

Department of Education Financial Statements for the year ended 30 June 2022

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Department of Education
Statement of Comprehensive Income
for the year ended 30 June 2022

		2022 Actual	2022 Original budget	Budget variance*	2021 Actual
	Note	\$'000	\$'000	\$'000	\$'000
OPERATING RESULT					
Income from continuing operations					
Appropriation revenue	B1-1	10 233 346	10 365 369	(132 023)	9 482 432
User charges and fees	B1-2	404 327	431 859	(27 532)	399 651
Grants and contributions	B1-3	251 484	184 074	67 410	208 504
Interest		4 585	10 375	(5 790)	4 803
Other revenue		88 998	17 999	70 999	68 066
Total income from continuing operations		10 982 740	11 009 676	(26 936)	10 163 456
Expenses from continuing operations					
Employee expenses	B2-1	8 087 572	8 193 581	(106 009)	7 691 693
Supplies and services	B2-2	1 576 657	1 755 724	(179 067)	1 337 170
Grants and subsidies	B2-3	341 067	341 066	1	293 685
Depreciation and amortisation	C3-4	709 760	614 276	95 484	607 956
Impairment losses/(gains)		7 188	728	6 460	(14 674)
Finance/borrowing costs		19 498	26 157	(6 659)	19 785
Other expenses	B2-4	81 802	78 144	3 658	70 524
Total expenses from continuing operations		10 823 544	11 009 676	(186 132)	10 006 139
Operating result for the year		159 196	-	159 196	157 317
OTHER COMPREHENSIVE INCOME					
<u>Items that will not be reclassified to operating result:</u>					
Increase/(decrease) in asset revaluation surplus	C8-3	2 460 458	401 728	2 058 730	939 923
Total items that will not be reclassified to operating result		2 460 458	401 728	2 058 730	939 923
TOTAL COMPREHENSIVE INCOME		2 619 654	401 728	2 217 926	1 097 240

*An explanation of major variances is included at Note E1.

The accompanying notes form part of these financial statements.

Department of Education – Statement of Comprehensive Income by Major Departmental Service
for the year ended 30 June 2022

	Early Childhood Education and Care		School Education		Industrial Relations		Racing		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from continuing operations										
Appropriation revenue	319 473	290 391	9 854 560	9 159 594	30 664	27 903	28 649	4 544	10 233 346	9 482 432
User charges and fees	1 179	1 150	382 161	380 104	20 979	18 397	8	-	404 327	399 651
Grants and contributions	764	613	118 347	79 975	132 373	127 916	-	-	251 484	208 504
Interest	-	-	4 585	4 803	-	-	-	-	4 585	4 803
Other revenue	5 059	4 043	82 564	57 439	713	584	662	6 000	88 998	68 066
Total income from continuing operations	326 475	296 197	10 442 217	9 681 915	184 729	174 800	29 319	10 544	10 982 740	10 163 456
Expenses from continuing operations										
Employee expenses	45 354	42 246	7 922 561	7 534 236	119 084	114 850	573	361	8 087 572	7 691 693
Supplies and services	28 893	25 275	1 502 650	1 271 470	45 105	40 416	9	9	1 576 657	1 337 170
Grants and subsidies	244 281	221 522	58 270	56 702	9 699	10 915	28 817	4 546	341 067	293 685
Depreciation and amortisation	2 828	2 572	705 800	603 815	1 132	1 569	-	-	709 760	607 956
Impairment losses/(gains)	49	67	7 136	(14 777)	3	36	-	-	7 188	(14 674)
Finance/borrowing costs	4	4	19 494	19 781	-	-	-	-	19 498	19 785
Other expenses	358	52	81 093	70 028	351	444	-	-	81 802	70 524
Total expenses from continuing operations	321 767	291 738	10 297 004	9 541 255	175 374	168 230	29 399	4 916	10 823 544	10 006 139
Operating result for the year	4 708	4 459	145 213	140 660	9 355	6 570	(80)	5 628	159 196	157 317
Other comprehensive income										
Items that will not be reclassified to operating result:										
Increase/(decrease) in asset revaluation surplus	17 365	4 764	2 443 093	935 159	-	-	-	-	2 460 458	939 923
Total other comprehensive income	17 365	4 764	2 443 093	935 159	-	-	-	-	2 460 458	939 923
Total comprehensive income	22 073	9 223	2 588 306	1 075 819	9 355	6 570	(80)	5 628	2 619 654	1 097 240

Department of Education
Statement of Financial Position
as at 30 June 2022

	Note	2022 Actual \$'000	2022 Original budget \$'000	Budget variance* \$'000	2021 Actual \$'000
Current assets					
Cash and cash equivalents	C1	1 575 841	944 439	631 402	1 242 650
Receivables	C2	157 511	99 732	57 779	138 247
Inventories		2 243	3 093	(850)	1 961
Other current assets		52 236	67 992	(15 756)	89 202
Total current assets		1 787 831	1 115 256	672 575	1 472 060
Non-current assets					
Property, plant and equipment	C3-1	25 915 789	23 543 385	2 372 404	22 848 095
Right-of-use assets		6 420	-	6 420	6 272
Intangible assets		36 358	34 499	1 859	31 603
Total non-current assets		25 958 567	23 577 884	2 380 683	22 885 970
Total assets		27 746 398	24 693 140	3 053 258	24 358 030
Current liabilities					
Payables	C4	862 474	327 286	535 188	580 672
Borrowings	C5	9 107	9 488	(381)	8 374
Lease liabilities		851	-	851	582
Accrued employee benefits	C7	124 568	175 903	(51 335)	121 458
Other current liabilities		80 074	83 188	(3 114)	70 975
Total current liabilities		1 077 074	595 865	481 209	782 061
Non-current liabilities					
Borrowings	C5	364 392	370 047	(5 655)	373 499
Lease liabilities		5 990	-	5 990	6 084
Other non-current liabilities		-	228	(228)	-
Total non-current liabilities		370 382	370 275	107	379 583
Total liabilities		1 447 456	966 140	481 316	1 161 644
Net assets		26 298 942	23 727 000	2 571 942	23 196 386
Equity					
Contributed equity	C8-1	5 700 877			5 217 975
Accumulated surplus		559 687			400 491
Asset revaluation surplus	C8-3	20 038 378			17 577 920
Total equity		26 298 942	23 727 000	2 571 942	23 196 386

*An explanation of major variances is included at Note E1.

The accompanying notes form part of these financial statements.

Department of Education – Statement of Assets and Liabilities by Major Departmental Service
as at 30 June 2022

	Early Childhood Education and Care		School Education		Industrial Relations		Racing		General - not attributed		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets												
Cash and cash equivalents	-	-	716 103	655 457	35 553	24 398	-	-	824 185	562 795	1 575 841	1 242 650
Receivables	3 821	3 257	149 745	131 467	3 930	3 317	15	206	-	-	157 511	138 247
Inventories	-	-	2 243	1 961	-	-	-	-	-	-	2 243	1 961
Other current assets	159	300	50 014	87 008	2 061	1 891	2	3	-	-	52 236	89 202
Total current assets	3 980	3 557	918 105	875 893	41 544	29 606	17	209	824 185	562 795	1 787 831	1 472 060
Non-current assets												
Property, plant and equipment	124 650	109 569	25 789 402	22 736 093	1 737	2 433	-	-	-	-	25 915 789	22 848 095
Right-of-use assets	-	-	6 420	6 272	-	-	-	-	-	-	6 420	6 272
Intangible assets	1 835	454	32 327	29 296	2 196	1 853	-	-	-	-	36 358	31 603
Total non-current assets	126 485	110 023	25 828 149	22 771 661	3 933	4 286	-	-	-	-	25 958 567	22 885 970
Total assets	130 465	113 580	26 746 254	23 647 554	45 477	33 892	17	209	824 185	562 795	27 746 398	24 358 030
Current liabilities												
Payables	15 521	2 717	840 300	573 337	6 653	4 616	-	2	-	-	862 474	580 672
Borrowings	-	-	9 107	8 374	-	-	-	-	-	-	9 107	8 374
Lease liabilities	-	-	851	582	-	-	-	-	-	-	851	582
Accrued employee benefits	1 277	1 137	118 891	116 062	4 386	4 173	14	86	-	-	124 568	121 458
Other current liabilities	-	32	79 896	70 745	178	198	-	-	-	-	80 074	70 975
Total current liabilities	16 798	3 886	1 049 045	769 100	11 217	8 987	14	88	-	-	1 077 074	782 061
Non-current liabilities												
Borrowings	-	-	364 392	373 499	-	-	-	-	-	-	364 392	373 499
Lease liabilities	-	-	5 990	6 084	-	-	-	-	-	-	5 990	6 084
Total non-current liabilities	-	-	370 382	379 583	-	-	-	-	-	-	370 382	379 583
Total liabilities	16 798	3 886	1 419 427	1 148 683	11 217	8 987	14	88	-	-	1 447 456	1 161 644

Department of Education
Statement of Changes in Equity
for the year ended 30 June 2022

	Note	Accumulated surplus	Asset revaluation surplus	Contributed equity	Total
		\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2020		243 174	16 637 997	4 617 161	21 498 332
Operating result					
Operating result from continuing operations		157 317	-	-	157 317
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus	C8-3	-	939 923	-	939 923
Total comprehensive income for the year		157 317	939 923	-	1 097 240
Transactions with owners as owners					
- Appropriated equity injections	C8-2	-	-	600 814	600 814
Net transactions with owners as owners		-	-	600 814	600 814
Balance as at 30 June 2021		400 491	17 577 920	5 217 975	23 196 386
Balance as at 1 July 2021		400 491	17 577 920	5 217 975	23 196 386
Operating result					
Operating result from continuing operations		159 196	-	-	159 196
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus	C8-3	-	2 460 458	-	2 460 458
Gain on revaluation of properties					
Total comprehensive income for the year		159 196	2 460 458	-	2 619 654
Transactions with owners as owners					
- Net transfers in/(out) from other Queensland Government entities	A3	-	-	(12 977)	(12 977)
- Appropriated equity injections	C8-2	-	-	495 879	495 879
Net transactions with owners as owners		-	-	482 902	482 902
Balance as at 30 June 2022		559 687	20 038 378	5 700 877	26 298 942

The accompanying notes form part of these financial statements.

Department of Education
Statement of Cash Flows
for the year ended 30 June 2022

	2022	2022		2021
	Actual	Original	Budget	Actual
Note		budget	variance*	
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Inflows:</i>				
Service appropriation receipts	10 324 090	10 365 369	(41 279)	9 593 602
User charges and fees	398 498	438 014	(39 516)	347 220
Grants and contributions	197 326	180 074	17 252	187 359
Interest receipts	4 585	10 375	(5 790)	4 803
GST input tax credits from ATO	277 718	-	277 718	269 361
GST collected from customers	19 322	-	19 322	19 548
Other	89 363	24 801	64 562	68 362
<i>Outflows:</i>				
Employee expenses	(8 061 193)	(8 165 503)	104 310	(7 726 788)
Supplies and services	(1 379 616)	(1 754 801)	375 185	(1 208 199)
Grants and subsidies	(331 960)	(341 066)	9 106	(293 285)
Finance/borrowing costs	(19 498)	(26 157)	6 659	(19 785)
GST paid to suppliers	(284 257)	-	(284 257)	(270 087)
GST remitted to ATO	(20 386)	-	(20 386)	(18 466)
Other	(78 030)	(83 137)	5 107	(69 448)
Net cash provided by operating activities	1 135 962	647 969	487 993	884 197
CF-1				
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Inflows:</i>				
Sales of property, plant and equipment	423	-	423	801
<i>Outflows:</i>				
Payments for property, plant and equipment	(1 289 765)	(1 446 629)	156 864	(1 141 680)
Net cash used in investing activities	(1 289 342)	(1 446 629)	157 287	(1 140 879)
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Inflows:</i>				
Equity injections	495 879	850 752	(354 873)	600 814
<i>Outflows:</i>				
Repayments of borrowings	(8 374)	(8 374)	-	(7 691)
Lease payments	(934)	(380)	(554)	(788)
Net cash provided by financing activities	486 571	841 998	(355 427)	592 335
Net increase/(decrease) in cash and cash equivalents	333 191	43 338	289 853	335 653
Cash and cash equivalents - opening balance	1 242 650	901 101	341 549	906 997
Cash and cash equivalents - closing balance	1 575 841	944 439	631 402	1 242 650
C1				

*An explanation of major variances is included at Note E1.

