

Department of Education Financial Statements
for the year ended 30 June 2023

TABLE OF CONTENTS

Financial Statements	Statement of Comprehensive Income	Page 3	
	Statement of Comprehensive Income by Major Departmental Service	Page 4	
	Statement of Financial Position	Page 5	
	Statement of Assets and Liabilities by Major Departmental Service	Page 6	
	Statement of Changes in Equity	Page 7	
	Statement of Cash Flows (including Notes to the Statement of Cash Flows)	Page 8	
Notes to the Financial Statements	A1. Basis of Financial Statement Preparation	Page 10	
	A1-1 General Information	Page 10	
	A1-2 Compliance with Prescribed Requirements	Page 10	
	Section 1	A1-3 Presentation	Page 10
	About the Department	A1-4 Authorisation of Financial Statements for Issue	Page 10
	and this Financial	A1-5 Basis of Measurement	Page 10
	Report	A1-6 The Reporting Entity	Page 10
		A1-7 2022 Queensland Floods	Page 11
		A2. Departmental Objectives	Page 11
		A3. Controlled Entities	Page 12
		B1. Revenue	Page 13
		B1-1 Appropriation Revenue	Page 13
		B1-2 User Charges and Fees	Page 13
	Section 2	B1-3 Grants and Contributions	Page 14
	Notes about our	B2. Expenses	Page 15
	Financial Performance	B2-1 Employee Expenses	Page 15
		B2-2 Supplies and Services	Page 17
		B2-3 Grants and Subsidies	Page 17
		B2-4 Other Expenses	Page 18
		C1. Cash and Cash Equivalents	Page 19
		C2. Receivables	Page 19
		C3. Property, Plant and Equipment and Depreciation Expense	Page 21
	Section 3	C3-1 Closing Balances and Reconciliation of Carrying Amount	Page 21
	Notes about our	C3-2 Recognition and Acquisition	Page 23
	Financial Position	C3-3 Measurement	Page 23
		C3-4 Depreciation Expense	Page 25
		C3-5 Impairment	Page 26
		C4. Payables	Page 26
		C5. Borrowings	Page 26
		C5-1 Financial Liabilities and Commitments	Page 26
		C5-2 Disclosures about Sensitivity to Interest Rate Movements	Page 27
		C5-3 Fair Value Disclosures for Financial Liabilities Measured at Amortised Cost	Page 27
	C6. Public Private Partnerships	Page 27	
	C6-1 Other Public Private Partnerships outside AASB 1059	Page 27	
	C6-2 Operating Statement Impact	Page 29	
	C6-3 Estimated Future Cash Flows	Page 30	
	C7. Accrued Employee Benefits	Page 30	

Department of Education Financial Statements
for the year ended 30 June 2023

TABLE OF CONTENTS (continued)

Notes to the Financial Statements (Continued)	Section 3	C8.	Equity	Page 31
	Notes about our	C8-1	Contributed Equity	Page 31
	Financial Position	C8-2	Appropriations Recognised in Equity	Page 31
	(continued)	C8-3	Asset Revaluation Surplus by Asset Class	Page 31
	Section 4	D1.	Financial Risk Disclosures	Page 32
	Notes about Risks and	D1-1	Financial Instrument Categories	Page 32
	Other Accounting	D1-2	Financial Risk Management	Page 32
	Uncertainties	D1-3	Liquidity Risk - Contractual Maturity of Financial Liabilities	Page 33
		D2.	Contingencies	Page 33
		D3.	Commitments	Page 34
	Section 5	E1.	Budgetary Reporting Disclosures	Page 35
	Notes about our	E1-1	Explanation of Major Variances – Statement of Comprehensive Income	Page 35
	Performance compared to Budget	E1-2	Explanation of Major Variances – Statement of Financial Position	Page 36
		E1-3	Explanation of Major Variances – Statement of Cash Flows	Page 36
	Section 6	F1.	Administered Activities	Page 37
	What we look after on behalf of whole-of- Government and third parties	F1-1	Schedule of Administered Income and Expenditure	Page 37
		F1-2	Reconciliation of Payments from Consolidated Fund to Administered Income	Page 38
		F1-3	Schedule of Administered Assets and Liabilities	Page 38
		F1-4	Administered Activities – Budget to Actual Variance Analysis	Page 38
	Section 7	F2.	Trust Transactions and Balances	Page 39
Other Information	G1.	Key Management Personnel (KMP) Remuneration	Page 40	
	G2.	Related Party Transactions	Page 44	
	G3.	Prior Period Errors and Adjustments	Page 45	
	G4.	New and Revised Accounting Standards	Page 45	
	G5.	Events Occurring after the Reporting Date	Page 45	
	G6.	Taxation	Page 45	
	G7.	Climate Risk Disclosure	Page 46	
Certification		Management Certificate	Page 47	

Department of Education
Statement of Comprehensive Income
for the year ended 30 June 2023

		2023 Actual \$'000	2023 Original budget \$'000	Budget variance*	2022 Actual \$'000
OPERATING RESULT					
Income from continuing operations					
Appropriation revenue	B1-1	11 359 775	11 131 218	228 557	10 233 346
User charges and fees	B1-2	480 699	430 338	50 361	404 327
Grants and contributions	B1-3	235 035	202 639	32 396	251 484
Interest		25 681	10 107	15 574	4 585
Other revenue		72 912	17 872	55 040	88 998
Total income from continuing operations		12 174 102	11 792 174	381 928	10 982 740
Expenses from continuing operations					
Employee expenses	B2-1	8 910 571	8 584 507	326 064	8 087 572
Supplies and services	B2-2	1 765 904	1 994 267	(228 363)	1 576 657
Grants and subsidies	B2-3	381 239	398 936	(17 697)	341 067
Depreciation and amortisation	C3-4	847 609	701 547	146 062	709 760
Impairment losses/(gains)		8 691	728	7 963	7 188
Finance/borrowing costs		25 574	25 016	558	19 498
Other expenses	B2-4	89 853	87 173	2 680	81 802
Total expenses from continuing operations		12 029 441	11 792 174	237 267	10 823 544
Operating result for the year		144 661	-	144 661	159 196
OTHER COMPREHENSIVE INCOME					
<u>Items that will not be reclassified to operating result:</u>					
Increase/(decrease) in asset revaluation surplus	C8-3	4 834 788	696 145	4 138 643	2 460 458
Total items that will not be reclassified to operating result		4 834 788	696 145	4 138 643	2 460 458
TOTAL COMPREHENSIVE INCOME		4 979 449	696 145	4 283 304	2 619 654

*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 2023

	Early Childhood Education and Care		School Education		Industrial Relations		Racing		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Income from continuing operations										
Appropriation revenue	351 279	319 473	10 939 843	9 854 560	37 249	30 664	31 404	28 649	11 359 775	10 233 346
User charges and fees	1 885	1 179	457 538	382 161	21 276	20 979	-	8	480 699	404 327
Grants and contributions	368	764	96 774	118 347	137 893	132 373	-	-	235 035	251 484
Interest	-	-	25 681	4 585	-	-	-	-	25 681	4 585
Other revenue	6 616	5 059	65 398	82 564	670	713	228	662	72 912	88 998
Total income from continuing operations	360 148	326 475	11 585 234	10 442 217	197 088	184 729	31 632	29 319	12 174 102	10 982 740
Expenses from continuing operations										
Employee expenses	49 069	45 354	8 731 418	7 922 561	129 641	119 084	443	573	8 910 571	8 087 572
Supplies and services	30 217	28 893	1 681 247	1 502 650	54 438	45 105	2	9	1 765 904	1 576 657
Grants and subsidies	272 638	244 281	67 196	58 270	10 272	9 699	31 133	28 817	381 239	341 067
Depreciation and amortisation	3 550	2 828	843 249	705 800	810	1 132	-	-	847 609	709 760
Impairment losses/(gains)	106	49	8 579	7 136	6	3	-	-	8 691	7 188
Finance/borrowing costs	4	4	25 570	19 494	-	-	-	-	25 574	19 498
Other expenses	100	358	88 948	81 093	805	351	-	-	89 853	81 802
Total expenses from continuing operations	355 684	321 767	11 446 207	10 297 004	195 972	175 374	31 578	29 399	12 029 441	10 823 544
Operating result for the year	4 464	4 708	139 027	145 213	1 116	9 355	54	(80)	144 661	159 196
Other comprehensive income										
<u>Items that will not be reclassified to operating result:</u>										
Increase/(decrease) in asset revaluation surplus	34 517	17 365	4 800 271	2 443 093	-	-	-	-	4 834 788	2 460 458
Total other comprehensive income	34 517	17 365	4 800 271	2 443 093	-	-	-	-	4 834 788	2 460 458
Total comprehensive income	38 981	22 073	4 939 298	2 588 306	1 116	9 355	54	(80)	4 979 449	2 619 654

