Select	Services (non-consultancy)	The Association of Independent Schools of the ACT Incorporated	\$133,848	20/12/2017	31/12/2017	No	No
School Improvement: Writing (Secondary Project)	Quotation	Consultancy	Misty Adoniou	\$138,737	19/01/2018	19/01/2019	Yes	No

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME) *	Exemption from Quotation and Tender Threshold Requirements
Campbell Primary School - Hardcourt and Circular Paved Area	Quotation	Works	CB Excavations Pty Ltd	\$138,823	13/04/2018	29/06/2018	Yes	No
Hedley Beare Centre for Teaching and Learning -Office Refurbishment for People and Performance	Quotation	Works	ACT Building and Maintenance Pty Ltd	\$140,563	11/09/2017	31/01/2018	Yes	No
Molonglo Preschool to Year 10 Site Master Planning	Public	Consultancy	Gray Puksand Pty Ltd	\$144,914	22/11/2017	28/02/2018	No	No
Giralang Primary School - Multipurpose Roof Structure	Quotation	Works	Outdoor Lifestyle Designs	\$152,381	12/12/2017	30/04/2018	Yes	No
Provision of Cleaning Services at Jervis Bay Primary School and Preschool	Quotation	Services (non-consultancy)	S&B Services	\$159,750	03/07/2017	16/07/2020	Yes	No
General Research Software	Public	Consultancy	Qualtrics LLC	\$170,136	30/04/2018	30/04/2019	No	No
School Improvement - Early Years - Essential Literacy Practices	Single Select	Consultancy	Christine Topfer	\$184,000	10/04/2018	05/03/2019	Yes	Yes
Lyneham High School - Italy/Greece Tour	Quotation	Services (non-consultancy)	World Strides Pty Ltd	\$195,376	21/11/2017	30/04/2018	No	No
Pricewaterhouse Coopers Partnering Agreement	Single Select	Consultancy	Pricewaterhouse Coopers	\$199,999	20/11/2017	19/11/2018	No	Yes
School Administration System Gateway Review	Single Select	Consultancy	Pricewaterhouse Coopers	\$199,999	18/09/2017	19/09/2019	No	Yes
2017 School Climate Survey Delivery, Analysis and Research	Select	Services (non-consultancy)	The Australian National University	\$229,900	25/07/2017	30/06/2018	No	No
External School Reviews Consultancy	Public	Consultancy	Australian Council for Educational Research Ltd	\$298,882	20/07/2017	19/07/2018	No	No

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME) *	Exemption from Quotation and Tender Threshold Requirements
Narrabundah College Modernisation - Roofing Trade Package	Public	Works	Deinas Metal Roofing Pty Ltd	\$429,530	30/04/2018	07/06/2019	Yes	No
Implementation of the Safe and Inclusive Schools Initiative in the ACT	Public	Consultancy	Sexual Health and Family Planning ACT Incorporated	\$440,000	23/01/2018	01/07/2021	Yes	No
Campbell Primary School - Demolition of Building B and Annex	Single Select	Works	Caylamax Demolitions Pty Ltd	\$482,000	17/11/2017	22/01/2018	No	Yes
Narrabundah College Modernisation - Landscaping Trade Package	Public	Works	Able Landscaping Pty Ltd	\$606,479	07/06/2018	19/07/2018	Yes	No
Security Patrol Services for ACT Colleges, Schools and Central Office Locations	Public	Services (non-consultancy)	Wilson Security Pty Ltd	\$1,530,000	27/06/2018	30/06/2019	No	No
DDC Tender Public Schools Infrastructure Upgrades 2017 - 2018	Public	Works	IQON Pty Ltd	\$2,419,078	09/01/2018	30/11/2018	Yes	No
Relocatable Learning Units and Relocatable Toilet Units	Public	Works	Ausco Modular Pty Ltd	\$5,427,341	12/12/2017	30/03/2018	No	No
Chromebooks Project	Public	Goods	Datacom Systems (AU) Pty Ltd	\$7,706,352	28/02/2018	28/03/2018	No	No
Schools for the Future Modernising Belconnen High School	Select	Works	Cockram Construction Australia Pty Ltd	\$18,864,337	29/06/2018	31/01/2019	No	No
North Gungahlin P-6 School - Design, Construction and Maintenance	Public	Works	Joss Constructions	\$32,807,367	24/10/2017	28/07/2027	Yes	No

The content of Table C5.2 has been derived from the online Contracts Register. This covers agreements entered into from 1 July 2016 to 30 June 2017 in accordance with Government requirements and notified after 30 June 2017.