The accompanying notes form part of these financial statements.

Department of Education
Statement of Cash Flows
for the year ended 30 June 2022

NOTES TO THE STATEMENT OF CASH FLOWS

CF-1 Reconciliation of operating result to net cash provided by operating activities

	2022 \$'000	2021 \$'000
Operating surplus/(deficit)	159 196	157 317
<i>Non-cash items included in operating result:</i>		
Depreciation and amortisation expense	709 760	607 956
Loss on disposal of property, plant and equipment	3 761	1 062
Donated assets received	(11 846)	(14 578)
Other assets received	(43 540)	(6 300)
Bad debts and impairment losses/(gains)	7 189	(14 674)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in GST input tax credits receivable	(7 589)	342
(Increase)/decrease in net operating receivables	(11 650)	(47 318)
(Increase)/decrease in inventories	(283)	822
(Increase)/decrease in other current assets	36 966	28 114
Increase/(decrease) in other current liabilities	9 099	(10 728)
Increase/(decrease) in GST payable	(14)	14
Increase/(decrease) in payables	281 802	179 365
Increase/(decrease) in accrued employee benefits	3 111	2 803
Net cash provided by operating activities	1 135 962	884 197

CF-2 Changes in liabilities arising from financing activities

	Closing balance 2020 \$'000	Non-cash adjustments \$'000	Cash repayments \$'000	Closing balance 2021 \$'000
Borrowings	389 564	-	(7 691)	381 873
Lease liabilities	6 907	547	(788)	6 666
Total	396 471	547	(8 479)	388 539

	Closing balance 2021 \$'000	Non-cash adjustments \$'000	Cash repayments \$'000	Closing balance 2022 \$'000
Borrowings	381 873	-	(8 374)	373 499
Lease liabilities	6 666	1 109	(934)	6 841
Total	388 539	1 109	(9 308)	380 340

Further details on Borrowings are provided in Note C5.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

SECTION 1
ABOUT THE DEPARTMENT AND THIS FINANCIAL REPORT

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

The Department of Education (the department) is a Queensland Government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent.

The head office and principal place of business of the department is:

Education House
30 Mary Street
Brisbane QLD 4000

A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS

The department has prepared these general purpose financial statements:

- in compliance with s.38 of the *Financial and Performance Management Standard 2019*;
- in compliance with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2021;
- in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities; and
- on an accrual basis.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note G3.

A1-3 PRESENTATION

Currency and rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives

Comparative information reflects the audited 2020-21 financial statements.

Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the department does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

A1-4 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements are authorised for issue by the Director-General and Chief Finance Officer at the date of signing the management certificate.

A1-5 BASIS OF MEASUREMENT

Historical cost is used as the measurement basis in this financial report except for the following:

- land, buildings, heritage and cultural assets which are measured at fair value; and
- inventories which are measured at the lower of cost and net realisable value.

A1-6 THE REPORTING ENTITY

These financial statements cover the Department of Education and include all income, expenses, assets, liabilities and equity of the department as an individual entity.

There have been no material changes in the reporting entity during 2021-22, and details of any transferred assets, liabilities, equity and appropriation revenue, including those associated with machinery-of-government changes are detailed in Note A3.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

A1-7 FINANCIAL IMPACTS FROM COVID-19 PANDEMIC

There have been no material financial impacts arising from COVID-19 on the department's financial statements. However, there have been continuing minor impacts in the following areas:

- Reductions in revenue occurred from both school activities such as excursion fees and from full fee-paying overseas students which were partially offset by reductions in Homestay Accommodation Scheme expenses. The revenue and expenses associated with overseas students were directly impacted by the international border closures.
- Reductions occurred in travel costs which have been offset by increases in COVID-19 supplies and associated freight costs.
- A one-off COVID-19 relief payment for free kindergarten access was made in Term 1 2022 and two further special payments were made to support services impacted by the border closure with New South Wales.
- The department's land holdings are measured at fair value by referring to market prices. During 2021-22 the annual land valuations were influenced by the prevailing increased market prices. With respect to inner city land holdings, the market in 2021-22 has continued to show signs of increased transaction activity which commenced during the early stages of the COVID-19 pandemic. Prior to COVID-19, sales activity in the inner city was very low.
- Financial guarantees disclosed in Note D2 Contingencies have been assessed and management does not expect that the guarantees will be called upon within the terms of the loans.

A1-8 2022 QUEENSLAND FLOODS

The impact of the 2022 severe rainfall and flooding event in South East Queensland has affected a number of schools, including Rocklea State School, Jindalee State School, Aviation High at Hendra and Milpera State High School. Assessments of the affected buildings have been conducted to determine the extent of the damage and any rectification work required.

During late 2021-22, the department incurred \$6.277 million in expenditure to rectify the damage caused by the Queensland floods. Further rectification works will continue and are expected to be completed during December 2022.

Three buildings at Rocklea State School and one building at Aviation High were written off after an extensive independent assessment deemed it to be more cost effective to demolish the buildings and rebuild to a higher standard. These higher standard buildings are intended to mitigate the risk of future impacts from flood and other natural disasters. The total loss recognised by the department for the write off of these building assets was \$0.984 million. In addition, losses captured through the Resource Replacement Scheme of \$1.880 million were reimbursed to schools.

A2 DEPARTMENTAL OBJECTIVES

The Department of Education is building Queensland's future by giving all children a great start, engaging young people in learning, creating safe and inclusive workplaces and investing in communities for a stronger Queensland.

This contributes to the Queensland Government's objectives for the community which are built around the *Unite and Recover – Queensland's Economic Recovery Plan* with a focus on protecting our health, creating jobs and working together by:

- **Safeguarding our health** and jobs by supporting wellbeing and safety in the early years and schools, communities, and workplaces;
- **Backing frontline services** and our diverse workforce by engaging healthy, safe and capable people across Queensland communities;
- **Building Queensland** by creating jobs and driving fit-for-future investment in social infrastructure and technologies;
- **Investing in skills** by educating young Queenslanders for the future of work and to prosper in the economy;
- **Protecting the environment** for future generations by investing in energy-efficient and cleaner, greener technologies in schools and workplaces; and
- **Growing our regions** by driving economic prosperity and sustainable investment in services across our diverse and dispersed communities.

The department is funded for the departmental services it delivers principally by parliamentary appropriations. The department's material financial statement balances reflect our large school land and buildings portfolio across over 1,250 schools and the salaries of our school, regional and central office staff. Supplies and services are dominated by curriculum resources, school utilities costs and the maintenance and upkeep of our large asset base, including operational contract costs.

A2 DEPARTMENTAL OBJECTIVES (continued)

The major services delivered by the department are as follows:

Early childhood education and care

Queensland children engaged in quality early years programs that support learning and development and strengthen successful transitions to school.

School education

Queensland students engaged in learning, achieving and successfully transitioning to further education, training and work.

Industrial Relations

Improving the wellbeing of all Queenslanders by making Queensland safer and supporting fair and productive workplaces.

Racing

Administering the *Racing Act 2002* and managing programs that support a viable, prosperous racing industry in Queensland.

A3 MACHINERY-OF-GOVERNMENT CHANGES

Transfers in – Controlled activities

- Details of transfer: Buildings of the former Beenleigh QBuild depot transferred from the Department of Energy and Public Works to the Department of Education
- Basis of transfer: Ministerial approval dated 12 August 2021
- Date of transfer: 1 November 2021

The increase in building assets of \$0.085 million (net book value) has been accounted for as an increase in contributed equity as disclosed in the statement of changes in equity.

Transfers out – Controlled activities

- Details of transfer: Buildings (staff housing) located in Aurukun from the Department of Education to the Department of Energy and Public Works
- Basis of transfer: Ministerial approval dated 24 September 2021
- Date of transfer: 1 November 2021

The decrease in building assets of \$0.571 million (net book value) has been accounted for as a decrease in contributed equity as disclosed in the statement of changes in equity.

- Details of transfer: Land and buildings from the Department of Education to the Department of Energy and Public Works under the Government Employee Housing Centralisation Project – Phase 3
- Basis of transfer: CBRC No. 252 dated 15 August 2013 and CBRC No. 44 dated 30 June 2015
- Date of transfer: 1 November 2021

The decrease in land and building assets of \$11.727 million (net book value) has been accounted for as a decrease in contributed equity as disclosed in the statement of changes in equity.

- Details of transfer: Land at Bribie Island State High School from the Department of Education to Queensland Health under the Satellite Hospital Program
- Basis of transfer: CBRC No. 1221 dated 18 May 2021
- Date of transfer: 15 November 2021

The decrease in land assets of \$0.764 million has been accounted for as a decrease in contributed equity as disclosed in the statement of changes in equity.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

A4 CONTROLLED ENTITIES

The following entity is controlled by the department:

Name:	Queensland Education Leadership Institute (QELi)
Purpose:	QELi was established in June 2010 to provide a range of professional learning services to school leaders.
Structure and control:	QELi is a not-for-profit public company, limited by guarantee, jointly owned by the Minister for Education and the Department of Education. Membership of the company's constitution is 100% controlled by the Minister for Education and the Director-General, Education.
Operation and reporting:	Given the activities of the company, no dividends or other financial returns are received by the department. There are no significant restrictions on the department's ability to access the company's assets or settle its liabilities. The assets, liabilities, revenues and expenses of this entity have not been consolidated in these financial statements, as they would not materially affect the reported financial position and operating revenue and expenses. The company produces separate financial reports and is audited by Queensland Audit Office.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

SECTION 2
NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 APPROPRIATION REVENUE

Reconciliation of payments from Consolidated Fund to appropriated revenue recognised in operating result

	2022 \$'000	2021 \$'000
Budgeted appropriation revenue	10 365 369	9 621 435
Transfers from/to other headings (variation in headings)	(41 279)	(27 833)
Total appropriation receipts (cash)	10 324 090	9 593 602
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	136 068	24 898
Less : Closing balance of deferred appropriation payable to Consolidated Fund	(226 812)	(136 068)
Appropriation revenue recognised in statement of comprehensive income	10 233 346	9 482 432

Accounting policy – Appropriation revenue

Appropriations provided under the *Appropriation Act 2021* are recognised as revenue when received under AASB 1058 *Income of Not-for-Profit Entities*. Where the department has an obligation to return unspent (or unapplied) appropriation receipts to Consolidated Fund at year end (a deferred appropriation payable to Consolidated Fund), a liability is recognised with a corresponding reduction to appropriation revenue, reflecting the net appropriation revenue position with Consolidated Fund for the reporting period. Capital appropriations are recognised as adjustments to equity, refer to Note C8-2.