Department of Education
Statement of Financial Position
as at 30 June 2023

	2023	2023	Budget	2022	
Note	Actual	Original	variance**	Actual	
	\$'000	budget	\$'000	Restated*	
	\$'000	\$'000	\$'000	\$'000	
Current assets					
Cash and cash equivalents	C1	1 653 215	1 059 114	594 101	1 575 841
Receivables	C2	234 108	102 088	132 020	157 511
Inventories		2 096	2 116	(20)	2 243
Other current assets		38 724	35 643	3 081	52 236
Total current assets		1 928 143	1 198 961	729 182	1 787 831
Non-current assets					
Property, plant and equipment	C3-1	30 970 268	25 749 907	5 220 361	25 649 651 *
Right-of-use assets		6 211	-	6 211	6 420
Intangible assets		44 303	36 418	7 885	36 358
Total non-current assets		31 020 782	25 786 325	5 234 457	25 692 429 *
Total assets		32 948 925	26 985 286	5 963 639	27 480 260 *
Current liabilities					
Payables	C4	299 303	394 860	(95 557)	596 336 *
Borrowings	C5	9 910	10 299	(389)	9 107
Lease liabilities		571	-	571	851
Accrued employee benefits	C7	335 172	121 304	213 868	124 568
Other current liabilities		89 758	82 458	7 300	80 074
Total current liabilities		734 714	608 921	125 793	810 936 *
Non-current liabilities					
Borrowings	C5	354 482	360 095	(5 613)	364 392
Lease liabilities		6 074	-	6 074	5 990
Other non-current liabilities		-	228	(228)	-
Total non-current liabilities		360 556	360 323	233	370 382
Total liabilities		1 095 270	969 244	126 026	1 181 318 *
Net assets		31 853 655	26 016 042	5 837 613	26 298 942
Equity					
Contributed equity	C8-1	6 276 141			5 700 877
Accumulated surplus		704 348			559 687
Asset revaluation surplus	C8-3	24 873 166			20 038 378
Total equity		31 853 655	26 016 042	5 837 613	26 298 942

* Comparative figures have been restated. Refer to Note G3 for further information.

**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 2023

	Early Childhood Education and Care		School Education		Industrial Relations		Racing		General - not attributed		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	Restated*	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	Restated*
				2022 \$'000								2022 \$'000
Current assets												
Cash and cash equivalents	-	-	801 742	716 103	22 598	35 553	-	-	828 875	824 185	1 653 215	1 575 841
Receivables	3 480	3 821	213 607	149 745	16 526	3 930	495	15	-	-	234 108	157 511
Inventories	-	-	2 096	2 243	-	-	-	-	-	-	2 096	2 243
Other current assets	-	159	37 203	50 014	1 521	2 061	-	2	-	-	38 724	52 236
Total current assets	3 480	3 980	1 054 648	918 105	40 645	41 544	495	17	828 875	824 185	1 928 143	1 787 831
Non-current assets												
Property, plant and equipment	157 995	124 650	30 810 120	25 523 264	2 153	1 737	-	-	-	-	30 970 268	25 649 651 *
Right-of-use assets	-	-	6 211	6 420	-	-	-	-	-	-	6 211	6 420
Intangible assets	2 280	1 835	37 080	32 327	4 943	2 196	-	-	-	-	44 303	36 358
Total non-current assets	160 275	126 485	30 853 411	25 562 011	7 096	3 933	-	-	-	-	31 020 782	25 692 429 *
Total assets	163 755	130 465	31 908 059	26 480 116	47 741	45 477	495	17	828 875	824 185	32 948 925	27 480 260 *
Current liabilities												
Payables	18 593	15 521	276 008	574 162	4 665	6 653	37	-	-	-	299 303	596 336 *
Borrowings	-	-	9 910	9 107	-	-	-	-	-	-	9 910	9 107
Lease liabilities	-	-	571	851	-	-	-	-	-	-	571	851
Accrued employee benefits	1 477	1 277	328 033	118 891	5 651	4 386	11	14	-	-	335 172	124 568
Other current liabilities	227	-	89 397	79 896	134	178	-	-	-	-	89 758	80 074
Total current liabilities	20 297	16 798	703 919	782 907	10 450	11 217	48	14	-	-	734 714	810 936 *
Non-current liabilities												
Borrowings	-	-	354 482	364 392	-	-	-	-	-	-	354 482	364 392
Lease liabilities	-	-	6 074	5 990	-	-	-	-	-	-	6 074	5 990
Total non-current liabilities	-	-	360 556	370 382	-	-	-	-	-	-	360 556	370 382
Total liabilities	20 297	16 798	1 064 475	1 153 289	10 450	11 217	48	14	-	-	1 095 270	1 181 318 *

* Comparative figures have been restated. Refer to Note G3 for further information.

Department of Education
Statement of Changes in Equity
for the year ended 30 June 2023

	Note	Accumulated surplus	Asset revaluation surplus	Contributed equity	Total
		\$'000	\$'000	\$'000	\$'000
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
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		-	-	(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
Balance as at 1 July 2022		559 687	20 038 378	5 700 877	26 298 942
Operating result					
Operating result from continuing operations		144 661	-	-	144 661
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus	C8-3	-	4 834 788	-	4 834 788
Total comprehensive income for the year		144 661	4 834 788	-	4 979 449
Transactions with owners as owners					
- Appropriated equity injections	C8-2	-	-	575 250	575 250
- Non-appropriated equity injections		-	-	14	14
Net transactions with owners as owners		-	-	575 264	575 264
Balance as at 30 June 2023		704 348	24 873 166	6 276 141	31 853 655

The accompanying notes form part of these financial statements.

Department of Education
Statement of Cash Flows
for the year ended 30 June 2023

	2023 Actual	2023 Original budget	Budget variance*	2022 Actual
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Inflows:</i>				
Service appropriation receipts	11 091 882	11 131 218	(39 336)	10 324 090
User charges and fees	461 143	438 617	22 526	398 498
Grants and contributions	212 996	198 639	14 357	197 326
Interest receipts	25 681	10 107	15 574	4 585
GST input tax credits from ATO	345 957	-	345 957	277 718
GST collected from customers	34 842	-	34 842	19 322
Other	72 291	24 674	47 617	89 363
<i>Outflows:</i>				
Employee expenses	(8 673 109)	(8 552 467)	(120 642)	(8 061 193)
Supplies and services	(2 123 649)	(2 001 711)	(121 938)	(1 379 616)
Grants and subsidies	(373 400)	(398 936)	25 536	(331 960)
Finance/borrowing costs	(25 574)	(25 016)	(558)	(19 498)
GST paid to suppliers	(350 177)	-	(350 177)	(284 257)
GST remitted to ATO	(34 248)	-	(34 248)	(20 386)
Other	(87 277)	(92 166)	4 889	(78 030)
Net cash provided by operating activities	577 358	732 959	(155 601)	1 135 962
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Inflows:</i>				
Sales of property, plant and equipment	479	-	479	423
<i>Outflows:</i>				
Payments for property, plant and equipment	(1 065 488)	(1 457 070)	391 582	(1 289 765)
Net cash used in investing activities	(1 065 009)	(1 457 070)	392 061	(1 289 342)
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Inflows:</i>				
Equity injections	575 250	754 559	(179 309)	495 879
<i>Outflows:</i>				
Repayments of borrowings	(9 107)	(9 108)	1	(8 374)
Lease payments	(1 118)	(283)	(835)	(934)
Net cash provided by financing activities	565 025	745 168	(180 143)	486 571
Net increase/(decrease) in cash and cash equivalents	77 374	21 057	56 317	333 191
Cash and cash equivalents - opening balance	1 575 841	1 038 057	537 784	1 242 650
Cash and cash equivalents - closing balance	1 653 215	1 059 114	594 101	1 575 841