Table C5.2: Activities executed in 2016-17 Financial Year and notified to the Contracts Register in 2017-18 Financial Year

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME)*	Exemption from Quotation and Tender Threshold
Alfred Deakin High School - School Formal 2017	Quotation	Services (non-consultancy)	Ginger Catering at NAC Pty Ltd	\$25,285	17/11/2016	28/11/2017	Yes	No
Campbell High School - Oval Upgrade	Single Select	Works	Programmed Property Services Pty Ltd	\$27,334	06/12/2016	27/10/2017	No	Yes
Monash Primary School - Purchase of Chromebooks	Quotation	Goods	The Good Guys	\$28,430	20/06/2017	29/06/2017	Yes	No
Narrabundah College - China Trip 2017	Quotation	Services (non-consultancy)	ACT World Travel Services Pty Ltd	\$36,520	08/03/2017	13/10/2017	Yes	No
Harrison School - Year 5 and 6 Camp 2017	Quotation	Services (non-consultancy)	NSW Office of Sport and Recreation	\$38,090	14/10/2016	06/09/2017	No	No
Namadgi School - Purchase of Student Chromebooks	Single Select	Goods	Learning With Technologies Pty Ltd	\$40,898	01/03/2017	05/06/2017	No	Yes
Arawang Primary School - Courtyard Upgrade	Quotation	Works	Quay Building Group	\$42,845	29/03/2017	31/08/2017	Yes	No
Gold Creek School - Year 7 Camp 2018	Single Select	Services (non-consultancy)	Action Learning Initiatives Pty Ltd	\$46,200	21/06/2017	07/03/2018	Yes	Yes
Lake Tuggeranong College - Japan School Excursion 2016	Quotation	Services (non-consultancy)	JTB Australia Pty Ltd	\$46,813	25/09/2016	06/10/2016	No	No
Telopea Park School - Basketball and Car Park Upgrade	Quotation	Works	B&B Asphalt Pty Ltd	\$48,382	27/05/2017	16/07/2017	Yes	No
Purchase of Standardised Assessment Tools For School Psychologists	Single Select	Goods	Pearson Australia Group Pty Ltd	\$56,729	02/02/2017	14/02/2018	No	Yes
Narrabundah College - Korea Trip 2017	Quotation	Services (non-consultancy)	Kukje International Academy	\$57,656	08/03/2017	04/10/2017	Yes	No
Florey Primary School - Shade Structures	Quotation	Works	Greenline Group Pty Ltd	\$62,590	26/10/2016	27/01/2017	No	No

Contract Title	Procurement Methodology	Procurement Type	Contractor Name	Contract Amount \$	Execution Date	Expiry Date	Regional Small to Medium Enterprise (SME)*	Exemption from Quotation and Tender Threshold
Supply, Installation and Connection of Water Data Loggers at 60 ACT Public School Sites	Quotation	Goods	Wollemi Systems Pty Ltd	\$63,273	19/06/2017	11/08/2017	Yes	No
Lyneham High School - Construction of External Doorway and Access Ramp	Quotation	Works	Quay Building Group	\$68,348	29/06/2017	30/09/2017	Yes	No
Narrabundah College - New York Trip 2017	Quotation	Services (non-consultancy)	Queanbeyan City Travel	\$75,348	08/03/2017	08/10/2017	Yes	No
Preparing ACT Public School Registered Training Organisations for an Australian Skills Quality Authority Re-Registration	Select	Services (non-consultancy)	CIT Solutions	\$85,536	27/06/2017	28/10/2017	No	No
Alfred Deakin High School - Year 7 Camp 2017	Quotation	Services (non-consultancy)	Action Learning Initiatives Pty Ltd	\$88,969	28/06/2016	16/03/2018	Yes	No
Youth Education Program	Single Select	Services (non-consultancy)	Anglicare NSW South, NSW West and ACT	\$312,840	30/01/2017	31/12/2018	No	Yes

* A regional SME is a business with fewer than 200 employees and located in Canberra or the following NSW councils: Bombala, Boorowa, Cooma-Monaro, Eurobodalla, Goulburn-Mulwaree, Harden, Palerang, Queanbeyan, Snowy River, Upper Lachlan, Yass Valley or Young.

**For further information contact:
Director, Infrastructure and Capital Works
(02) 6205 1289**

C6 Statement of Performance



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY

Sensitive: Auditor-General

A18/09

Ms Natalie Howson
Director-General
Education Directorate
Level 6, 220 Northbourne Avenue
BRADDON ACT 2612

Dear Ms Howson

**REPORT OF FACTUAL FINDINGS - EDUCATION DIRECTORATE
STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018**

The ACT Audit Office has completed the review of the statement of performance of the Education Directorate for the year ended 30 June 2018.