B1-2 USER CHARGES AND FEES

	2022 \$'000	2021 \$'000
Student fees	43 068	57 159
General fees	68 213	63 545
Student resource scheme fees	97 199	92 323
Excursion fees	65 128	70 051
Other fees and commissions	1 043	264
Property income	30 705	23 643
Sales revenue	72 544	67 699
Workers' compensation self-insurer levies	11 174	10 554
Electrical licensing registration fees	6 180	5 917
Service delivery	9 073	8 496
Total	404 327	399 651

Accounting policy – User charges and fees

The department recognises user charges and fees when delivery of the goods or services in full or part has occurred, in accordance with AASB 15 *Revenue from Contracts with Customers*. User charges outside the scope of AASB 15 are recognised in accordance with the requirements of the applicable accounting standard.

Student fees

Student fees include international student tuition fees, homestay fees and dependant program fees which come within the scope of AASB 15. A contractual liability is initially recognised upon receipt of funds with revenue being recognised over time as the performance obligations are met and students receive the services.

General fees

General fees include the provision of a wide variety of goods and services including school sports revenue, rural remote and international fees and other miscellaneous items. Most of this revenue comes within the scope of AASB 15 with the majority of revenue being recognised at the point in time the goods or services are delivered.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

B1 REVENUE (continued)

B1-2 USER CHARGES AND FEES (continued)

Accounting policy – User charges and fees (continued)

Student resource scheme fees

Student resource scheme fees are invoiced to parents/caregivers at the beginning of each school (calendar) year relating to bulk provisioning and/or hire of textbooks, resources, consumables and materials, which come within the scope of AASB 15. A contract liability is raised for the unearned portion of the income with revenue subsequently recognised over time as the performance obligations are met and the resources are provided to students.

Excursion fees

Excursion fees relate to charges for excursions, field trips and camps, which come within the scope of AASB 15 and are recognised at the point in time the revenue is received which approximates the delivery of the services.

Property income

Property income relates to income from hire of facilities such as hall hire, oval hire and court hire which come within the scope of AASB 15 and are recognised at the point in time the revenue is received which approximates the delivery of the services.

Sales revenue

Sales revenue relates to revenue from tuckshops, uniform shops and other miscellaneous goods and services provided to students, which come within the scope of AASB 15 and are recognised at the point in time that the goods or services are provided.

B1-3 GRANTS AND CONTRIBUTIONS

	2022 \$'000	2021 \$'000
Contributions from WorkCover	114 180	110 040
Contributions from external parties	44 228	42 477
Grants from the Commonwealth Government	15 635	11 610
Grants from other State Government departments	3 734	3 970
Special purpose capital grants	-	5 896
Goods and services received below fair value	5 195	1 812
Assets received below fair value	43 540	6 300
Donations - cash	13 126	11 821
Donations - other assets ⁽¹⁾	11 846	14 578
Total	251 484	208 504

(1) Donated physical assets are recognised at their fair value.

Accounting policy – Grants and contributions

Grants, contributions and donations represent transactions where the consideration paid by the department to acquire an asset (including cash) is significantly less than the fair value of the asset, principally to enable the department to further its objectives. Generally, these transactions are accounted for under AASB 1058 *Income for Not-for-Profit Entities* with revenue recognised upon receipt of the asset.

Contributions from WorkCover

Contributions from WorkCover include the Workplace Health & Safety Grant and the Workers' Compensation Regulator Grant. These grants are enabled under s.481A of the *Workers' Compensation and Rehabilitation Act 2003* at the direction of the Minister. They represent non-contractual income arising from a statutory requirement which is recognised as income upon receipt under AASB 1058.

Contributions from external parties

Contributions from external parties include Electrical Safety Contributions levied under s.201 of the *Electrical Safety Act 2002*, which represents non-contractual income arising from a statutory requirement. The contributions are recognised as income upon receipt under AASB 1058. Also included are contributions from community organisations (such as Parents and Citizens' Associations). These contributions are voluntary and do not result in a material benefit or advantage to the contributor. They are therefore recognised as income upon receipt under AASB 1058 as the consideration received represents an asset provided to the department for significantly less than fair value to enable the department to further its objectives.

Assets received below fair value

Assets acquired at no cost or for a nominal consideration, other than those acquired through machinery-of-government changes, must be recognised initially at fair value as at the date of acquisition. In such cases, the initial recognition is as a revenue item, 'assets received below fair value', not as a credit to an asset revaluation surplus.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2022 \$'000	2021 \$'000
Employee benefits		
Teachers' salaries and allowances	4 831 037	4 608 860
Public servants' and other salaries and allowances	886 328	835 940
Teacher aides' salaries	588 126	568 752
Cleaners' salaries and allowances	244 951	238 931
Janitors'/groundstaff salaries and allowances	67 936	66 581
Employer superannuation contributions	842 736	804 950
Annual leave levy/expense	260 457	239 335
Long service leave levy/expense	169 786	153 770
Other employee benefits	15 848	4 603
Employee related expenses		
Fringe benefits tax	2 644	2 113
Workers' compensation premium	83 130	83 565
Staff transfer costs	22 441	17 470
Staff rental accommodation	39 351	34 341
Staff training	32 801	32 482
Total	8 087 572	7 691 693

The number of employees as at 30 June, including both full-time employees and part-time employees measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

	2022 No.	2021 No.
Full-time equivalent employees	75 267	75 297

Accounting policy – Employee expenses

Wages and salaries

Wages and salaries expenses are recognised in the reporting period in which the employees rendered the related service.

Wages and salaries due but unpaid at reporting date are recognised in the statement of financial position at the current salary rates. As the department expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted values.

Sick leave

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue into future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave and long service leave

The entitlement for annual leave includes a component for accrued leave loading for teaching staff working at schools, but does not include recreation leave, which is not an entitlement under their award.

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Central Scheme, levies are payable by the department to cover the cost of employee leave (including leave loading and on-costs). These levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed back from the scheme quarterly in arrears.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

B2 EXPENSES (continued)

B2-1 EMPLOYEE EXPENSES (continued)

Accounting policy – Employee expenses (continued)

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plans as determined by the employee's conditions of employment.

Defined contribution plans – Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant Enterprise Bargaining Agreement (EBA) or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined benefit plans – The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The amount of contributions for defined benefit plan obligations is based upon the rates determined by the Treasurer on the advice of the State Actuary. Contributions are paid by the department at the specified rate following completion of the employee's service each pay period. The department's obligations are limited to those contributions paid.

Workers' compensation premiums

The department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

Key management personnel and remuneration disclosures are detailed in Note G1.

B2-2 SUPPLIES AND SERVICES

	2022 \$'000	2021 \$'000
Building maintenance	368 681	296 778
Utilities	204 727	201 264
Equipment and building refurbishment	379 531	272 248
Contractors and consultants	71 107	55 807
Contractors and consultants - in-school costs	77 824	67 964
Materials and running costs	143 272	125 660
Student course supplies and excursion admission costs	163 188	154 786
Payments to shared service provider/inter-agency services	1 899	1 954
Computer costs	107 341	95 207
Office accommodation	30 888	40 097
Travel	10 247	9 445
Travel - school and student	15 883	14 067
Lease expenses	2 069	1 893
Total	1 576 657	1 337 170

Accounting policy – Distinction between grants and procurement

For a transaction to be classified as supplies and services, the value of goods and services received by the department must be of approximately equal value to the value of the consideration exchanged for those goods and services. Where this is not the substance of the arrangement, the transaction is classified as a grant in Note B2-3.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

B2 EXPENSES (continued)

B2-3 GRANTS AND SUBSIDIES

	2022 \$'000	2021 \$'000
Recurrent		
Early childhood education and care grants and subsidies	244 154	221 493
Other grants and allowances	83 092	69 646
Capital		
Grants to external organisations	13 821	2 546
Total	341 067	293 685

B2-4 OTHER EXPENSES

	2022 \$'000	2021 \$'000
Insurance premiums - QGIF	29 142	25 853
External audit fees ⁽¹⁾	840	706
Loss on disposal of property, plant and equipment	3 761	1 062
Special payments:		
Ex-gratia payments - general ⁽²⁾	180	30
Court awarded damages	354	345
Penalty interest payment	1	1
Payments to other government departments ⁽³⁾	44 712	40 863
Other	2 812	1 664
Total	81 802	70 524

- (1) Total external audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial year are \$0.693 million (2020-21: \$0.727 million). There are no non-audit services included in this amount.
- (2) Special payments represent ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. Special payments over \$5,000 made during 2021-22 include two payments to support services impacted by the border closure with New South Wales (NSW) due to COVID-19 and one payment for damages to personal chattels.
- (3) Payments to other government departments mainly relate to school transport arrangements with the Department of Transport and Main Roads.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2022 \$'000	2021 \$'000
Cash on hand	109	132
Cash at bank	1 575 732	1 242 518
Total	1 575 841	1 242 650

Accounting policy – Cash and cash equivalents

Cash and cash equivalents include cash on hand, cheques receipted but not banked at 30 June and cash in school and central office bank accounts which are used in the day-to-day cash management of the department.

Departmental bank accounts (excluding school bank accounts) are grouped within the whole-of-government set-off arrangement with the Queensland Treasury Corporation. Interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund.

C2 RECEIVABLES

	2022 \$'000	2021 \$'000
Current		
Trade receivables	77 444	77 469
Less: Loss allowance	(20 643)	(17 683)
	56 801	59 786
 GST receivable	 35 472	 27 883
GST payable	-	(14)
	35 472	27 869
 Employee leave reimbursements	 63 310	 49 327
Other	1 913	1 256
Loans and advances	15	9
Total	157 511	138 247

Disclosure – Movement in loss allowance for trade receivables

	2022 \$'000	2021 \$'000
Balance at 1 July 2021	17 683	36 150
Expected credit losses expense/(gains)	7 176	(14 697)
Bad debts written-off	(4 224)	(3 770)
Amounts recovered during the year	8	-
Balance at 30 June 2022	20 643	17 683

C2 RECEIVABLES (continued)

Accounting policy – Receivables

Receivables are measured at amortised cost, which approximates their fair value at the reporting date.

Trade debtors are recognised at the amounts due at the time of sale or service delivery, that is the agreed purchase/contract price. Settlement of trade debtors is required within 30 days from invoice date.

Employee leave reimbursements relate to the Queensland Government's Annual Leave and Long Service Leave Central Schemes which are administered by QSuper on behalf of the state. Refer to Note B2-1.

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of these assets inclusive of any allowance for impairment. No collateral is held as security and no credit enhancements related to receivables are held by the department.

The department uses a provision matrix to measure the expected credit losses on trade and other debtors. The department has determined that parents/caregivers of students are the only material grouping for measuring expected credit losses.

The calculations reflect historical credit losses. The historical default rates are then adjusted by reasonable and forward-looking information on expected changes in macroeconomic indicators that affect the future recovery of those receivables. The department uses the change in the Consumer Price Index (CPI) for Brisbane as the most relevant forward-looking indicator for receivables.