*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 2023

NOTES TO THE STATEMENT OF CASH FLOWS

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

	2023 \$'000	2022 \$'000
Operating surplus/(deficit)	144 661	159 196
<i>Non-cash items included in operating result:</i>		
Depreciation and amortisation expense	847 609	709 760
Loss on disposal of property, plant and equipment	2 576	3 761
Donated assets received	(15 807)	(11 846)
Assets received below fair value	(4 550)	(43 540)
Bad debts and impairment losses/(gains)	8 691	7 189
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in GST input tax credits receivable	(3 628)	(7 589)
(Increase)/decrease in net operating receivables	(72 971)	(11 650)
(Increase)/decrease in inventories	147	(283)
(Increase)/decrease in other current assets	13 512	36 966
Increase/(decrease) in other current liabilities	9 684	9 099
Increase/(decrease) in GST payable	1	(14)
Increase/(decrease) in payables	(563 171)	281 802
Increase/(decrease) in accrued employee benefits	210 604	3 111
Net cash provided by operating activities	577 358	1 135 962

CF-2 Changes in liabilities arising from financing activities

	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

	Closing balance 2022 \$'000	Non-cash adjustments \$'000	Cash repayments \$'000	Closing balance 2023 \$'000
Borrowings	373 499	-	(9 107)	364 392
Lease liabilities	6 841	922	(1 118)	6 645
Total	380 340	922	(10 225)	371 037

Further details on Borrowings are provided in Note C5.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

**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 Sector Act 2022* (Qld) 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 (Qld);
- in compliance with Queensland Treasury's Financial Reporting Requirements for reporting periods beginning on or after 1 July 2022;
- in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities; and
- on an accrual basis (except for the statement of cash flows which is prepared on a cash basis).

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note G4.

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 2021-22 financial statements except where restated for a prior year error detailed at Note G3.

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 2022-23.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

A1-7 2022 QUEENSLAND FLOODS

The damage caused by the Queensland floods in February 2022 was significant in nature and rectification works have continued to be carried out at schools during 2022-23, for which the department incurred additional expenditure of \$20.117 million.

Three additional flood events occurred after February 2022, which were South East Queensland-South West Queensland severe weather in March 2022 (undeclared), Southern Queensland flooding in May 2022, and North Queensland Monsoon and flooding from December 2022 to March 2023. The department incurred a total of \$1.409 million in rectification works for these three events.

In addition, losses captured through the Resource Replacement Scheme of \$3.420 million were reimbursed to schools.

A2 DEPARTMENTAL OBJECTIVES

The department's vision is a commitment to equity and excellence in everything we do.

The department's purpose is to deliver responsive services focused on equity and excellence for Queenslanders and their communities.

In February 2023, the department released its **Equity and Excellence Strategy** to build a progressive, high performing education system that delivers our vision of realising the potential of every student. We will accomplish equity and excellence outcomes by focusing on educational achievement, wellbeing and engagement, and culture and inclusion.

The key objectives for the department are:

- **A strong start for all children** by setting critical foundations for children's futures through quality early childhood services;
- **Every student realising their potential** by embedding equity and excellence in education to prepare all children and young people for a positive future;
- **Fair and safe workplaces and communities** by promoting fair pay and safe working conditions to provide stability and confidence for a strong economy;
- **A vibrant racing industry** by supporting the racing industry for the prosperity of Queensland communities; and
- **Capable people delivering our vision** by investing in our people, services and infrastructure to deliver for Queenslanders.

The department supports the Queensland Government's objectives for the community which are:

- **Good jobs** - good, secure jobs in our traditional and emerging industries;
- **Better services** - deliver even better services right across Queensland; and
- **Great lifestyle** - protect and enhance our Queensland lifestyle as we grow.

The department is funded for the services it delivers principally by parliamentary appropriations. The department's material financial statement balances reflect our large school land and buildings portfolio across over 1,260 schools and the payment of salaries for our school, regional and central office staff. Supplies and services are dominated by curriculum resources and the maintenance and upkeep of our large asset base, including operational contract costs.

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

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

Racing

To provide policy advice, and timely management of the Racing Infrastructure Fund to support the racing industry in Queensland.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

A3 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 the Queensland Audit Office.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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

	2023	2022
	\$'000	\$'000
Budgeted appropriation revenue	11 131 218	10 365 369
Transfers from/to other headings (variation in headings)	(39 336)	(41 279)
Total appropriation receipts (cash)	11 091 882	10 324 090
Plus: Closing balance of appropriation revenue receivable	41 081	-
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	226 812	136 068
Less: Closing balance of deferred appropriation payable to Consolidated Fund	-	(226 812)
Appropriation revenue recognised in statement of comprehensive income	11 359 775	10 233 346

Accounting policy – Appropriation revenue

Appropriations provided under the *Appropriation Act 2022* are recognised as revenue when received in accordance with 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.

At 30 June 2023, the department received approval from Queensland Treasury to recognise a receivable for appropriation that was owing but not received from the Consolidated Fund.

B1-2 USER CHARGES AND FEES

	2023	2022
	\$'000	\$'000
Student fees	73 692	43 068
General fees	73 747	68 213
Student resource scheme fees	97 112	97 199
Excursion fees	95 962	65 128
Property income	34 917	30 705
Sales revenue	77 930	72 544
Workers' compensation self-insurer levies	10 934	11 174
Service delivery	9 251	9 073
Electrical licensing registration fees	6 601	6 180
Other fees and commissions	553	1 043
Total	480 699	404 327

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. In accordance with AASB 15, a contractual liability is initially recognised upon receipt of funds, with revenue recognised over time as the performance obligations are met and students receive the services.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

B1 REVENUE (continued)

B1-2 USER CHARGES AND FEES (continued)

Accounting policy – User charges and fees (continued)

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. The majority of revenue is recognised at the point in time the goods or services are delivered in accordance with AASB 15.

Student resource scheme fees

Student resource scheme fees relating to bulk provisioning and/or hire of textbooks, resources, consumables and materials are invoiced to parents/caregivers at the beginning of each school (calendar) year. In accordance with AASB 15, a contractual 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. Revenue is recognised at the point in time the revenue is received in accordance with AASB 15, 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. Revenue is recognised at the point in time the revenue is received in accordance with AASB 15, 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. Revenue is recognised at the point in time that the goods or services are provided in accordance with AASB 15.

B1-3 GRANTS AND CONTRIBUTIONS

	2023 \$'000	2022 \$'000
Contributions from WorkCover Queensland	118 656	114 180
Contributions from external parties	44 771	44 228
Grants from the Commonwealth Government	28 535	15 635
Grants from other State Government departments	3 280	3 734
Special purpose capital grants	2 750	-
Goods and services received below fair value	4 773	5 195
Assets received below fair value	4 550	43 540
Donations - cash	11 913	13 126
Donations - other assets ⁽¹⁾	15 807	11 846
Total	235 035	251 484

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

Accounting policy – Grants and contributions

Grants, contributions and donations revenue arise from non-exchange transactions where the department does not directly give approximately equal value to the grantor. Generally, these transactions are accounted for in accordance with AASB 1058 *Income for Not-for-Profit Entities* with revenue recognised upon receipt of the grant funding or donation.

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the department to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied. At 30 June 2023, the department has no specific performance obligations under the current grant agreements and therefore, revenue is recognised as income upon receipt.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

B1 REVENUE (continued)

B1-3 GRANTS AND CONTRIBUTIONS (continued)

Accounting policy – Grants and contributions (continued)

Contributions from WorkCover Queensland

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

Contributions from external parties

Contributions from external parties include Electrical Safety Contributions levied under s 201 of the *Electrical Safety Act 2002* (Qld), which represents non-contractual income arising from a statutory requirement. 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, and therefore, recognised as income upon receipt in accordance with AASB 1058. 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 treated as a revenue item, 'assets received below fair value', and not as a credit to an asset revaluation surplus.

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2023	2022
	\$'000	\$'000
Employee benefits		
Teachers' salaries and allowances *	5 355 961	4 831 037
Public servants' and other salaries and allowances	977 657	886 328
Teacher aides' salaries	624 397	588 126
Cleaners' salaries and allowances	254 164	244 951
Janitors'/groundstaff salaries and allowances	71 913	67 936
Employer superannuation contributions	949 905	842 736
Annual leave levy/expense	274 749	260 457
Long service leave levy/expense	191 792	169 786
Other employee benefits	14 706	15 848
Employee related expenses		
Fringe benefits tax	4 146	2 644
Workers' compensation premium	87 696	83 130
Staff transfer costs	22 204	22 441
Staff rental accommodation	43 011	39 351
Staff training	38 270	32 801
Total	8 910 571	8 087 572

* This category includes \$178.559 million for accrued Cost of Living Allowance (COLA) payment for teachers with a calculation date of 30 June 2023 and expected payment date in August 2023. The payment is in accordance with the current DoE State School Teachers' certified enterprise bargaining agreement 2022 (certified on 15 December 2022).