I have attached the statement of performance and an unqualified report of factual findings.

I have provided a copy of the statement of performance and report of factual findings to the Minister for Education and Early Childhood Development, Ms Yvette Berry MLA.

Yours sincerely

Brett Stanton
Director, Performance Audits
18 September 2018

c.c. Ms Carol Lilley, Chair, Audit Committee
Ms Lynette Daly, Chief Financial Officer
Ms Megan Young, Chief Internal Auditor

Level 4, 11 Moore Street Canberra City ACT 2601 PO Box 275 Civic Square ACT 2608
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REPORT OF FACTUAL FINDINGS**EDUCATION DIRECTORATE****To the Members of the ACT Legislative Assembly****Review opinion**

I am providing an **unqualified review opinion** on the statement of performance of the Education Directorate (the Directorate) for the year ended 30 June 2018.

During the review, no matters were identified which indicate that the results of the accountability indicators reported in the statement of performance are not fairly presented in accordance with the *Financial Management Act 1996*.

Basis for the review opinion

The review was conducted in accordance with Australian Auditing Standards. I have complied with the requirements of the Accounting Professional and Ethical Standards 110 *Code of Ethics for Professional Accountants*.

I believe that sufficient evidence was obtained during the review to provide a basis for the review opinion.

Responsibility for preparing and fairly presenting the statement of performance

The Director-General of the Directorate 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 2017*; 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.

Responsibility for the review of the statement of performance

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2017*, the Auditor-General is responsible for issuing a report of factual findings on the statement of performance of the Directorate.

As required by Australian Auditing Standards, the auditors:

- applied professional judgement and maintained scepticism;
- identified and assessed the risks of material misstatements due to error or fraud* and implemented procedures to address these risks so that sufficient evidence was obtained to form a review opinion; and
- reported the scope and timing of the review and any significant deficiencies in reporting practices identified during the review to the Director-General.

(*The risk of not detecting material misstatements due to fraud is higher than the risk due to error, as fraud may involve collusion, forgery, intentional omissions or misrepresentations or the override of internal controls.)

Limitations on the scope of the review

The review was conducted in accordance with Australian Auditing Standards applicable to review engagements, to provide limited assurance that the results of the accountability indicators reported in the statement of performance have been fairly presented in accordance with the *Financial Management Act 1996*.

A review is primarily limited to making inquiries with representatives of the Directorate, performing analytical and other review procedures and examining other available evidence. These review procedures do not provide all of the evidence that would be required in an audit, therefore, the level of assurance provided is less than that given in an audit. An audit has not been performed and no audit opinion is being expressed on the statement of performance.

This review 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;
- adequacy of controls implemented by the Directorate; or
- integrity of the reviewed statement of performance presented electronically or information hyperlinked to or from the statement of performance. Assurance can only be provided for the printed copy of the reviewed statement of performance.



Brett Stanton
Director, Performance Audits

18 September 2018

EDUCATION DIRECTORATE

STATEMENT OF PERFORMANCE

For the Year Ended June 2018

**Education Directorate
Statement of Performance
For the Year Ended 30 June 2018**

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 2018 and also fairly reflects the judgements exercised in preparing it.



Natalie Howson
Director-General
18 September 2018

Education Directorate
Statement of Performance
For the Year Ended 30 June 2018

Output Class 1: Public School Education

Description

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

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

	2017-18 Target	2017-18 Result	Percentage variance from the target	Explanation of material variance (±10% or higher)
Cost (\$'000) *				
1.1 Public Primary School Education	386,631	391,733	1.3%	
1.2 Public High School Education	191,317	188,969	(1.2%)	
1.3 Public Secondary College Education	125,429	121,496	(3.1%)	
1.4 Disability Education in Public Schools	74,713	74,972	0.3%	
Total Output Class 1	778,090	777,170	(0.1%)	
Controlled Recurrent Payments (\$'000) *				
1.1 Public Primary School Education	327,082	322,756	(1.3%)	
1.2 Public High School Education	166,043	164,513	(0.9%)	
1.3 Public Secondary College Education	107,061	105,991	(1.0%)	
1.4 Disability Education in Public Schools	66,640	65,918	(1.1%)	
Total Output Class 1	666,826	659,178	(1.1%)	

Notes:

- a. Cost and Controlled Recurrent Payments measures were not examined by the ACT Audit Office in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2017*.