Where the department has receivables from Queensland Government agencies or the Australian Government, no loss allowance is recorded for these receivables on the basis of materiality. Refer to Note D1-2 for the department's credit risk management policies.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

C3 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

C3-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	at Fair Value			at Cost		
	Land	Buildings	Heritage and cultural	Plant and equipment	Work in progress	Total
Property, plant and equipment reconciliation 2022	2022	2022	2022	2022	2022	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	6 452 648	29 274 604	94 652	586 904	831 082	37 239 890
Less: Accumulated depreciation	-	(10 891 598)	(56 728)	(375 775)	-	(11 324 101)
Carrying amount at 30 June 2022	6 452 648	18 383 006	37 924	211 129	831 082	25 915 789
<i>Represented by movements in carrying amount:</i>						
Carrying amount at 1 July 2021	5 812 942	16 046 633	25 516	218 611	744 393	22 848 095
Acquisitions (including upgrades)	65 940	634 369	444	52 802	562 537	1 316 092
Transfers in from other Queensland Government entities	-	85	-	-	-	85
Donations received	-	11 053	-	793	-	11 846
Disposals	(22)	(2 374)	-	(1 782)	-	(4 178)
Transfers out to other Queensland Government entities	(834)	(12 228)	-	-	-	(13 062)
Donations made	-	-	-	(5)	-	(5)
Transfers between asset classes	23 287	450 481	820	1 260	(475 848)	-
Net revaluation increments/(decrements) in asset revaluation surplus	551 335	1 896 697	12 426	-	-	2 460 458
Depreciation	-	(641 710)	(1 282)	(60 550)	-	(703 542)
Carrying amount at 30 June 2022	6 452 648	18 383 006	37 924	211 129	831 082	25 915 789

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

C3 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C3-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT (continued)

	at Fair Value			at Cost		
	Land	Buildings	Heritage and cultural	Plant and equipment	Work in progress	Total
Property, plant and equipment reconciliation 2021	2021	2021	2021	2021	2021	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	5 812 942	25 256 613	71 223	551 576	744 393	32 436 747
Less: Accumulated depreciation	-	(9 209 980)	(45 707)	(332 965)	-	(9 588 652)
Carrying amount at 30 June 2021	5 812 942	16 046 633	25 516	218 611	744 393	22 848 095
<i>Represented by movements in carrying amount:</i>						
Carrying amount at 1 July 2020	5 779 527	14 684 558	22 671	218 827	633 994	21 339 577
Acquisitions (including upgrades)	41 621	679 418	179	51 735	383 696	1 156 649
Donations received	-	14 072	-	503	-	14 575
Disposals	(117)	(128)	-	(1 610)	-	(1 855)
Donations made	-	-	-	(7)	-	(7)
Transfers between asset classes	17 074	247 584	722	7 917	(273 297)	-
Net revaluation increments/(decrements) in asset revaluation surplus	(25 163)	961 982	3 104	-	-	939 923
Depreciation	-	(540 853)	(1 160)	(58 754)	-	(600 767)
Carrying amount at 30 June 2021	5 812 942	16 046 633	25 516	218 611	744 393	22 848 095

Department of Education
Notes to the Financial Statements
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C3 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C3-2 RECOGNITION AND ACQUISITION

Accounting policy

Basis of capitalisation and recognition thresholds

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised as Property, Plant and Equipment in the following classes:

Buildings	\$10 000
Heritage buildings	\$10 000
Land	\$1
Heritage and cultural (cultural works of art)	\$5 000
Plant and equipment	\$5 000

Items with a lesser value are expensed in the year of acquisition.

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for the department.

Cost of acquisition

Property, plant and equipment are initially recorded at cost plus any other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees.

Assets received free of charge from another Queensland Government department (whether as a result of a machinery-of-government change or other involuntary transfer), are recognised at fair value, being the gross carrying amount in the books of the other entity immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised as assets and revenues at their fair value at the date of acquisition.

C3-3 MEASUREMENT

Accounting policy

Fair value measurement

All assets of the department for which fair value is measured or disclosed in the financial statements are categorised with the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included in level 1) that are observable, either directly or indirectly
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

None of the department's valuations of assets are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchies during the period.

Valuation of property, plant and equipment

Plant and equipment are measured at cost in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. The carrying amounts for such plant and equipment are not materially different from their fair value.

Land, buildings (including residential buildings and land improvements such as sports facilities), and heritage building assets are measured at fair value, which are reviewed each year to ensure they are materially correct.

The costs of items acquired during the financial year have been judged by management to materially represent their fair value at the end of the reporting period.

Fair value for land is determined by establishing its market value by reference to observable prices in an active market or recent market transactions. The fair value of buildings and heritage building assets is determined by calculating the current replacement cost of the asset.

Department of Education
Notes to the Financial Statements
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C3 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C3-3 MEASUREMENT (continued)

Accounting policy (continued)

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Use of specific appraisals

Land, buildings and heritage building assets are revalued by management each year to ensure that they are reported at fair value. Management valuations incorporate the results from the independent revaluation program, and the indexation of the assets not subject to independent revaluation each year.

For the purpose of revaluation, the department has divided the state into 25 districts and each year's selection is chosen to ensure that major urban, provincial and rural characteristics are included. Districts independently valued in each year are as follows:

<p>Valued in 2019-20 and next scheduled for 2023-24</p> <p>Torres Strait and Cape Roma Mackay-Whitsunday Moreton West South East Brisbane Sunshine Coast South Wide Bay South</p>	<p>Valued in 2020-21 and next scheduled for 2024-25</p> <p>Tablelands-Johnstone Mount Isa The Downs Brisbane North Logan-Albert Beaudesert Central Queensland</p>
<p>Valued in 2021-22 and next scheduled for 2025-26</p> <p>Townsville Warwick Moreton East Brisbane South Sunshine Coast North Wide Bay North</p>	<p>Scheduled for valuation in 2022-23</p> <p>Cairns Coastal Central West Toowoomba Brisbane Central and West Gold Coast Wide Bay West</p>

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. The department ensures that the application of these indices results in a valid estimation of the asset's fair value at reporting date. Land price indices are derived from market information available to the State Valuation Service (SVS). The Building Price Index (BPI) is provided by SVS from Gray Robinson & Cottrell (GRC) Quantity Surveyors and is based on recent tenders for specialised buildings. This is considered to be the most appropriate index for application to the relevant assets. The results of interim indexations are compared to the results of the independent revaluation performed in the year to ensure the results are reasonable. This annual process allows management to assess and confirm the relevance and suitability of indices provided by SVS based on the asset portfolio of the department.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

C3 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C3-3 MEASUREMENT (continued)

Accounting policy (continued)

Land valuations

<i>Effective date of last specific appraisal:</i>	30 June 2022 by the SVS
<i>Valuation approach:</i>	Market-based assessment. Fair Value Hierarchy Level 2.
<i>Inputs:</i>	The fair value of land involved physical inspection and reference to publicly available data on recent sales of similar land in nearby localities in accordance with industry standards.
<i>Current year valuation activity:</i>	<p>Approximately one quarter of the department's land was comprehensively valued. In determining the values, adjustments were made to the sales data to take into consideration the location of the department's land, its size, street/road frontage and access, and any significant restrictions. The extent of the adjustments made varies in significance for each parcel of land.</p> <p>Desktop valuations were also performed by the State Valuation Service on 11 sites that have exhibited volatile price movements over the last three years.</p> <p>The remaining three quarters of the land assets were indexed to ensure that values reflect fair value as at the reporting date. This involved the selection of a sample of 189 properties from the 19 districts across the state that were not independently valued in 2021-22. The State Valuation Service then provided indices for each of these sites based on recent market transactions for local land sales. The department then uses the sampled indices to create a weighted average for each district. These indices increased the value of land in these districts by 12.20%.</p>

Buildings valuations

<i>Effective date of last specific appraisal:</i>	30 June 2022 by the SVS
<i>Valuation approach:</i>	All purpose-built facilities are valued at current replacement cost, as there is no active market for these facilities. Fair Value Hierarchy Level 3.
<i>Inputs:</i>	The State Valuation Service conduct physical inspections and apply construction rates from the State School Costing Manual provided by GRC Quantity Surveyors.
<i>Current year valuation activity:</i>	<p>Approximately one quarter of the department's buildings were independently valued. The current replacement cost was based on standard school buildings and specialised fit-out constructed by the department, adjusted for more contemporary design/construction approaches. Significant judgement was also used to assess the remaining service potential of these facilities, including the current physical condition of the facility.</p> <p>The remaining three quarters were indexed using the Building Price Index provided by GRC Quantity Surveyors. The change in the Building Price Index (June 2021 to June 2022) was a 7.98% increase. Because of the department's continuing investment in general and specific priority maintenance, the condition of the assets is not expected to deteriorate significantly between comprehensive valuations.</p>

Heritage buildings and cultural assets valuations

<i>Effective date of last specific appraisal:</i>	30 June 2022 by the SVS
<i>Valuation approach:</i>	As there is no active market for these assets, fair value was determined using the current replacement cost approach. Fair Value Hierarchy Level 3.
<i>Inputs:</i>	Estimating the cost to reproduce the items with features and materials of the original items, with substantial adjustments made to take into consideration the items' heritage restrictions and characteristics.
<i>Current year valuation activity:</i>	Approximately one quarter of the department's heritage and cultural assets were independently valued. The remaining three quarters were indexed using the Building Price Index provided by GRC Quantity Surveyors.

Department of Education
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C3 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE (continued)

C3-4 DEPRECIATION EXPENSE

Accounting policy

Buildings, heritage and cultural assets, and plant and equipment are depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the department.

The residual (or scrap) value of depreciable assets is assumed to be nil.

Complex assets comprise separately identifiable components of significant value that require regular replacement during the life of the complex asset at different times to other components. The department's complex assets are special purpose school buildings. When the change in depreciation expense from separately identifying significant components is material to the class of assets to which the asset relates, the significant components are separately identified and depreciated. The three components of the department's complex buildings are: a) Fabric; b) Fit-out; and c) Plant. The useful lives for these assets are disclosed in the table below.

Key judgement: The estimated useful lives of the assets are reviewed annually and where necessary, are adjusted to better reflect the future service potential of the asset. In reviewing the useful life of each asset, factors such as asset usage and the rate of technical and commercial obsolescence are considered.

Useful lives for the assets included in the revaluation are amended progressively as the assets are inspected by the valuers.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the department.

The depreciable amount of improvements to, or on, right-of-use assets is allocated progressively over the estimated useful life of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of leases includes any option period where exercise of the option is probable.

Assets under construction (capital work-in-progress) are not depreciated until construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

Land is not depreciated as it has an unlimited useful life.

Depreciation rates

Key estimates: For each class of depreciable asset the depreciation rates are based on the following useful lives:

Current useful life (years) reported in financial statements

Class	Current useful life (years)
Buildings - Fabric	60 - 80
Buildings - Fit-out	25
Buildings - Plant	25
Buildings - Demountable buildings, sheds and covered areas	40
Buildings - Land improvements (including sporting facilities)	15 - 80
Heritage and Cultural Assets (Buildings)	100
Heritage and Cultural Assets (Cultural works of art)	100
Plant and equipment - Computer equipment	5
Plant and equipment - Office equipment	5 - 20
Plant and equipment - Musical instruments and craft equipment	20
Plant and equipment - Plant and machinery	5 - 20
Plant and equipment - Sporting equipment	10

C3-5 IMPAIRMENT

Accounting policy

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the department determines the asset's recoverable amount (higher of the asset's fair value less costs to sell and current replacement cost).