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

B2 EXPENSES (Continued)

B2-1 EMPLOYEE EXPENSES (continued)

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:

	2023 No.	2022 No.
Full-time equivalent employees	76 215	75 267

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). The 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.

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's defined benefit plan (the former QSuper defined benefit categories now administered by the Government Division of the Australian Retirement Trust) 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.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

B2 EXPENSES (Continued)

B2-2 SUPPLIES AND SERVICES

	2023 \$'000	2022 \$'000
Building maintenance	444 699	368 681
Utilities	210 031	204 727
Equipment and building refurbishment	347 416	379 531
Contractors and consultants	97 366	71 107
Contractors and consultants - in-school costs	97 346	77 824
Materials and running costs	165 332	143 272
Student course supplies and excursion admission costs	198 748	163 188
Payments to shared service provider/inter-agency services	2 036	1 899
Computer costs	113 513	107 341
Office accommodation	40 764	30 888
Travel	17 628	10 247
Travel - school and student	28 725	15 883
Lease expenses	2 300	2 069
Total	1 765 904	1 576 657

Accounting policy – Supplies and services

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.

Contractors and consultants

The majority of the contractors and consultants line items spend was on contractors. The department's spend on consultants was minimal.

Where it is not feasible for services required to be performed in-house, the department utilises contractors for critical functions, including for projects and where specialist skills are required and cannot be found in-house. Contractors are procured for various non-professional and professional services. Examples of non-professional services include trade service providers (plumbers, electricians, carpenters etc.), office services and cleaning services. Examples of professional services include medical assessments, rehabilitation, counselling, and specialist skills for information technology system support and maintenance services.

B2-3 GRANTS AND SUBSIDIES

	2023 \$'000	2022 \$'000
Recurrent Grants and Subsidies		
Early childhood education and care	272 617	244 154
School education	67 217	58 393
Racing	15 000	15 000
Industrial relations	10 272	9 699
Capital Grants		
Grants to external organisations	16 133	13 821
Total	381 239	341 067

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

B2 EXPENSES (continued)

B2-4 OTHER EXPENSES

	2023 \$'000	2022 \$'000
Insurance premiums - Queensland Government Insurance Fund (QGIF)	31 825	29 142
External audit fees ⁽¹⁾	658	840
Loss on disposal of property, plant and equipment	2 576	3 761
Special payments:		
Ex-gratia payments - general ⁽²⁾	28	180
Court awarded damages	623	354
Payments to other government departments ⁽³⁾	50 790	44 712
Other	3 353	2 813
Total	89 853	81 802

(1) Total external audit fees quoted by the Queensland Audit Office relating to the 2022-23 financial year are \$0.710 million (2021-22: \$0.693 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.

WorkCover supplementary payments: Department staff who are injured at work and claiming compensation

Staff (who are covered by certain certified agreements) who are injured at work and claiming weekly compensation under the *Worker's Compensation and Rehabilitation Act 2003* (Qld) (the WCR Act), receive their wage in accordance with their respective certified agreement, which is greater than the amount that applies under the WCR Act. The total accumulated amounts paid by the department to employees from 1 July 2022 to 30 June 2023 is estimated to be up to \$3.747 million. These payments are recognised as employee expenses in Note B2-1.

(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 2023

SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2023 \$'000	2022 \$'000
Cash on hand	103	109
Cash at bank	1 653 112	1 575 732
Total	1 653 215	1 575 841

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 and school bank accounts which are used in the day-to-day cash management of the department.

Departmental bank accounts (excluding school bank accounts and Education Queensland International bank account) 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

	2023 \$'000	2022 \$'000
Current		
Trade receivables	97 812	77 444
Less: Loss allowance	(24 086)	(20 643)
	73 726	56 801
GST receivable	39 100	35 472
GST payable	(1)	-
	39 099	35 472
Employee leave reimbursements	78 055	63 310
Appropriation revenue receivable	41 081	-
Other	2 137	1 913
Loans and advances	10	15
Total	234 108	157 511

Disclosure – Movement in loss allowance for trade receivables

	2023 \$'000	2022 \$'000
Balance at 1 July	20 643	17 683
Expected credit losses expense/(gains)	8 617	7 176
Bad debts written-off	(5 189)	(4 224)
Amounts recovered during the year	15	8
Balance at 30 June	24 086	20 643

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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 the former QSuper (now administered by the Government Division of Australian Retirement Trust) 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.

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 2023

C3 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

C3-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	Land	at Fair Value		at Cost		Total
		Buildings	Heritage and cultural	Plant and equipment	Work in progress	
Property, plant and equipment reconciliation 2023	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000
Gross	7 108 290	36 626 681	521 565	587 780	763 783	45 608 099
Less: Accumulated depreciation	-	(13 974 931)	(285 281)	(377 619)	-	(14 637 831)
Carrying amount at 30 June 2023	7 108 290	22 651 750	236 284	210 161	763 783	30 970 268
<i>Represented by movements in carrying amount:</i>						
Carrying amount at 1 July 2022 (restated - refer Note G3)	6 452 648	18 383 006	37 924	211 129	564 944	25 649 651
Acquisitions (including upgrades)	9 307	506 870	2 822	55 176	740 425	1 314 600
Transfers in from other Queensland Government entities	-	-	-	-	-	-
Donations received	-	14 800	-	991	-	15 791
Disposals	-	(1 764)	(13)	(1 271)	-	(3 048)
Donations made	-	-	-	(7)	-	(7)
Transfers between asset classes (including (to)/from intangibles)	53 625	369 796	114 171	1 222	(541 586)	(2 772)
Net revaluation increments/(decrements) in asset revaluation surplus	592 710	4 149 571	92 507	-	-	4 834 788
Depreciation	-	(770 529)	(11 127)	(57 079)	-	(838 735)
Carrying amount at 30 June 2023	7 108 290	22 651 750	236 284	210 161	763 783	30 970 268

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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

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

	at Fair Value			at Cost		Total
	Land	Buildings	Heritage and cultural	Plant and equipment	Work in progress	
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	564 944	36 973 752
Less: Accumulated depreciation	-	(10 891 598)	(56 728)	(375 775)	-	(11 324 101)
Carrying amount at 30 June 2022 (restated - refer Note G3)	6 452 648	18 383 006	37 924	211 129	564 944	25 649 651
<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	296 399	1 049 954
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 (restated - refer Note G3)	6 452 648	18 383 006	37 924	211 129	564 944	25 649 651

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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

C3-2 RECOGNITION AND ACQUISITION

Accounting policy – 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 year of acquisition:

Land	\$1
Buildings	\$10 000
Heritage buildings	\$10 000
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.

Accounting policy - Acquisition

On acquisition, property, plant and equipment assets are initially recognised at cost. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use.

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for the department. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset and the new depreciable amount is depreciated over the remaining useful life of the asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

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. On initial recognition, the asset recognition thresholds outlined above apply to the complex asset as a single item. The accounting policy for depreciation of complex assets, and estimated useful lives of components, are disclosed in Note C3-4.

When a separately identifiable component of significant value is replaced, the existing component is derecognised. The replacement component is capitalised when it is probable that future economic benefits from the significant component will flow to the department. Replacement components that do not meet the asset recognition thresholds for capitalisation are expensed.

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 another Queensland Government department, are recognised at their fair value at the date of acquisition.

C3-3 MEASUREMENT

Accounting policy – Historical cost

Plant and equipment assets and capital work in progress are measured at cost in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector (NCAPs). The carrying amounts for such assets are not materially different from their fair value.

Accounting policy – Fair value

Land, buildings (including land improvements such as school infrastructure assets) and heritage and cultural assets are measured at fair value in accordance with the NCAPs. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses where applicable. All assets are measured at their highest and best use.

All assets measured at fair value 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.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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

C3-3 MEASUREMENT (continued)

Accounting policy – Fair value (continued)

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 reporting period.

Key judgement: 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.

Revaluation of property

Land and buildings measured at fair value are revalued on an annual basis either by specific appraisals undertaken by an independent professional valuer at least once every four years, or by the use of appropriate and relevant indices in the interim years.

For the purposes of specific appraisal each four years, the department has divided the state into 25 districts which provides a framework to ensure that major urban, provincial and rural characteristics are evenly distributed each year.

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 the independent valuer based on the asset portfolio of the department.