Education Directorate
Statement of Performance
For the Year Ended 30 June 2018

Output Class 1: Public School Education	2017-18 Target	2017-18 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	4,650	4,677	0.6%	
b. Number of enrolments of Aboriginal and Torres Strait Islander students in preschool in public schools	250	289	15.6%	Note 1
School participation				
a. Attendance rate of public school students in year 1 to year 10	91.5%	91.6%	0.1%	
Education and care services				
a. Assessment and ratings completed within legislated timeframes	100%	99%	(1%)	
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%	99%	(1%)	
Senior secondary education				
a. Percentage of year 10 students who proceed to public secondary college education	85%	92.3%	8.6%	
b. Percentage of year 10 Aboriginal and Torres Strait Islander students who proceed to public secondary college education	80%	87.6%	9.5%	
c. Apparent retention of public school students from year 7 to year 12	100%	100%	-	
d. Apparent retention of Aboriginal and Torres Strait Islander public school students from year 7 to year 12	75%	100%	33.3%	Note 2
e. Percentage of year 12 students who receive a Tertiary Entrance Statement	50%	46.7%	(6.6%)	
f. Percentage of year 12 Aboriginal and Torres Strait Islander students who receive a Tertiary Entrance Statement	20%	14.7%	(26.5%)	Note 3
g. Percentage of year 12 students who receive a nationally recognised vocational qualification	60%	33.5%	(44.2%)	Note 4
h. Percentage of year 12 Aboriginal and Torres Strait Islander students who receive a nationally recognised vocational qualification	50%	37%	(26%)	Note 5
Regulatory and process reform initiative				
a. Commenced implementation of red tape reduction initiatives	30 June 2018	13 February 2018	-	
Average cost (\$) per student per annum in public:				
a. Preschools	7,326	7,162	(2.2%)	
b. Primary schools	14,860	14,795	(0.4%)	
c. High schools	19,226	18,634	(3.1%)	
d. Secondary colleges	19,718	19,310	(2.1%)	
e. Special schools	65,165	66,190	1.6%	
f. Mainstream Schools' student with a disability	27,110	26,771	(1.3%)	

The above accountability indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*.

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Notes to variances

1. More Aboriginal and Torres Strait Islander children were enrolled in preschool than projected.
2. Apparent Retention Rate is an indicative measure of the number of school students who have stayed in school for a designated year and grade of education. It is expressed as a percentage of the respective cohort group that those students would be expected to have come from, assuming an expected rate of progression of one grade per year. The variance is result of increasing enrolments of Aboriginal and Torres Strait Islander students in public schools over time.
3. The variance is a result of a smaller number of Aboriginal and Torres Strait Islander students receiving a Tertiary Entrance Statement (TES). The number of Aboriginal and Torres Strait Islander students receiving a TES was 17 (of 116 enrolled in year 12 in 2017) leading to a result of 14.7 percent as opposed to an expected number of 23 students (of 116 enrolled in year 12 in 2017) which could have achieved a target of 20 percent.
4. The variance is a result of a decrease in uptake of nationally recognised vocational qualifications by year 12 students. A total of 1,076 students (of 3,213 enrolled in year 12 in 2017) received a nationally recognised vocational qualification leading to a result of 33.5 percent as opposed to an expected number of 1,928 students (of 3,213 enrolled in year 12 in 2017) which could have achieved a target of 60 percent.
5. The variance is a result of a smaller number of Aboriginal and Torres Strait Islander students receiving a nationally recognised vocational qualification. The number of Aboriginal and Torres Strait Islander students receiving a nationally recognised vocational qualification was 43 (of 116 enrolled in year 12 in 2017) leading to a result of 37 percent as opposed to an expected number of 58 students (of 116 enrolled in year 12 in 2017) which could have achieved a target of 50 percent.

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Output Class 2: Non-government Education

Output 2.1: Non-government Education

Description

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

	2017-18 Target	2017-18 Result	Percentage variance from the target	Explanation of material variance (±10% or higher)
Cost (\$'000) ^a	3,855	3,610	(6.4%)	
Controlled Recurrent Payments (\$'000) ^a	3,233	2,968	(8.2%)	
Accountability Indicators^b				
a. All non-government schools operating in the ACT during the reporting period are registered	100%	100%	-	
b. The provisional registration of home educated students is completed within ten school days of the receipt of the application	100%	100%	-	
c. Grants paid within the required period of receiving funds from the Commonwealth Government	100%	100%	-	

Notes

- a. Cost and Controlled Recurrent Payments measures were not examined by the ACT Audit Office in accordance with the *Financial Management (Statement of Performance Scrutiny) Guidelines 2017*.
- b. The accountability indicators were examined by the ACT Audit Office in accordance with the *Financial Management Act 1996*.