An impairment loss is recognised immediately in the statement of comprehensive income, except for land and buildings where any impairment loss would be offset against the asset revaluation surplus of the relevant class.

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C4 PAYABLES

	2022 \$'000	2021 \$'000
Current		
Trade creditors	171 807	184 048
Capital creditors	452 128	257 987
FBT and other taxes	723	671
Grants and subsidies payable	10 776	1 670
Deferred appropriation payable to Consolidated Fund	226 812	136 068
Other	228	228
Total	862 474	580 672

Accounting policy

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount, that is agreed purchase/contract price, gross of applicable trade and other discounts. Capital creditors relates to capital works billed progressively based on the extent of work performed. Amounts owing are unsecured.

C5 BORROWINGS

	2022 \$'000	2021 \$'000
Current		
Finance liability - public private partnerships	9 107	8 374
Total	9 107	8 374
Non-current		
Finance liability - public private partnerships	364 392	373 499
Total	364 392	373 499

Accounting policy - Borrowings

Finance liabilities are initially recognised at fair value, plus any transaction costs directly attributable to the liability, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of a finance liability to the amortised cost of the liability.

The department does not enter into transactions for speculative purposes, nor for hedging. No financial liabilities are measured at fair value through profit or loss.

C5-1 FINANCE LIABILITY AND COMMITMENTS

Finance liability terms and conditions

The finance liability relates to two Public Private Partnership (PPP) agreements - South-East Queensland Schools and Queensland Schools. As part of the department's review of leasing arrangements under AASB 16 Leases it has been concluded that these arrangements are not leases, but more in the nature of financing to construct and maintain buildings. Refer to Note C6 for details.

Interest rates

Interest on finance liabilities is recognised as an expense as it accrues. No interest has been capitalised during the current or comparative reporting period.

The implicit interest rate for the finance liabilities ranges from 2.87% to 15.99% (2020-21: 2.87% to 15.99%).

C5-2 DISCLOSURE ABOUT SENSITIVITY TO INTEREST RATE MOVEMENTS

Interest rate sensitivity analysis evaluates the outcome on profit or loss if interest rates would change by +/- 0.25% from the year-end rates applicable to the department's financial assets and liabilities. With all other variables held constant, the department would have a surplus and equity increase/(decrease) of \$3.384 million (2020-21 \$2.541 million).

Department of Education
Notes to the Financial Statements
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C5 BORROWINGS (continued)

C5-3 FAIR VALUE DISCLOSURES FOR FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	2022		2021	
	\$'000	\$'000	\$'000	\$'000
	Carrying amount	Fair Value	Carrying amount	Fair Value
Finance liability – PPP	373 499	241 481	381 873	314 649
Total	373 499	241 481	381 873	314 649

The fair value of finance liabilities is calculated using discounted cash flow analysis and using the Reserve Bank Commonwealth Government 10 year bond rate.

C6 PUBLIC PRIVATE PARTNERSHIPS

C6-1 OTHER PUBLIC PRIVATE PARTNERSHIPS OUTSIDE AASB 1059

Some Public Private Partnerships (PPP) are not service concession arrangements within the scope of AASB 1059 *Service Concession Arrangements: Grantors*. Other accounting standards and policies apply to these arrangements, and are described for each arrangement below.

PPPs outside AASB 1059

	2022	2021
	\$'000	\$'000
Assets		
Buildings (Note C3)		
South East Queensland Schools	267 149	249 388
Queensland Schools	488 812	452 327
Liabilities		
Financial Liabilities (Note C5)		
South East Queensland Schools	192 213	197 447
Queensland Schools	181 286	184 426

The department entered into two PPP projects - South-East Queensland Schools and Queensland Schools.

The two PPPs within the following table, are social infrastructure arrangements whereby the department pays for the third party use of the infrastructure asset through regular service payments to respective partners over the life of contract.

The PPP operators only provide maintenance activities that do not contribute significantly to the public services provided by the asset and therefore are out of scope of AASB 1059.

The land on which the facility/schools are constructed is owned and recognised as an asset by the department. The buildings are controlled by the department and are recognised as property, plant and equipment and details on depreciation are included in Note C3.

Department of Education
Notes to the Financial Statements
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C6 PUBLIC PRIVATE PARTNERSHIPS (continued)

C6-1 OTHER PUBLIC PRIVATE PARTNERSHIPS OUTSIDE AASB 1059 (continued)

The department recognises the future repayments of construction finance as a financial liability. The contractual agreements provide details about the monthly service payments which comprise the following components:

- capital – used to fund the systematic write down of the liability over the term of the agreements;
- financing – which is recognised as an expense when incurred; and
- other – such as facilities management, maintenance, and insurance which is expensed as it is incurred.

PPP Arrangement	(a) South-East Queensland Schools	(b) Queensland Schools
Entered into contract	April 2009	December 2013
Partner	Aspire Schools Pty Ltd	Plenary Schools Pty Ltd
Agreement type	Design, construct, maintain, and partly finance 7 schools.	Design, construct, maintain and partly finance 10 schools.
Agreement period	30 years	30 years
Financing	<p>Finance during the design and construction phases was provided by Commonwealth Investments Pty Ltd, Bank of Tokyo-Mitsubishi, and the National Australia Bank.</p> <p>Queensland Treasury Corporation will provide the remaining 70% of the project's financial requirements during the operating phase from January 2010 to December 2039.</p>	<p>Finance during the design and construction phases was provided by Investec, National Australia Bank, Plenary Group, and the State of Queensland.</p> <p>The department paid a series of co-contributions (\$190 million) during the construction phase of the project towards the construction costs.</p>
Construction period	May 2009 – January 2014	January 2014 – January 2019
Variable costs	Variable costs change according to the number of module units in use at the individual sites, utilities, car parking agreements, and other service payments adjustments.	Variable costs change according to the number of module units in use at the individual sites, utilities, car parking agreements, and other service payments adjustments.
Other	Inflows for the PPP relate to cleaning, grounds maintenance, and janitorial services. Aspire is required to use staff provided by the State.	Nil

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C6 PUBLIC PRIVATE PARTNERSHIPS (continued)

C6-2 OPERATING STATEMENT IMPACT

The operating statement impact for each material public private partnership arrangement is as follows:

	2022	South-East Queensland Schools \$'000	Queensland Schools \$'000	Total \$'000
Revenue				
Other revenue		2 692	-	2 692
Expenses				
Depreciation		(6 682)	(10 365)	(17 047)
Interest expenses		(12 918)	(6 450)	(19 368)
Utilities		(329)	(495)	(824)
Property rates		(512)	(587)	(1 099)
Facility management		(15 258)	(9 802)	(25 060)
Insurance		(593)	(578)	(1 171)
Other		(61)	(79)	(140)
Net impact on operating result		(33 661)	(28 356)	(62 017)

	2021	South-East Queensland Schools \$'000	Queensland Schools \$'000	Total \$'000
Revenue				
Other revenue		2 640	-	2 640
Expenses				
Depreciation		(6 233)	(9 643)	(15 876)
Interest expenses		(13 233)	(6 419)	(19 652)
Utilities		(405)	(554)	(959)
Property rates		(699)	(796)	(1 495)
Facility management		(14 873)	(8 210)	(23 083)
Insurance		(572)	(478)	(1 050)
Net impact on operating result		(33 375)	(26 100)	(59 475)

C6-3 ESTIMATED FUTURE CASH FLOWS

The estimated future cash flows for the department's public private partnerships are as follows:

	South East Queensland Schools		Queensland Schools		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash inflows						
Not later than 1 year	2 698	2 666	-	-	2 698	2 666
Later than 1 year but not later than 5 years	10 852	10 923	-	-	10 852	10 923
Later than 5 years but not later than 10 years	13 701	14 257	-	-	13 701	14 257
Later than 10 years	22 239	27 453	-	-	22 239	27 453
	<u>49 490</u>	<u>55 299</u>	<u>-</u>	<u>-</u>	<u>49 490</u>	<u>55 299</u>
Cash outflows						
Not later than 1 year	(36 926)	(34 375)	(25 820)	(20 350)	(62 746)	(54 725)
Later than 1 year but not later than 5 years	(142 020)	(145 041)	(99 329)	(84 638)	(241 349)	(229 679)
Later than 5 years but not later than 10 years	(172 110)	(198 180)	(141 321)	(134 575)	(313 431)	(332 755)
Later than 10 years	(215 299)	(325 260)	(274 273)	(376 068)	(489 572)	(701 328)
	<u>(566 355)</u>	<u>(702 856)</u>	<u>(540 743)</u>	<u>(615 631)</u>	<u>(1 107 098)</u>	<u>(1 318 487)</u>

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Notes to the Financial Statements
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C7 ACCRUED EMPLOYEE BENEFITS

	2022 \$'000	2021 \$'000
Annual leave levy payable	69 065	63 016
Long service leave levy payable	45 339	38 594
Accrued salaries and wages	7 942	18 111
Paid parental leave	1 665	1 299
Other accrued employee benefits	557	438
Total	124 568	121 458

Accounting policy

No provision for annual leave or long service leave is recognised in the department's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Refer to Note B2-1 for further information on leave levies and sick leave.

C8 EQUITY

C8-1 CONTRIBUTED EQUITY

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* specifies the principles for recognising contributed equity by the department. The following items are recognised as contributed equity by the department during the reporting and comparative years:

- Appropriations for equity adjustments (refer Note C8-2); and
- Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-government changes (refer Note A3).

C8-2 APPROPRIATIONS RECOGNISED IN EQUITY

Reconciliation of payments from Consolidated Fund to equity adjustment

	2022 \$'000	2021 \$'000
Budgeted equity adjustment appropriation	850 752	1 109 918
Transfers from/(to) other headings - variation in headings	(190 315)	(26 800)
Lapsed equity adjustment	(164 558)	(482 304)
Equity adjustment recognised in contributed equity	495 879	600 814

C8-3 ASSET REVALUATION SURPLUS BY ASSET CLASS

Accounting policy

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

	Land \$'000	Buildings \$'000	Heritage and Cultural \$'000	Total \$'000
Balance at 1 July 2020	5 817 772	10 796 201	24 024	16 637 997
Revaluation increments/(decrements)	(25 163)	961 982	3 104	939 923
Balance at 30 June 2021	5 792 609	11 758 183	27 128	17 577 920

	Land \$'000	Buildings \$'000	Heritage and Cultural \$'000	Total \$'000
Balance at 1 July 2021	5 792 609	11 758 183	27 128	17 577 920
Revaluation increments/(decrements)	551 335	1 896 697	12 426	2 460 458
Balance at 30 June 2022	6 343 944	13 654 880	39 554	20 038 378

Department of Education
Notes to the Financial Statements
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SECTION 4
NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES

D1 FINANCIAL RISK DISCLOSURES

D1-1 FINANCIAL INSTRUMENT CATEGORIES

Financial assets and financial liabilities are recognised in the statement of financial position when the department becomes party to the contractual provisions of the financial instrument. The department has the following categories of financial assets and financial liabilities:

	Note	2022 \$'000	2021 \$'000
Financial assets			
Cash and cash equivalents	C1	1 575 841	1 242 650
Receivables	C2	157 511	138 247
Total financial assets		1 733 352	1 380 897
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	C4	862 474	580 672
Lease liabilities		6 841	6 666
Borrowings	C5	373 499	381 873
Total financial liabilities at amortised cost		1 242 814	969 211

No financial assets and financial liabilities have been offset and presented net in the statement of financial position.