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.

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.

Land

Approximately one quarter of the department's land was independently valued by the State Valuation Service (SVS) with an effective date of 30 June 2023.

The fair value of land is determined using a market-based assessment by reference to observable prices in an active market or recent market transactions in accordance with level 2 of the fair value hierarchy. The specific appraisal involved physical inspection and reference to publicly available data on recent sales of similar land in nearby localities in accordance with industry standards. 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 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 195 properties from the 18 districts across the state that were not independently valued in 2022-23. SVS then provided indices for each of these sites based on recent market transactions for local land sales. The department then used the sampled indices to create a weighted average for each district.

The indices increased the value of land in these districts by 10.68%.

Buildings

Approximately one quarter of the department's buildings, including heritage buildings were independently valued by the SVS with an effective date of 30 June 2023.

The fair value of buildings and heritage building assets is determined by calculating the current replacement cost of the asset, as there is no active market for these facilities. The building assets are categorised as level 3 in accordance with the fair value hierarchy. The SVS conduct physical inspections and apply construction rates from the Department of Education (Qld) Costing Manual provided by Gray Robinson & Cottrell (GRC) Quantity Surveyors. This is the estimated cost to replace the asset with an appropriate modern equivalent using current construction materials and standards, adjusted to reflect the asset's current physical condition.

Key judgement: The valuers utilise professional judgement in the assessment of the remaining service potential of these facilities, including the current physical condition of the facility, componentising the assets in to the significant parts that have different useful lives and estimating the remaining useful life of each asset. For the heritage buildings, further inputs are used by estimating the cost to reproduce the items with features and materials consistent with the original items, with adjustments made to take into consideration the items' heritage restrictions and characteristics.

The comprehensive revaluation process utilises the key assumption that the present use continues to represent the highest and best use.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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

C3-3 MEASUREMENT (continued)

Revaluation of property (continued)

During 2022-23, this process was affected by key market drivers including rising finance costs, limitations to the supply and capacity of labour, availability of construction materials and increased transport costs. Construction costs were significantly affected throughout the period which were reflected in the increase in the replacement rates used for valuation.

The remaining three quarters of the building assets were indexed using the Building Price Index (BPI) provided by GRC Quantity Surveyors.

The change in the BPI over the reporting period 1 July 2022 to 30 June 2023 was an increase of 12.50%. GRC have also factored in a behavioural shift of 6.00% to recognise costs rising at accelerated rates compared to previous periods resulting in an overall movement of 18.50%.

The indexation model is based on analysis of recent tenders for specialised buildings and capital projects with similar attributes, and accordingly is assessed specifically for the department's asset portfolio. GRC employs market driven indexation factors, such as Locality and Building Price Index, as mechanisms to ensure that estimates are reflective of the construction market at any point in time. GRC also observed behavioural shifts in the way projects are being delivered and subsequently costed, where contractors are increasing their tender sums to cover the higher risks facing them in the delivery of the project. These risks include extended contract duration, additional costs for procurement and organisational liquidity. The BPI is considered to be the most appropriate index for application to the relevant assets.

Key judgement: The department has a key strategic asset management program with continued investment in general and specific priority maintenance, including condition assessments to inform future upgrade and maintenance activities, consequently the condition of the assets is not expected to deteriorate significantly between comprehensive valuations.

C3-4 DEPRECIATION EXPENSE

Accounting policy – Depreciation expense

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.

For complex assets, where 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 fabric, fit-out and plant. The useful lives for these assets are disclosed in the table below.

Key judgement: The estimated useful lives of 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.

The depreciable value 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.

Capital work-in-progress assets 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 estimate: For each class of asset the depreciation rates are based on the following useful lives:

Class	Useful Life (years)
Buildings – Fabric	60 – 80
Buildings – Fit-out	25
Buildings – Plant	25
Buildings – Non-complex buildings and covered areas	40
Buildings – Land improvements (including sporting facilities)	15 – 80
Heritage and Cultural assets	100
Plant and Equipment	5 – 20

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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

C3-5 IMPAIRMENT

Accounting policy - Impairment

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of 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 is treated as a revaluation decrease and offset against the asset revaluation surplus of the relevant class.

C4 PAYABLES

	2023 \$'000	2022 \$'000
Current		
Trade creditors and accruals	101 605	171 807
Capital creditors and accruals	177 768	185 990 *
Fringe Benefits Tax and other taxes	1 087	723
Grants and subsidies payable	18 615	10 776
Deferred appropriation payable to Consolidated Fund	-	226 812
Other	228	228
Total	299 303	596 336 *

* Comparative figures have been restated. Refer to Note G3 for further information.

Accounting policy - Payables

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 relate to capital works billed progressively based on the extent of work performed. Amounts owing are unsecured.

Key judgement: Accruals are an estimate of work completed but not yet invoiced at 30 June.

C5 BORROWINGS

	2023 \$'000	2022 \$'000
Current		
Financial liability - public private partnerships	9 910	9 107
Total	9 910	9 107
Non-current		
Financial liability - public private partnerships	354 482	364 392
Total	354 482	364 392

Accounting policy - Borrowings

Financial 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 financial 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 FINANCIAL LIABILITIES AND COMMITMENTS

Financial liabilities terms and conditions

The financial liabilities relate 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.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

C5 BORROWINGS (continued)

C5-1 FINANCIAL LIABILITIES AND COMMITMENTS (continued)

Interest rates

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

The implicit interest rates for the financial liabilities range from 2.87% to 15.99% (2021-22: 2.87% to 15.99%).

C5-2 DISCLOSURES 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 \$3.578 million (2021-22: \$3.384 million).

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

	2023		2022	
	\$'000	\$'000	\$'000	\$'000
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial liabilities – PPP	364 392	237 823	373 499	241 481
Total	364 392	237 823	373 499	241 481

The fair value of financial 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

	2023	2022
	\$'000	\$'000
Assets		
Buildings (Note C3)		
South-East Queensland Schools	280 055	267 149
Queensland Schools	516 451	488 812
Liabilities		
Financial Liabilities (Note C5)		
South-East Queensland Schools	186 451	192 213
Queensland Schools	177 941	181 286

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

C6 PUBLIC PRIVATE PARTNERSHIPS (continued)

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

The department has 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 the 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.

The department recognises the future repayments of the 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	Finance during the design and construction phases was provided by Commonwealth Investments Pty Ltd, Bank of Tokyo-Mitsubishi, and the National Australia Bank. Queensland Treasury Corporation will provide the remaining 70% of the project's financial requirements during the operating phase from January 2010 to December 2039.	Finance during the design and construction phases was provided by Investec, National Australia Bank, Plenary Group, and the State of Queensland. The department paid a series of co-contributions (\$190 million) during the construction phase of the project towards the construction costs.
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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

C6 PUBLIC PRIVATE PARTNERSHIPS (continued)

C6-2 OPERATING STATEMENT IMPACT

The operating statement impact for each material PPP arrangement is as follows:

	2023	South-East Queensland Schools \$'000	Queensland Schools \$'000	Total \$'000
Revenue				
Other revenue		2 775	-	2 775
Expenses				
Depreciation		(7 270)	(11 140)	(18 410)
Interest expenses		(14 000)	(11 434)	(25 434)
Utilities		(341)	(547)	(888)
Property rates		(483)	(561)	(1 044)
Facility management		(17 218)	(10 726)	(27 944)
Insurance		(629)	(678)	(1 307)
Other		(18)	(93)	(111)
Net impact on operating result		(37 184)	(35 179)	(72 363)

	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)

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

C6 PUBLIC PRIVATE PARTNERSHIPS (continued)

C6-3 ESTIMATED FUTURE CASH FLOWS

The estimated future cash flows for the department's PPPs are as follows:

	South-East Queensland Schools		Queensland Schools		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash inflows						
Not later than 1 year	2 777	2 698	-	-	2 777	2 698
Later than 1 year but not later than 5 years	11 130	10 852	-	-	11 130	10 852
Later than 5 years but not later than 10 years	13 961	13 701	-	-	13 961	13 701
Later than 10 years	19 636	22 239	-	-	19 636	22 239
	<u>47 504</u>	<u>49 490</u>	<u>-</u>	<u>-</u>	<u>47 504</u>	<u>49 490</u>
Cash outflows						
Not later than 1 year	(40 349)	(36 926)	(31 065)	(25 820)	(71 414)	(62 746)
Later than 1 year but not later than 5 years	(151 258)	(142 020)	(120 598)	(99 329)	(271 856)	(241 349)
Later than 5 years but not later than 10 years	(180 484)	(172 110)	(151 173)	(141 321)	(331 657)	(313 431)
Later than 10 years	(193 436)	(215 299)	(267 437)	(274 273)	(460 873)	(489 572)
	<u>(565 527)</u>	<u>(566 355)</u>	<u>(570 273)</u>	<u>(540 743)</u>	<u>(1 135 800)</u>	<u>(1 107 098)</u>

C7 ACCRUED EMPLOYEE BENEFITS

	2023 \$'000	2022 \$'000
Annual leave levy payable	83 236	69 065
Long service leave levy payable	48 423	45 339
Accrued salaries and wages	201 844	7 942
Paid parental leave payable	1 044	1 665
Other accrued employee benefits	625	557
Total	<u>335 172</u>	<u>124 568</u>

Accounting policy – Accrued employee benefits

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.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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. Appropriations for equity adjustments are recognised as contributed equity by the department during the reporting and comparative years (Note C8-2).