D1-2 FINANCIAL RISK MANAGEMENT

Financial risk management is implemented pursuant to government policy and seeks to minimise potential adverse effects on the financial performance of the department.

The department's activities expose it to a variety of financial risks as set out in the following table:

Risk exposure	Definition	Exposure and management
Credit risk	The risk that the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of: <ul style="list-style-type: none"> Receivables (exposure disclosed at Note C2 and mainly relates to student and parent debt) which are managed by the use of a credit management strategy and regular monitoring of funds owed; and Financial guarantees provided to Parents and Citizens' Associations, Universities and Grammar Schools which are managed on an ongoing basis (maximum exposure disclosed in Note D2).
Liquidity risk	Liquidity risk refers to the department's ability to meet its obligations when they fall due.	This risk is minimal, and is managed through a combination of regular fortnightly appropriation payments, and an approved overdraft facility of \$250 million under government banking arrangements to manage any cash shortfalls.
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.	The department does not trade in foreign currency and is not materially exposed to commodity price changes. The department is exposed to interest rate risk through its finance liabilities (Note C5) and cash deposited in interest bearing accounts (Note C1).

All financial risk is managed by each division under policy approved by the Executive Management Board, and established and co-ordinated by Policy, Performance and Planning Division and Finance and Assurance Services Division.

Department of Education
Notes to the Financial Statements
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D1 FINANCIAL RISK DISCLOSURES (continued)

D1-3 LIQUIDITY RISK – CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at the reporting date. The undiscounted cash flows in these tables differ from the amounts included in the statement of financial position that are based on discounted cash flows.

	2022 Payable in			Total
	<1 year	1 - 5 years	> 5 years	
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Payables	862 474	-	-	862 474
Lease liabilities	979	1 434	8 225	10 638
Finance liability - borrow ings	39 132	162 397	561 017	762 546
Total	902 585	163 831	569 242	1 635 658

	2021 Payable in			Total
	<1 year	1 - 5 years	> 5 years	
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Payables	580 672	-	-	580 672
Lease liabilities	708	1 456	8 165	10 329
Finance liability - borrow ings	37 632	162 473	601 616	801 721
Total	619 012	163 929	609 781	1 392 722

D2 CONTINGENCIES

Litigation in progress

At 30 June 2022, the following cases were filed in courts naming the State of Queensland acting through the Department of Education as defendant:

Litigation and other claims in progress

	2022 No. of cases	2021 No. of cases
Supreme Court	3	17
District Court	2	15
Magistrates Court	4	-
Federal Court	1	1
Total	10	33

In addition, 20 (2020-21: 17) cases were filed in commissions and tribunals naming the State of Queensland acting through the Department of Education as defendant.

The department's legal advisers and management believe that it is not possible to reliably determine the value of payouts in respect of this litigation which, in the majority of instances, represent insurable events in terms of the policy held with the Queensland Government Insurance Fund. The maximum exposure of the department under this policy is \$10,000 for each insurable event.

There are currently 76 (2020-21: 156) cases of general liability and 126 (2020-21: 98) WorkCover common law claims being managed by the department.

Department of Education
Notes to the Financial Statements
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D2 CONTINGENCIES (continued)

Financial guarantees and associated credit risks

The department has provided 24 (2020-21: 24) financial guarantees to Parents and Citizens' Associations (P&C), 6 (2020-21: 6) guarantees to Universities, and 8 (2020-21: 8) guarantees to grammar schools for a variety of loans. These guarantees have been provided over a period of time and have various maturity dates.

	2022 Remaining balance \$'000	2021 Remaining balance \$'000	Enabling legislation
Parents and Citizens' Associations	3 658	3 101	<i>Education (General Provisions) Act 2006 s.137</i>
Universities	507 453	506 688	<i>Australian National University Act 1991 s.44</i>
Grammar Schools	113 364	140 345	<i>Grammar Schools Act 2016 s.10</i>
	624 475	650 134	

Key estimate and judgement: The department assesses the fair value of financial guarantees annually as at 30 June. As at 30 June 2022 no university, grammar school or P&C had defaulted on an existing loan. The impact of COVID-19 on related statutory bodies remains uncertain. As at 30 June 2022 there were no known indications of loan default, but prolonged impacts could cause individual statutory bodies to realise operating deficits with associated deteriorating liquidity. As such, the fair value of the guarantees has not been recognised in the statement of financial position.

Native title claims over departmental land

There are native title claims which have the potential to impact upon properties of the department, however most departmental properties are occupied under a 'reserve' tenure, validly created prior to 23 December 1996, and therefore any development undertaken in accordance with gazetted purposes should minimise the potential of native title claims.

At reporting date it is not possible to make an estimate of any probable outcome of such claims, or any financial effect. It should be noted that native title would not arise as an issue until the property has been declared surplus and attempts are made for the property to be sold or transferred. Native title would need to be addressed as part of the disposal process. The department would necessarily recognise any cost implications arising from such claims at that time.

D3 COMMITMENTS

Capital expenditure commitments

Commitments for capital expenditure at reporting date (inclusive of non-recoverable GST input tax credits) are payable as follows:

	2022 \$'000	2021 \$'000
Buildings		
Not later than one year	772 112	532 505
Later than one and not later than five years	84 424	82 352
Total capital expenditure commitments - buildings	856 536	614 857
Intangibles		
Not later than one year	2 522	-
Later than one and not later than five years	498	-
Total capital expenditure commitments - intangibles	3 020	-

Department of Education
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SECTION 5
NOTES ABOUT OUR PERFORMANCE COMPARED TO BUDGET

E1 BUDGETARY REPORTING DISCLOSURES

This section provides explanations of major variances between the department's actual 2021-22 financial results and the original budget presented to Parliament.

The department's funding model is derived mainly from Commonwealth and State appropriations, which can fluctuate within a financial year from the original budget to the end of financial year close. This is because a significant portion of the department's funding is determined by percentage amounts of the Commonwealth Government's Schooling Resource Standard. This is calculated on the number of enrolments and loadings for needs-based categories, and there are differences in available data between when budget is determined and actual payments are made and school funding cycles are aligned to calendar, rather than financial years. Consequently, differences between initially budgeted and final payment amounts for schooling are mainly caused when data are known and payments are adjusted during each school year to account for changes in the number of students (reduced or increased) and the needs of those students

E1-1 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF COMPREHENSIVE INCOME

<i>User charges and fees:</i>	Variance of -\$27.532 million relates predominantly to the impacts of the COVID-19 pandemic which has resulted in a reduced international education program and subsequently lower international fee revenue of -\$38.195 million. This was offset by greater revenue from the hire of facilities in regions and schools of +\$5.152 million. With the easing of restrictions and commencement of community activities, school facilities were hired out more frequently. Runaway Bay Sport and Leadership Excellence Centre also experienced greater hire fees for these reasons and from the recommencement of school activities such as camps and sporting events +\$6.218 million.
<i>Grants and contributions revenue:</i>	Variance of +\$67.410 million is largely due to higher than expected capital contributions for land gifted to the department under 'Priority Development Agreements' +\$43.540 million; recognition of gifts and donations +\$5.214 million; and unbudgeted contributions from community and industry +\$1.906 million. Australian Government contributions of +\$6.679 million were received for delivering teaching services and managing Norfolk Island Central School, which was not budgeted because the agreement between the Commonwealth and State had not been finalised when the original budget was published. Unforeseen receipt of goods and services received below fair value of +\$4.996 million, arose mainly from repair and maintenance for cyclone shelters provided by the Department of Energy and Public Works (DEPW).
<i>Other revenue:</i>	Variance of +\$70.999 million largely reflects increased unbudgeted revenue received from the Australian Government's Health National Partnership to partially supplement COVID-19 related expenditure incurred by the department +\$15.462 million; revenue for natural disaster relief received from the Queensland Government Insurance Fund +\$12.892 million; post-capitalisation of school assets recognised at year end through the annual comprehensive asset revaluation process +\$26.522 million; and revenue recovered by the Runaway Bay Sport and Leadership Excellence Centre +\$3.5 million.
<i>Supplies and services:</i>	Variance of -\$179.067 million with the main contributors being lower utilities costs in schools -\$50.607 million including savings in electricity expenditure due to the installation of solar panels in schools under the <i>Advancing Clean Energy Schools (ACES)</i> program; lower travel and accommodation costs -\$20.926 million and reduced motor vehicle hire costs -\$7.860 million due to reduced travel throughout the department because of COVID-19 restrictions; and savings for office accommodation costs of -\$9.957 million due to renegotiation of the Education House lease with DEPW. Lower expenditure than anticipated occurred for the School Infrastructure Enhancement Program of -\$43.615 million because program performance was impacted by consultant and contractor availability, materials shortages and the focus on flood recovery. The impacts of COVID-19 significantly reduced the numbers of international students accessing the Homestay program resulting in a -\$13.962 million reduction in expenditure. Australia's international borders did not reopen in time for the commencement of the 2022 school year.
<i>Depreciation and amortisation:</i>	Variance of +\$95.484 million largely reflects the impact of the 2021-22 increases in asset revaluations and a higher number of depreciable assets associated with the department's capital program.
<i>Increase in asset revaluation surplus:</i>	Variance of +\$2.059 billion is mainly due to higher comprehensive revaluation outcomes for buildings 12.21%, and land valuations of 9.34%.

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E1 BUDGETARY REPORTING DISCLOSURES (continued)

E1-2 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF FINANCIAL POSITION

<i>Cash and cash equivalents:</i>	Variance of +\$631.402 million is mainly attributable to a higher actual 2021-22 opening balance than estimated +\$341.549 million. Other contributing factors include increased international student tuition fees received in advance associated with the COVID 19 border restrictions being lifted. The remainder of the variance is due to the timing of outflows including payments associated with additional and renewed infrastructure in Queensland's state schools.
<i>Receivables:</i>	Variance of +\$57.779 million is mainly attributable to higher claims for long service and annual leave reimbursements from the central leave schemes, resulting from increased leave taken during the COVID-19 recovery, post the lifting of international travel restrictions.
<i>Other current assets:</i>	Variance of -\$15.756 million is mainly due to the timing for the recognition of prepaid annual software licence fees for 2022-23.
<i>Property, plant and equipment:</i>	Variance of +\$2.372 billion is mainly due to higher than budgeted annual asset revaluations of +\$2.059 billion plus increases associated with additional assets relating to the department's capital program.
<i>Payables:</i>	Variance of +\$535.188 million is mainly attributable to unbudgeted higher capital creditors +\$194.141 million and project accruals +\$3.474 million associated with the increased capital works program, plus unbudgeted deferred appropriation payable to Queensland Treasury +\$226.812 million. The other main contributors include higher grants payable for Early Education and Care +\$9.107 million attributable to the introduction of new kindergarten programs in 2021-22; higher QBuild trade creditors +\$18.941 million and increased QBuild maintenance accruals +\$29.828 million, partially due to the 2022 Queensland floods and the increased capital works program.
<i>Accrued employee benefits:</i>	Variance of -\$51.335 million is due to anticipated 'pay as you go' (PAYG) tax payable included in the original budget. This is partially offset by growth in Annual Leave and Long Service Leave Central Scheme payables of +\$11.980 million resulting from higher salaries associated with enterprise bargaining outcomes and an increase in the long service leave levy rate from 2.35% to 2.60% effective from 1 January 2022.

E1-3 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF CASH FLOWS

<i>Property, plant and equipment:</i>	Variance of -\$156.864 million is lower than the cash flow budget which is mainly attributable to increases in assets acquired from non-cash sources including donated assets; gifted assets; capitalised school assets; assets and minor works found during the comprehensive asset revaluation process and the impact of deferred funding from the capital program budget.
<i>Equity injections:</i>	Variance of -\$354.873 million is primarily due to timing adjustments to Building Future Schools funding, Schools Halls and Future Pathway Program, Infrastructure Investment Portfolio and revised estimates for higher levels of depreciation.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

SECTION 6
WHAT WE LOOK AFTER ON BEHALF OF WHOLE-OF-GOVERNMENT AND THIRD PARTIES

F1 ADMINISTERED ACTIVITIES

The department administers, but does not control, certain activities on behalf of the government. In doing so, it has responsibility for administering those activities (and related transactions and balances) efficiently and effectively, but does not have the discretion to deploy those resources for the achievement of the department's own objectives.

The majority of administered operations relate to Commonwealth financial assistance to non-government schools paid to the state in accordance with s.23 of the *Australian Education Act 2013* for transfer to non-government schools. The most significant component of state government funded administered operations relates to financial assistance provided to non-government schools through the Non-State Schools Recurrent Grant. The Non-State Schools Recurrent Grant is provided under s.368(1)(b) of the *Education (General Provisions) Act 2006*.

Accounting policies applicable to administered items are consistent with the equivalent policies for controlled items, unless stated otherwise.

F1-1 SCHEDULE OF ADMINISTERED INCOME AND EXPENDITURE

	2022 Actual \$'000	2022 Original Budget \$'000	Budget Variance \$'000	2021 Actual \$'000
Administered income				
<u>Fees and charges</u>				
Fees and charges	81 163	57 374	23 789	69 155
Other revenue	-	285	(285)	-
<u>Grants and contributions</u>				
Recurrent				
Specific purpose - Commonwealth	3 634 187	3 471 950	162 237	3 176 454
Appropriation revenue ⁽¹⁾	4 829 882	4 620 329	209 553	4 213 673
Total administered income	8 545 232	8 149 938	395 294	7 459 282
Administered expenses				
<u>Grants and subsidies</u>				
Recurrent				
Commonwealth Government				
Non-state schools	3 634 187			3 176 454
State Government				
Non-state schools	838 829			758 658
Textbook and resource allowance	72 593			68 308
Statutory bodies (curriculum)	166 014			109 307
Capital				
State Government				
Non-state and other external organisations	118 259			100 946
	4 829 882	4 620 326	209 556	4 213 673
Supplies and services	-	3	(3)	-
Losses on disposal/ remeasurement of assets	243	21	222	-
Transfers of administered income to government ⁽²⁾	3 715 107	3 529 588	185 519	3 245 609
Total administered expenses	8 545 232	8 149 938	395 294	7 459 282
Operating surplus/(deficit)	-	-	-	-

(1) This appropriation revenue is provided in cash via Queensland Treasury and funds activities/expenses that the department administers on behalf of the government.

(2) The department periodically transfers all cash collected for 'administered income' (excluding appropriation revenue) to the Queensland Government.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

F1 ADMINISTERED ACTIVITIES (continued)

F1-2 RECONCILIATION OF PAYMENTS FROM CONSOLIDATED FUND TO ADMINISTERED INCOME

	2022 \$'000	2021 \$'000
Budgeted appropriation	4 620 329	3 994 281
Transfers from/(to) other headings - variation in headings	231 594	54 633
Total administered receipts	4 851 923	4 048 914
Plus opening balance of administered unearned revenue	-	119 347
Less opening balance of administered revenue receivable	(45 412)	-
Plus closing balance of administered revenue receivable	23 371	45 412
Administered income recognised in Note F1-1	4 829 882	4 213 673

F1-3 SCHEDULE OF ADMINISTERED ASSETS AND LIABILITIES

	2022 Actual \$'000	2022 Original Budget \$'000	Budget Variance \$'000	2021 Actual \$'000
Administered current assets				
Cash at bank	198	766	(568)	125
Appropriation receivable	23 371	-	23 371	45 412
Trade receivable	7 684	10 577	(2 893)	8 315
GST input tax credits receivable	1	-	1	2
Total administered current assets	31 254	11 343	19 911	53 854
Administered non-current assets				
Trade receivables	4 790	-	4 790	-
Total administered current assets	36 044	11 343	24 701	53 854
Administered current liabilities				
Overdraft facilities	23 166	-	23 166	45 165
Revenue payable to Government	12 656	11 131	1 525	8 436
Other payable	10	-	10	42
Total administered current liabilities	35 832	11 131	24 701	53 643
Net administered assets/ liabilities	212	212	-	211

F1-4 ADMINISTERED ACTIVITIES – BUDGET TO ACTUAL VARIANCE ANALYSIS

This note provides an explanation of major variances between 2021-22 actual results and the original budget for the department's major classes of administered income, expenses, assets and liabilities.

Fees and charges: Variance of +\$23.789 million is mainly due to higher Industrial Relations collections including QLeave Portable Long Service Leave of +\$17.930 million resulting from higher construction activity; increases in fines and forfeitures +\$1.716 million and higher than expected labour hire licencing fees of +\$4.143 million due to greater demand from contractors engaged in construction and plant registrations.

Appropriation receivable and overdraft facility: Variance of +\$23.371 million is attributed to increased Australian and State Government funding for non-state schools.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

F2 TRUST TRANSACTIONS AND BALANCES

(a) Educational bequests

The department acts as trustee for and manages one trust established by benefactors to encourage Queensland students to learn Japanese as a second language and recognise their achievements in acquiring this valuable skill. The trust receives revenue in the form of bank interest and makes disbursements for student bursaries to fund travel and tuition fees and support continuing study of the Japanese language.

As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements but are disclosed in these notes for the information of users.

No fees are received by the department for providing trustee services for this fund.

	2022 \$'000	2021 \$'000
Trust account - educational bequests		
Opening balance - cash	201	210
Revenue - return on investment term deposit	-	1
Expense - Iwasaki Sangyo prize	(18)	(10)
Closing balance - cash	183	201

(b) Industrial Relations collections

	2022 \$'000	2021 \$'000
District Industrial Inspectors' Collection Accounts <i>Industrial Relations Act 1999 s.358</i>		
Opening balance - cash	7	6
Revenue - recovered wages	19	5
Expense - payments to workers	(6)	(4)
Closing balance - cash	20	7

This account holds recovered wages owed to employees until funds are cleared before forwarding on to workers.

	2022 \$'000	2021 \$'000
In-scope Electrical Equipment (Registration Fees) Fund <i>Electrical Safety Act 2002 s.204A</i>		
Opening balance - cash	8 078	7 509
Revenue - registration fees and interest	2 687	2 604
Expense - jurisdiction transfer payments and costs	(1 611)	(2 035)
Closing balance - cash	9 154	8 078

This account holds money collected from the registration of electrical equipment and makes payments to participating jurisdictions for electrical safety services.

There are no audit fees payable by the department for these trust transactions.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

**SECTION 7
OTHER INFORMATION**

G1 KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION

Details of key management personnel

The department's responsible minister is identified as part of the department's KMP, consistent with additional guidance included in the revised version of *AASB 124 Related Party Disclosures*. The Minister is the Honourable Grace Grace MP, Minister for Education, Minister for Industrial Relations and Minister for Racing.

The following details for non-ministerial key management personnel includes those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2021-22 and 2020-21. Further information regarding the department's key management personnel can be found in the body of the Annual Report under the section relating to Governance.

Position	Position Responsibility
Director-General	Strengthening education by boosting participation and quality in early childhood education and care, improving the performance of schools and delivering a responsive and productive industrial relations sector and fostering a more sustainable racing industry.
Deputy Director-General, Corporate Services	The duties of this position have been allocated to the positions of Deputy Director-General, People and Corporate Services, Deputy Director-General, Infrastructure Services and Assistant Director-General, Finance and Assurance Services.
Deputy Director-General, Early Childhood and Education Improvement	Strategic leadership in the development and implementation of the innovation policy, funding and regulatory frameworks that shape the vibrant early childhood education and care sector in Queensland.
Deputy Director-General, Policy, Performance and Planning	Driving the strategic direction of the department, across early childhood, schooling, and Aboriginal and Torres Strait Islander education. This position delivers education-related strategic policy and intergovernmental relations functions and leads the development of the portfolio's legislative instruments, performance monitoring and reporting functions, and governance, strategy and planning. Including the Office of Racing, the division provides oversight of Racing Queensland and legislation that enables the operation of the racing industry in Queensland.
Deputy Director-General, State Schools	Strategic leadership in the development and implementation of innovative and effective education models and policies for Queensland state schools to ensure every student engages purposefully in learning and experiences academic success.
Deputy Director-General, People and Corporate Services ⁽¹⁾	Provision of strategic leadership across the department's human resources, information and technologies, strategic communications and engagement, and legal services functions to support a diverse, capable and confident workforce that designs and delivers responsive services as our population grows and technology changes how we learn, work and live.
Deputy Director-General, Infrastructure Services ⁽¹⁾	Strategic leadership in the delivery of sustainable investment in support of the government's education infrastructure investment to build, maintain, improve and renew our schools and facilities across Queensland.
Deputy Director-General, Office of Industrial Relations	Strategic leadership of the Office of Industrial Relations, with responsibility for regulatory frameworks, policy advice and compliance activities for workplace safety, electrical safety, industrial relations and workers' compensation to make Queensland work and workplaces safer, fairer and productive.
Assistant Director-General, Finance and Assurance Services and Chief Finance Officer ⁽¹⁾	Provision of strategic financial advice to the department's Executive and overall leadership of the department's finance functions. The position also has responsibilities under section 77 of the <i>Financial Accountability Act 2009 (Qld)</i> .
Regional Director (rotating representative)	Providing direction to the operations of the department at the regional level across all service streams, ensuring delivery of planned outcomes in line with departmental vision, values and strategic direction.

(1) A revised organisational structure took effect from 31 May 2021. The new structure created two new Deputy Director-General roles for Infrastructure Services and People and Corporate Services Divisions. The former Corporate Services Division was disestablished and some functions were restructured to the Assistant Director-General, Finance and Assurance Services.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

G1 KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION (continued)

Key management personnel remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook, and aggregate remuneration expenses for all ministers are disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances. The department does not bear any cost of remuneration of ministers.

Remuneration policy for the department's other KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. Individual remuneration and other terms of employment (including motor vehicle entitlements and performance payments if applicable) are specified in employment contracts.

Where an employee has relieved in a KMP position for less than three months, these costs are reported against their substantive position.

Remuneration expenses for those KMP comprise the following components:

Short term employee expenses including:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position
- non-monetary benefits – consisting of provision of vehicle and car parking together with fringe benefits tax applicable to the benefit.

Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.

Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

Key management personnel remuneration expenses

The following disclosures focus on the expenses incurred by the department attributable to non-ministerial KMP during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income.