C8-2 APPROPRIATIONS RECOGNISED IN EQUITY

Reconciliation of payments from Consolidated Fund to equity adjustment

	2023 \$'000	2022 \$'000
Budgeted equity adjustment appropriation	753 059	850 752
Transfers from/(to) other headings - variation in headings	(158 417)	(190 315)
Lapsed equity adjustment	(19 392)	(164 558)
Equity adjustment recognised in contributed equity	575 250	495 879

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 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

	Land \$'000	Buildings \$'000	Heritage and Cultural \$'000	Total \$'000
Balance at 1 July 2022	6 343 944	13 654 880	39 554	20 038 378
Revaluation increments/(decrements)	592 710	4 149 571	92 507	4 834 788
Balance at 30 June 2023	6 936 654	17 804 451	132 061	24 873 166

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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	2023 \$'000	2022 \$'000
Financial assets			
Cash and cash equivalents	C1	1 653 215	1 575 841
Receivables	C2	234 108	157 511
Total financial assets		1 887 323	1 733 352
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	C4	299 303	596 336 *
Lease liabilities		6 645	6 841
Borrowings	C5	364 392	373 499
Total financial liabilities at amortised cost		670 340	976 676 *

* Comparative figures have been restated. Refer to Note G3 for further information.

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 financial 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 Leadership Team, and established and co-ordinated by Policy, Performance, International and Intergovernmental Division, and Finance, Procurement and Facilities Division.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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.

	2023 Payable in			Total
	<1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	
Financial liabilities				
Payables	299 303	-	-	299 303
Lease liabilities	706	1 437	8 493	10 636
Financial liability - borrowings	39 001	147 194	481 825	668 020
Total	339 010	148 631	490 318	977 959

	2022 Payable in			Total
	<1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	
Financial liabilities				
Payables	596 336	-	-	596 336 *
Lease liabilities	979	1 434	8 225	10 638
Financial liability - borrowings	39 132	162 397	561 017	762 546
Total	636 447	163 831	569 242	1 369 520 *

* Comparative figures have been restated. Refer to Note G3 for further information.

D2 CONTINGENCIES

Litigation in progress

At 30 June 2023, 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

	2023 No. of cases	2022 No. of cases
Federal Court	3	1
Supreme Court	3	3
District Court	9	2
Magistrates Court	4	4
Total	19	10

In addition, 21 (2021-22: 20) 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 89 (2021-22: 76) cases of general liability and 119 (2021-22: 126) WorkCover Queensland common law claims being managed by the department.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

D2 CONTINGENCIES (continued)

Financial guarantees and associated credit risks

The department has provided 22 (2021-22: 24) financial guarantees to Parents and Citizens' Associations (P&C), 6 (2021-22: 6) guarantees to universities, and 8 (2021-22: 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.

	2023 Remaining balance \$'000	2022 Remaining balance \$'000	Enabling legislation
Parents and Citizens' Associations	4 558	3 658	
Universities	448 931	507 453	<i>Statutory Bodies Financial Arrangements Act 1982 (Qld)</i>
Grammar schools	100 753	113 364	
	554 242	624 475	

Key estimate and judgement: The department assesses the fair value of financial guarantees annually as at 30 June. As at 30 June 2023, no university, grammar school or P&C had defaulted on an existing loan. Operating challenges from the COVID-19 pandemic had caused some statutory bodies to realise operating deficits and diminished liquidity at the end of 2022. However as at 30 June 2023, there were no known indications of loan default. 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 the 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:

	2023 \$'000	2022 \$'000
Buildings		
Not later than one year	754 291	772 112
Later than one and not later than five years	43 589	84 424
Total capital expenditure commitments - buildings	797 880	856 536
Intangibles		
Not later than one year	1 191	2 522
Later than one and not later than five years	-	498
Total capital expenditure commitments - intangibles	1 191	3 020

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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 2022-23 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>	Revenue of \$50.361 million is greater than budget predominantly due to higher than forecast user charges revenue associated with school excursions of \$30.624 million following a return to pre-COVID activity levels; as well as higher than forecast revenue experienced by Runaway Bay Sport and Leadership Excellence Centre from activities such as sporting events, fitness operations, room hire and education services \$8.364 million. The Centre receives a significant amount of revenue from overseas groups with 2022-23 being their first full year of activity since the COVID-19 pandemic.
<i>Grants and contributions revenue:</i>	Revenue of \$32.396 million is greater than budget largely due to unforeseen capital contributions for land gifted to the department under 'Priority Development Agreements' \$4.550 million; revenue received by schools \$15.752 million, mostly associated with donated assets; unbudgeted revenue received from other states' and territories' for contribution to the Australian Schools Anti-Bullying Collective initiative \$3.075 million; and unbudgeted contributions received from the Australian Government for capital works at Mango Hill and Lawnton State Schools under the Australian Government's Community Development Grants Programme \$2.250 million. Unforeseen receipt of goods and services received below fair value of \$4.432 million, arose mainly from repair and maintenance for cyclone shelters provided by the Department of Energy and Public Works (DEPW).
<i>Interest:</i>	Revenue of \$15.574 million is greater than budget largely due to the impact of higher than forecast interest rate rises on school bank balances.
<i>Other revenue:</i>	Revenue of \$55.040 million is greater than budget largely due to unbudgeted revenue received from the Australian Government's Health National Partnership to partially supplement COVID-19 related expenditure incurred by the department \$9.675 million; revenue for natural disaster relief received from the Queensland Government Insurance Fund \$17.878 million; post-capitalisation of school assets recognised at year end through the annual comprehensive asset revaluation process \$21.686 million; and revenue recovered by the Runaway Bay Sport and Leadership Excellence Centre \$4.203 million.
<i>Employee Expenses:</i>	Expenses of \$326.064 million are greater than budget due to the unbudgeted Cost of Living Adjustment payments for nurses and teachers \$178.763 million; increase in Enterprise Bargaining from the 2.5% budgeted to 4% of \$158.271 million; Superannuation Guarantee \$13.540 million; and Defined benefit no disadvantage payments for employees impacted by the wage freeze in 2021 \$12.353 million.
<i>Supplies and services:</i>	Expenses of \$228.363 million are less than budget due to timing differences and delays associated with programs, in particular the operating component of the Infrastructure Investment Program, largely due to market and capacity constraints \$136.577 million which were deferred into 2023-24; and funding returned to the Consolidated Fund \$104.290 million associated with Bilateral Agreement funding adjustments. This is partially offset by additional funding from the Commonwealth for the Student Wellbeing \$5.161 million and Student Wellbeing Boost \$24.903 million.
<i>Depreciation and amortisation:</i>	Expenses of \$146.062 million are greater than budget largely due to unbudgeted impact of the 2022-23 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>	Asset revaluation surplus of \$4.139 billion is greater than budget mainly due to higher comprehensive revaluation outcomes for buildings (including heritage buildings). The overall movements in valuations experienced in 2022-23 was an increase in buildings of 23.73%, and land of 9.23%. The impact of key market drivers including, limitations to the supply and capacity of labour, availability of construction materials and increased transport costs, have contributed to significant costs increases, resulting in higher replacement values.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

E1 BUDGETARY REPORTING DISCLOSURES (continued)

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

<i>Cash and cash equivalents:</i>	Cash and cash equivalents of \$594.101 million is greater than budget mainly due to funding associated with the timing and delays for programs such as Equity and Excellence and Turn to Teach initiatives \$33.360 million and within the infrastructure program attributable to market pressures and current labour market conditions \$466.041 million.
<i>Receivables:</i>	Receivables of \$132.020 million is greater than budget mainly due to higher long service and annual leave reimbursements from the central leave schemes to reflect higher salaries associated with enterprise bargaining outcomes \$26.500 million; and unbudgeted deferred appropriation receivable from Queensland Treasury being the net impact of 2022-23 end of year deferrals and Cost of Living Adjustment funding receivable \$41.081 million.
<i>Property, plant and equipment:</i>	Property, plant and equipment of \$5.220 billion is greater than budget mainly due to higher than budgeted annual asset revaluations of \$4.139 billion, impact of prior year revaluations on the opening balance \$1.586 billion, offset by lower capital purchases \$422 million than budgeted and higher accumulated depreciation \$146 million.
<i>Payables:</i>	Payables of \$95.557 million is less than budget mainly due to lower than forecast capital creditors \$80.219 million associated with timing and delays of the capital program.
<i>Accrued employee benefits:</i>	Accrued employee benefits of \$213.868 million is greater than budget mainly due to accrued Cost of Living Adjustment payments for teachers with a calculation date of 30 June 2023, but payment expected in August 2023 \$178.559 million; and growth in Annual Leave and Long Service Leave Central Scheme payables of \$22.161 million resulting from higher salaries associated with enterprise bargaining outcomes.

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

<i>Property, plant and equipment:</i>	Payment for property, plant and equipment of \$391.582 million is less than budget mainly due to timing of the infrastructure program rephased into the following year \$357.345 million.
<i>Equity injections:</i>	Equity injections of \$179.309 million are less than budget mainly due to conversion of capital funding to operating funding to cater for higher depreciation expense \$118.808 million; the expensed component of the infrastructure program \$22.173 million; and net timing adjustments to the capital component of the infrastructure program \$49.800 million. This is partially offset by additional funding to index the renewal component of the infrastructure program \$7.073 million; and additional funding for the Australian Government Schools Upgrade Fund \$7.979 million.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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* (Cth) 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* (Qld).

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

	2023 Actual	2023 Original Budget	Budget Variance	2022 Actual
	\$'000	\$'000	\$'000	\$'000
Administered income				
<u>Fees and charges</u>				
Fees and charges	95 614	64 105	31 509	81 163
Other revenue	-	835	(835)	-
<u>Grants and contributions</u>				
Recurrent				
Specific purpose - Commonwealth	3 962 464	3 817 729	144 735	3 634 187
Capital				
Specific purpose - Government and industry	87 500	-	87 500	-
Appropriation revenue ⁽¹⁾	5 236 239	5 022 901	213 338	4 829 882
Total administered income	9 381 817	8 905 570	476 247	8 545 232
Administered expenses				
<u>Grants and subsidies</u>				
Recurrent				
Commonwealth Government				
Non-state schools	3 962 464			3 634 187
State Government				
Non-state schools	863 002			838 829
Textbook and resource allowance	79 471			72 593
Statutory bodies (curriculum)	208 424			166 014
Capital				
State Government				
Non-state and other external organisations	122 878			118 259
	5 236 239	5 022 898	213 341	4 829 882
Supplies and services	-	3	(3)	-
Losses on disposal/remeasurement of assets	(243)	21	(264)	243
Transfers of administered income to government ⁽²⁾	4 145 821	3 882 648	263 173	3 715 107
Total administered expenses	9 381 817	8 905 570	476 247	8 545 232
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 2023

F1 ADMINISTERED ACTIVITIES (continued)

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

	2023 \$'000	2022 \$'000
Budgeted appropriation	5 022 901	4 620 329
Transfers from/(to) other headings - variation in headings	197 753	231 594
Total administered receipts	5 220 654	4 851 923
Less: Opening balance of administered revenue receivable	(23 371)	(45 412)
Plus: Closing balance of administered revenue receivable	38 956	23 371
Administered income recognised in Note F1-1	5 236 239	4 829 882

F1-3 SCHEDULE OF ADMINISTERED ASSETS AND LIABILITIES

	2023 Actual \$'000	2023 Original Budget \$'000	Budget Variance \$'000	2022 Actual \$'000
Administered current assets				
Cash at bank	267	337	(70)	198
Appropriation receivable	38 956	-	38 956	23 371
Trade receivables	16 540	8 311	8 229	7 684
GST input tax credits receivable	47	-	47	1
Total administered current assets	55 810	8 648	47 162	31 254
Administered non-current assets				
Trade receivables	2 804	-	2 804	4 790
Total administered assets	58 614	8 648	49 966	36 044
Administered current liabilities				
Overdraft facilities	38 809	-	38 809	23 166
Revenue payable to Government	19 512	8 436	11 076	12 656
Other payable	-	-	-	10
Grants payable	81	-	81	-
Total administered current liabilities	58 402	8 436	49 966	35 832
Net administered assets/ liabilities	212	212	-	212

1-4 ADMINISTERED ACTIVITIES – BUDGET TO ACTUAL VARIANCE ANALYSIS

This note provides an explanation of major variances between 2022-23 actual results and the original budget for the department's major classes of administered income, expenses, assets and liabilities.

Fees and charges: Revenue of \$31.509 million is greater than budget mainly due to higher Office of Industrial Relations collections including QLeave Portable Long Service Leave of \$25.449 million as a result of higher construction activity; higher than expected labour hire licensing fees resulting from greater demand of contractors engaged in construction and plant registrations \$4.789 million; and an increase in fines and forfeitures transferred by State Penalties Enforcement Register \$1.271 million.

Grants and contributions: Revenue of \$232.235 million is greater than budget mainly due to increased Australian Government funding for non-state schools to reflect higher enrolments and indexation \$144.735 million; and the impact of the new Racing Reforms in relation to the Tabcorp Exclusivity Deed \$87.500 million, that became effective from December 2022.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

F1 ADMINISTERED ACTIVITIES (continued)

F1-4 ADMINISTERED ACTIVITIES – BUDGET TO ACTUAL VARIANCE ANALYSIS (continued)

<i>Grants and subsidies:</i>	Expenses of \$213.341 million are greater than budget mainly due to increased Australian and Queensland Government funding for non-state schools to reflect higher enrolments and indexation \$175.957 million; and the impact of the new Racing Reforms \$33.936 million that became effective from December 2022.
<i>Cash and overdraft facilities:</i>	Cash of \$38.879 million is less than budget mainly due to the net impact of appropriation receivable and payable from Queensland Treasury.
<i>Receivables:</i>	Receivables of \$47.232 million is greater than budget mainly due to increased Australian and State Government funding for non-state schools.

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.

	2023	2022
	\$'000	\$'000
Trust account - educational bequests		
Opening balance - cash	183	201
Revenue - return on investment term deposit	5	-
Expense - Iwasaki Sangyo prize	-	(18)
Closing balance - cash	188	183

(b) **Industrial Relations collections**

	2023	2022
	\$'000	\$'000
District Industrial Inspectors' Collection Accounts		
<i>Industrial Relations Act 2016 (Qld), s 379</i>		
Opening balance - cash	20	7
Revenue - recovered wages	4	19
Expense - payments to workers	(18)	(6)
Closing balance - cash	6	20

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

	2023	2022
	\$'000	\$'000
In-scope Electrical Equipment (Registration Fees) Fund		
<i>Electrical Safety Act 2002 (Qld), s 204A</i>		
Opening balance - cash	9 154	8 078
Revenue - registration fees and interest	3 066	2 687
Expense - jurisdiction transfer payments and costs	(634)	(1 611)
Closing balance - cash	11 586	9 154

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 2023

**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 2022-23 and 2021-22. Further information regarding the department's key management personnel can be found in the body of the Annual Report under the section Our divisions and Executive Leadership Team.

Position	Position Responsibility
Director-General	Strengthen education by boosting participation and quality in early childhood education and care services, improving the performance of schools, delivering a responsive and productive industrial relations sector and fostering a more sustainable racing industry.
Associate Director-General, Early Childhood and State Schools *	Improve the alignment of the department's early childhood and schooling programs, projects and activities by establishing, extending, driving the development of cross-agency partnerships to support school and early childhood outcomes.
Deputy Director-General, Early Childhood *	Provision of strategic leadership in early learning and child development in Queensland by developing and implementing policy, risk-based regulation, continuous quality improvement and investment. Protection of the health, safety and wellbeing of children attending early childhood education and care.
Deputy Director-General, Policy, Performance, International and Intergovernmental *	Lead strategic planning across the department and engage in policy development and intergovernmental relations, legislation, governance, reporting, monitoring and review of the department's performance framework. The division also includes leadership of the Office for Racing, the administrative agency with oversight of Racing Queensland and responsibility for legislation enabling the operation of the racing industry in Queensland.
Deputy Director-General, Schools and Student Support *	Develop and implement innovative and effective educational delivery to support Queensland schools ensuring every student realises their potential. The division is also responsible for building the capability of professional workforces, developing excellence in leadership, teaching quality and effective pedagogical practices.
Deputy Director-General, First Nations Strategy and Partnerships *	Drive the community engagement and stakeholder relationships to improve education outcomes for Aboriginal students and Torres Strait Islander students. This includes the provision of high-level advice and direction on effective and appropriate policies, services and programs that support culturally responsive learning in the early years and schools, and strengthens cultural capability in our workplaces.
Deputy Director-General, People, Information and Communication Services *	Provision of strategic leadership across the department's human resources, information and technologies, strategic communications and engagement 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	Deliver sustainable investment in support of the government's education infrastructure to build, maintain, improve and renew our schools and facilities across Queensland.
Deputy Director-General, Office of Industrial Relations	Lead the Office of Industrial Relations, with responsibility for regulatory frameworks, policy advice and compliance activities for work health and safety, electrical safety, industrial relations and workers' compensation to make Queensland workplaces safer, fairer and productive.
Assistant Director-General, Finance, Procurement and Facilities and Chief Finance Officer *	Provision of high-quality financial, procurement and facilities related services, to support the department's operational and strategic objectives. The position also has responsibilities under section 77 of the <i>Financial Accountability Act 2009</i> (Qld).
Regional Director (rotating representative) *	Provide 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.

* In October 2022, the department underwent an organisational and governance committee re-alignment to support our strategic direction and drive organisational performance. This re-alignment included changes to divisional structures and functions.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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 is 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 Sector Commission as provided for under the *Public Sector Act 2022* (Qld). 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 include:

- 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; and
- 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.

2022-23

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 (Appointed 06/12/2021)	642	6	15	63	0	726
Associate Director-General, Early Childhood and State Schools ** (Acting from 01/07/2022 to 21/08/2022; appointed 22/08/2022)	428	5	10	47	0	490
Deputy Director-General, Early Childhood ** (Appointed 19/09/2022)	194	4	4	21	0	223
Deputy Director-General, Policy, Performance, International and Intergovernmental ** (Acting from 01/07/2022 to 13/11/2022)	96	3	2	11	0	112
Deputy Director-General, Policy, Performance, International and Intergovernmental ** (Appointed 14/11/2022)	206	4	5	22	0	237

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

G1 KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION (continued)

Key management personnel remuneration expenses (continued)

2022-23 (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				
Deputy Director-General, Schools and Student Support ** (Appointed 19/09/2022)	224	4	5	23	0	256
Deputy Director-General, First Nations Strategy and Partnerships ** (Acting from 08/08/2022 to 20/11/2022)	74	2	2	7	0	85
Deputy Director-General, First Nations Strategy and Partnerships ** (Appointed 21/11/2022)	173	3	4	20	0	200
Deputy Director-General, Office of Industrial Relations (Appointed 01/08/2022 to 23/04/2023)	235	2	6	26	147	416
Deputy Director-General, People, Information and Communication Services ** (Acting from 01/07/2022 to 06/11/2022)	109	2	2	10	0	123
Deputy Director-General, People, Information and Communication Services ** (Appointed 07/11/2022)	193	8	5	25	0	231
Deputy Director-General, Infrastructure Services (Appointed 30/08/2021)	302	7	7	34	0	350
Assistant Director-General, Finance, Procurement and Facilities and Chief Finance Officer ** (Acting from 01/07/2022 to 06/11/2022; 16/12/2022 to 09/01/2023)	105	3	2	11	0	121
Assistant Director-General, Finance, Procurement and Facilities and Chief Finance Officer ** (Appointed 16/07/2018)	152	4	4	16	0	176
Regional Director (rotating representative) ** (from 01/07/2022 to 13/10/2022)	64	0	2	7	0	73

** Refer to footnote on page 40 of the statements.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

G1 KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION (continued)

Key management personnel remuneration expenses (continued)

2021-22

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
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
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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

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				
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
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

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) transacts 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 an annual mandatory training program which is underpinned by the *Public Sector Ethics Act 1994* (Qld). There were no related party transactions that involved the department's KMP or their close family members outside the ordinary citizen transactions during 2022-23.

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 other departments including building construction and maintenance \$427.295 million from QBuild (2021-22 \$341.882 million); motor vehicle fleet \$7.544 million from QFleet (2021-22 \$6.787 million); office accommodation \$39.046 million and government employee housing \$28.310 million from the Department of Energy and Public Works (2021-22 \$24.960 million and \$24.393 million respectively); information and communication technology services \$9.011 million from CITEC (2021-22 \$8.164 million); and services relating to school transport arrangements for \$50.599 million from the Department of Transport and Main Roads (2021-22 \$44.022 million).

Refer insurance premium paid to WorkCover Queensland (Note B2-1) and Queensland Government Insurance Fund (Note B2-4).

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2023

G3 PRIOR PERIOD ERRORS AND ADJUSTMENTS

During 2022-23 the department identified adjustments relating to infrastructure construction accruals totalling approximately \$266.138 million requiring adjustment to the 2021-22 statement of financial position. The adjustments were a result of the incorrect estimation of capital accruals at year end. The resulting adjustment pertains to the calculation of accruals in the department's capital program, which includes upwards of 4000 projects across the state, and requires significant judgement of the unpaid progress of each project.

AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and Queensland Treasury's Financial Reporting Requirements dictates the action required where prior year adjustments are identified. The adjustment of \$266.138 million relates to the 2021-22 statement of financial position. No prior year adjustment has been actioned for the statement of comprehensive income for \$57.474 million that would have reduced the supplies and services amount (refer Note B2-2). The department has assessed amounts prior to 2021-22 and no material adjustments have been identified.

Financial statement line items affected in the 2021-22 comparative year are presented below:

Financial statement line items affected	Note	2022		
		Published financial statements	Correction of error	Restated actuals
		\$'000	\$'000	\$'000
<u>Statement of financial position (Extract)</u>				
Capital work-in-progress	C3	831 082	(266 138)	564 944
<i>Total property, plant and equipment</i>		<u>25 915 789</u>	<u>(266 138)</u>	<u>25 649 651</u>
Capital creditors	C4	452 128	(266 138)	185 990
<i>Total payables</i>		<u>862 474</u>	<u>(266 138)</u>	<u>596 336</u>

G4 NEW AND REVISED ACCOUNTING STANDARDS

Accounting standards effective for the first time in 2022-23

No new accounting standards or interpretations, that apply to the department for the first time in 2022-23, had any material impact on the financial statements.

New Australian Accounting Standards issued but not yet effective

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*, which will commence prospectively to financial years beginning on or after 1 January 2024. The financial impact of these amendments will be assessed by the department in due course.

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.

G5 EVENTS OCCURRING AFTER THE REPORTING DATE

No events after the balance date have occurred for the department

G6 TAXATION

The department is a state body as defined under the *Income Tax Assessment Act 1936* (Cth) and is exempt from all forms of Commonwealth taxation with the exception of Fringe Benefits Tax (FBT), Goods and Services Tax (GST) and Pay As You Go (PAYG) withholding tax. FBT and GST and PAYG withholding 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 (Note C2).

G7 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, impairment 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, Climate Action Plan 2030*, and other Government publications and directives.

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 2023

These general purpose financial statements have been prepared pursuant to s 62(1) of the *Financial Accountability Act 2009* (Qld) (the Act), s 38 the Financial and Performance Management Standard 2019 (Qld) 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 2023, 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 (Qld) 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.



Duncan Anson
GAICD, FCPA, B Bus
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: 24 August 2023

Date: 24 August 2023

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 2023, 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 2023, 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 material accounting policy 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 (\$22.6 billion as at 30 June 2023)

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. 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. • Evaluating the relevance and appropriateness of the price escalation contingency factor (behavioural shift) in the context of current construction environment. • 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 formal asset management plans, and enquiring of management about whether these plans remain current. • 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 forming an opinion on the effectiveness of the department's internal controls, but allows me to form an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of material accounting policy information 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 2023:

- 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.



Brendan Worrall
Auditor-General

25 August 2023

Queensland Audit Office
Brisbane