2021-22

Position	Short term employee expenses		Long term employee expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary expenses	Non-monetary benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Director-General (from 01/07/2021 to 10/09/2021)	115	0	3	13	2	133
Director-General (Acting from 11/09/2021 to 05/12/2021)	138	0	3	9	0	150
Director-General (Appointed 06/12/2021)	376	3	9	34	0	422
Deputy Director-General, Early Childhood and Education Improvement (from 01/07/2021 to 17/03/2022)	196	5	5	20	0	226
Deputy Director-General, Early Childhood and Education Improvement (Acting from 18/03/2022 to 30/06/2022)	81	0	2	8	0	91

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

G1 KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION (continued)

Key management personnel remuneration expenses (continued)

2021-22 (continued)

Position	Short term employee expenses		Long term employee expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Deputy Director-General, Policy, Performance and Planning (Acting from 09/08/2021 to 30/06/2022)	244	5	6	27	0	282
Deputy Director-General, State Schools (from 01/07/2021 to 18/03/2022)	193	6	5	21	326	551
Deputy Director-General, State Schools (Acting from 19/03/2022 to 30/06/2022)	79	2	2	8	0	91
Deputy Director-General, Office of Industrial Relations (from 1/07/2021 to 10/09/2021; 11/12/2021 to 11/02/2022)	116	5	3	10	0	134
Deputy Director-General, Office of Industrial Relations (Acting from 11/09/2021 to 10/12/2021; 12/02/2022 to 30/06/2022)	169	0	4	17	0	190
Deputy Director-General, People and Corporate Services (from 1/07/2021 to 06/01/2022)	158	5	4	17	0	184
Deputy Director-General, People and Corporate Services (Acting from 19/01/2022 to 30/06/2022)	131	2	3	13	0	149
Deputy Director-General, Infrastructure Services (Acting from 01/07/2021 to 29/08/2021)	39	1	1	5	0	46
Deputy Director-General, Infrastructure Services (Appointed 30/08/2021)	259	0	6	28	0	293
Assistant Director-General, Finance and Assurance Services and Chief Finance Officer (from 30/08/2021 to 26/09/2021; 02/10/2021 to 18/01/2022)	80	2	2	11	0	95

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

G1 KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION (continued)

Key management personnel remuneration expenses (continued)

2021-22 (continued)

Position	Short term employee expenses		Long term employee expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary expenses	Non-monetary benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assistant Director-General, Finance and Assurance Services and Chief Finance Officer (Acting from 01/07/2021 to 29/08/2021; 27/09/2021 to 01/10/2021; 19/01/2022 to 30/06/2022)	145	4	4	16	0	169
Regional Director (rotating representative) (from 07/07/2021 to 08/12/2021)	105	0	3	11	0	119
Regional Director (rotating representative) (from 19/01/2022 to 30/06/2022)	112	0	3	11	0	126

2020-21

Position	Short term employee expenses		Long term employee expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary expenses	Non-monetary benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Director-General	542	0	13	66	0	621
Deputy Director-General, Corporate Services (Acting from 01/07/2020 to 30/05/2021) ⁽¹⁾ Deputy Director-General, Infrastructure Services Division (Acting from 31/05/2021 to 30/06/2021) ⁽³⁾	271	7	7	25	0	310
Deputy Director-General, Early Childhood and Education Improvement	250	9	6	28	0	293
Deputy Director-General, Policy, Performance and Planning ⁽²⁾	279	8	7	33	0	327
Deputy Director-General, State Schools	260	8	6	30	0	304
Deputy Director-General, Office of Industrial Relations	290	2	8	27	0	327
Deputy Director-General, People and Executive Services (Appointed 13/10/2020)	213	4	5	24	0	246

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

G1 KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION (continued)

Key management personnel remuneration expenses (continued)

2020-21 (continued)

Position	Short term employee expenses		Long term employee expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Assistant Director-General, Finance and Chief Finance Officer (Acting from 01/07/2020 to 30/06/2021)	218	8	5	24	0	255
Regional Director (rotating representative) (to 31/12/2020)	118	0	3	13	0	134
Regional Director (rotating representative) (from 01/01/2021)	115	0	3	13	0	131

(1) During 2020-21, the incumbent position holder of Deputy Director-General, Corporate Services has been on extended leave and is no longer a member of the EMB.

(2) The Office of Racing joined the department from the Department of State Development, Infrastructure, Local Government and Planning (the former Department of Local Government, Racing and Multicultural Affairs) following a machinery-of-government change effective from 1 December 2020.

(3) A revised organisational structure took effect from 31 May 2021. The new structure created a new Infrastructure Services Division with a Deputy Director-General role and the Corporate Services Division was disestablished and restructured across the department. The previous reporting structure and reporting lines remained in place for 2020-21.

Performance payments

Key Management Personnel do not receive performance or bonus payments.

G2 RELATED PARTY TRANSACTIONS

Transactions with people/entities related to KMP

Given the breadth and depth of state government activities, the department's Key Management Personnel (KMP) may transact with the Queensland public sector in a manner consistent with other ordinary citizens, for example, children of KMP may attend Queensland state schools or family members may be employed in departmental schools. The department's KMP is required to complete an annual declaration form in relation to the related party transactions/arrangements along with an explanation for these types of transactions and to complete a yearly Code of Conduct training which is underpinned by the *Public Sector Ethics Act 1994*. There were no related party transactions that involved the department's KMP or their close family members outside the ordinary citizen transactions during 2021-22.

Transactions with other Queensland Government-controlled entities

The department's primary ongoing sources of funding from government for its services are appropriation revenue (Note B1-1) and equity injections (Note C8-2), both of which are provided in cash via Queensland Treasury. The department purchases a variety of services from the Department of Energy and Public Works including building construction and maintenance \$341.882 million (2020-21 \$288.315 million); motor vehicle fleet \$6.787 million (2020-21 \$7.537 million); office accommodation \$24.960 million (2020-21 \$38.436 million); government employee housing \$24.393 million (2020-21 \$21.541 million); and information and communication technology services from CITEC \$8.164 million (2020-21 \$6.341 million). Services relating to school transport arrangements for \$44.022 million (2020-21 \$40.405 million) are purchased from the Department of Transport and Main Roads.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2022

G3 NEW AND REVISED ACCOUNTING STANDARDS

The department did not voluntarily change any of its accounting policies during 2021-22.

No Australian Accounting Standards have been early adopted for 2021-22.

Accounting standards effective for the first time in 2021-22

No new Australian Accounting Standards became effective for the first time in 2021-22.

Following the issue of the International Financial Reporting Interpretations Committee's (IFRIC) agenda decision on *Configuration or Customisation Costs in a Cloud Computing Arrangement* during April 2021, the department has changed its accounting policy for Software-as-a-Service (SaaS) arrangements.

The department applies the new criteria for the recognition of an intangible assets in relation to the configuration or customisation costs of SaaS arrangements. To meet the criteria, the configuration or customisation activities must create a resource that is controlled by the department and be separate from the supplier's software. The new accounting policy includes consideration of the customisation or configuration software code, for example considering where it resides, whether it is identifiable and distinct from the supplier's software and whether the department has the power to both obtain economic benefits from it as well as and restrict the access of others to those benefits. Configuration or customisation costs that do not qualify for recognition as an intangible asset are expensed as supplies and services expenses.

The department is required to apply the change in accounting policy retrospectively. Only one asset of immaterial value was identified on the department's asset register as meeting the definition of customisation for a SaaS arrangement. Prior to 30 June 2021, this asset was reclassified and fully expensed.

Included in the annual impairment review, the department undertook a detailed analysis of its intangible assets and software work in progress to ensure they meet the recognition criteria. At the commencement of all software projects, appraisals were conducted during 2021-22, to determine if there were any new SaaS contracts being entered into. No further impact has been identified as part of these reviews.

New Australian Accounting Standards issued but not yet effective

All other Australian Accounting Standards and Interpretations with future commencement dates are either not applicable to the department's activities, or have no material impact on the department.

G4 EVENTS OCCURRING AFTER THE REPORTING DATE

No events after the balance date have occurred for the department.

G5 TAXATION

The department is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from all forms of Commonwealth taxation with the exception of Fringe Benefits Tax (FBT), and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the department. GST credits receivable from, and GST payable to the Australian Taxation Office are recognised and accrued (refer to Note C2).

G6 CLIMATE RISK DISCLOSURE

Climate Risk Assessment

The department considers specific financial impacts relating to climate related risks by identifying and monitoring material accounting judgements and estimates used in preparing the financial report. This includes the potential for changes in asset useful lives, changes in the fair value of assets, provisions or contingent liabilities and changes in expenses and revenue.

The department has not identified any material climate related risks relevant to the financial report at the reporting date. The department continues to monitor the emergence of such risks under the *Queensland Government's Climate Transition Strategy*, and *Climate Action Plan 2030*.

Current Year Impacts

No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

Department of Education
Management Certificate
for the year ended 30 June 2022

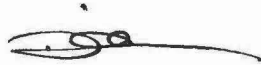
These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), s.38 the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of Education for the financial year ended 30 June 2022, and of the financial position of the department at the end of that year; and

The Director-General, as the Accountable Officer of the department, acknowledges responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Alison Mohr, CPA, B ECom (Acc)
Acting Assistant Director-General
Finance, Procurement and Facilities Division
Chief Finance Officer
Department of Education



Michael De'Ath, Exec MPA, M.Ed Admin (1st Class Hons), B.Ed, Dip Tchg
Director-General
Department of Education

Date: 22 August 2022

Date: 22 August 2022

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Education

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Department of Education.

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2022, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2022, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matter

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of Buildings (\$18.3 billion as at 30 June 2022)

Refer to note C3 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>Department of Education's specialised buildings were measured at fair value at balance date using the current replacement cost method.</p> <p>The Department performed a comprehensive revaluation of approximately one quarter of its buildings using an independent valuer, with remaining assets being revalued using indexation. It is the Department's policy to conduct revaluations on this basis annually.</p> <p>The current replacement cost method comprises:</p> <ul style="list-style-type: none"> gross replacement cost, less accumulated depreciation. <p>For comprehensively revalued buildings, the Department applied unit rates provided by the independent valuer to derive gross replacement cost. These unit rates require significant judgement in relation to:</p> <ul style="list-style-type: none"> identifying the components of buildings with separately identifiable replacement costs specifying the unit rate categories based on building and component types with similar characteristics elapsed utility estimates assessing the current replacement cost for each unit rate category having consideration for more contemporary design/construction approaches. <p>For Buildings not comprehensively revalued, significant judgement was required to estimate the change in gross replacement cost from the prior year.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>Our procedures for Buildings comprehensively revalued included, but were not limited to:</p> <ul style="list-style-type: none"> Assessing the adequacy of management's review of the valuation process. Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness with reference to common industry practice. Assessing the competence, capability and objectivity of the experts used by the Department. On a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit cost rates including: <ul style="list-style-type: none"> modern substitute (including locality factors and oncosts) adjustment for obsolescence. <p>For Buildings revalued by index, our procedures included but were not limited to:</p> <ul style="list-style-type: none"> Evaluating the relevance and appropriateness of the indices used for changes in Building Price Index inputs by comparing to other relevant external indices. Reviewing the appropriate application of these indices to the remaining three quarters of the portfolio. <p>Buildings useful life estimates were evaluated for reasonableness by:</p> <ul style="list-style-type: none"> Reviewing management's annual assessment of useful lives. Ensuring that no component still in use has reached or exceeded its useful life. Reviewing for consistency between condition assessment and percentage of depreciation. Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence. Ensuring that management has updated accumulated depreciation this year for changes in remaining useful lives identified.

Responsibilities of the department for the financial report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Accountable Officer is also responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the department or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the department's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with the Accountable Officer, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the department's transactions and account balances to enable the preparation of a true and fair financial report.

25 August 2022



Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane