

Department of Education

Financial Statements

For the year ended 30 June 2026

Department of Education Financial Statements for the year ended 30 June 2026

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Department of Education
Statement of Comprehensive Income
for the year ended 30 June 2026

		2026	2026		2025
	Note	Actual	Original budget	Budget variance*	Actual
		\$'000	\$'000	\$'000	\$'000
OPERATING RESULT					
Income from continuing operations					
Appropriation revenue	B1-1	14,182,837	14,183,548	(711)	13,234,304
User charges and fees	B1-2	506,314	556,119	(49,805)	539,918
Grants and contributions	B1-3	90,206	129,362	(39,156)	88,342
Interest		42,267	45,485	(3,218)	42,436
Other revenue		165,923	17,141	148,782	81,979
Total revenue		14,987,547	14,931,655	55,892	13,986,979
Gains on disposal of assets		517	-	517	-
Total income from continuing operations		14,988,064	14,931,655	56,409	13,986,979
Expenses from continuing operations					
Employee expenses	B2-1	10,239,922	10,196,073	43,849	9,733,809
Supplies and services	B2-2	2,321,782	2,617,735	(295,953)	2,069,593
Grants and subsidies	B2-3	712,430	718,369	(5,939)	664,590
Depreciation and amortisation		1,352,445	1,259,887	92,558	1,200,580
Impairment losses/(gains)		6,220	728	5,492	8,968
Finance/borrowing costs		25,569	24,655	914	27,439
Other expenses	B2-4	118,544	114,208	4,336	112,380
Total expenses from continuing operations		14,776,912	14,931,655	(154,743)	13,817,359
OPERATING RESULT FOR THE YEAR		211,152	-	211,152	169,620
Items not reclassified to operating result					
Increase/(decrease) in asset revaluation surplus	C8-3	5,909,898	2,760,935	3,148,963	3,114,381
Total other comprehensive income		5,909,898	2,760,935	3,148,963	3,114,381
TOTAL COMPREHENSIVE INCOME		6,121,050	2,760,935	3,360,115	3,284,001

* 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 2026

	Early Childhood Education and Care		School Education *		Arts Queensland **		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING RESULT								
Income from continuing operations								
Appropriation revenue	684,520	640,858	13,325,063	12,476,374	173,254	117,072	14,182,837	13,234,304
User charges and fees	903	2,576	481,345	522,834	24,066	14,508	506,314	539,918
Grants and contributions	507	674	87,850	87,668	1,849	-	90,206	88,342
Interest	-	-	42,218	42,426	49	10	42,267	42,436
Other revenue	3,918	10,731	160,682	70,790	1,323	458	165,923	81,979
Total revenue	689,848	654,839	14,097,158	13,200,092	200,541	132,048	14,987,547	13,986,979
Gains on disposal of assets	-	-	517	-	-	-	517	-
Total income from continuing operations	689,848	654,839	14,097,675	13,200,092	200,541	132,048	14,988,064	13,986,979
Expenses from continuing operations								
Employee expenses	68,645	62,431	10,150,986	9,658,155	20,291	13,223	10,239,922	9,733,809
Supplies and services	39,110	33,317	2,236,122	2,002,451	46,550	33,825	2,321,782	2,069,593
Grants and subsidies	565,896	543,627	91,266	80,597	55,268	40,366	712,430	664,590
Depreciation and amortisation	5,790	6,915	1,269,600	1,147,801	77,055	45,864	1,352,445	1,200,580
Impairment losses/(gains)	27	71	6,193	8,897	-	-	6,220	8,968
Finance/borrowing costs	5	6	25,516	27,423	48	10	25,569	27,439
Other expenses	93	122	117,859	112,229	592	29	118,544	112,380
Total expenses from continuing operations	679,566	646,489	13,897,542	13,037,553	199,804	133,317	14,776,912	13,817,359
OPERATING RESULT FOR THE YEAR	10,282	8,350	200,133	162,539	737	(1,269)	211,152	169,620
Items not reclassified to operating result								
Increase/(decrease) in asset revaluation surplus	29,417	17,512	5,802,220	3,027,244	78,261	69,625	5,909,898	3,114,381
Total other comprehensive income	29,417	17,512	5,802,220	3,027,244	78,261	69,625	5,909,898	3,114,381
TOTAL COMPREHENSIVE INCOME	39,699	25,862	6,002,353	3,189,783	78,998	68,356	6,121,050	3,284,001

* The Gold Coast Performance Centre was transferred out of the Department of Education as a result of 23 September 2024 (effective 1 October 2024) machinery-of-government changes.

** Arts Queensland was transferred to the Department of Education as a result of 1 November 2024 machinery-of-government changes.

Department of Education
Statement of Financial Position
as at 30 June 2026

		2026	2026		2025
	Note	Actual	Original budget	Budget variance*	Actual
		\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	C1	1,811,816	1,142,410	669,406	1,644,126
Receivables	C2	197,164	221,002	(23,838)	229,700
Inventories		642	1,787	(1,145)	955
Other current assets		61,961	42,219	19,742	52,188
Total current assets		2,071,583	1,407,418	664,165	1,926,969
Non-current assets					
Property, plant and equipment	C3-1	44,051,059	39,731,447	4,319,612	38,173,108
Right-of-use assets		6,423	-	6,423	7,078
Intangible assets		56,039	37,725	18,314	50,852
Total non-current assets		44,113,521	39,769,172	4,344,349	38,231,038
Total assets		46,185,104	41,176,590	5,008,514	40,158,007
Current liabilities					
Payables	C4	617,773	322,870	294,903	541,579
Borrowings	C5	12,676	20,605	(7,929)	12,935
Lease liabilities		899	-	899	1,105
Accrued employee benefits	C7	346,400	222,155	124,245	183,484
Other current liabilities		95,219	94,568	651	95,959
Total current liabilities		1,072,967	660,198	412,769	835,062
Non-current liabilities					
Borrowings	C5	319,332	325,353	(6,021)	332,009
Lease liabilities		6,071	-	6,071	6,500
Other non-current liabilities		-	228	(228)	-
Total non-current liabilities		325,403	325,581	(178)	338,509
Total liabilities		1,398,370	985,779	412,591	1,173,571
Net assets		44,786,734	40,190,811	4,595,923	38,984,436
Equity					
Contributed equity		6,839,456			7,158,208
Accumulated surplus		1,208,111			996,959
Asset revaluation surplus	C8-3	36,739,167			30,829,269
Total equity		44,786,734	40,190,811	4,595,923	38,984,436

* 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 2026

	Early Childhood Education and Care		School Education *		Arts Queensland **		General - not attributed		Total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets										
Cash and cash equivalents	-	-	987,058	905,255	43,249	2,974	781,509	735,897	1,811,816	1,644,126
Receivables	7,205	9,641	179,776	209,936	10,183	10,123	-	-	197,164	229,700
Inventories	-	-	642	955	-	-	-	-	642	955
Other current assets	-	-	61,832	50,901	129	1,287	-	-	61,961	52,188
Total current assets	7,205	9,641	1,229,308	1,167,047	53,561	14,384	781,509	735,897	2,071,583	1,926,969
Non-current assets										
Property, plant and equipment	207,442	182,560	42,516,222	36,755,475	1,327,395	1,235,073	-	-	44,051,059	38,173,108
Right-of-use assets	-	-	6,423	7,078	-	-	-	-	6,423	7,078
Intangible assets	5,128	2,392	50,911	48,460	-	-	-	-	56,039	50,852
Total non-current assets	212,570	184,952	42,573,556	36,811,013	1,327,395	1,235,073	-	-	44,113,521	38,231,038
Total assets	219,775	194,593	43,802,864	37,978,060	1,380,956	1,249,457	781,509	735,897	46,185,104	40,158,007
Current liabilities										
Payables	30,400	28,051	527,125	504,392	60,248	9,136	-	-	617,773	541,579
Borrowings	-	-	12,676	11,704	-	1,231	-	-	12,676	12,935
Lease liabilities	-	-	899	1,105	-	-	-	-	899	1,105
Accrued employee benefits	2,509	1,959	343,225	180,944	666	581	-	-	346,400	183,484
Other current liabilities	56	93	93,781	95,842	1,382	24	-	-	95,219	95,959
Total current liabilities	32,965	30,103	977,706	793,987	62,296	10,972	-	-	1,072,967	835,062
Non-current liabilities										
Borrowings	-	-	319,332	332,009	-	-	-	-	319,332	332,009
Lease liabilities	-	-	6,071	6,500	-	-	-	-	6,071	6,500
Total non-current liabilities	-	-	325,403	338,509	-	-	-	-	325,403	338,509
Total liabilities	32,965	30,103	1,303,109	1,132,496	62,296	10,972	-	-	1,398,370	1,173,571

* The Gold Coast Performance Centre was transferred out of the Department of Education as a result of 23 September 2024 (effective 1 October 2024) machinery-of-government changes.

** Arts Queensland was transferred to the Department of Education as a result of 1 November 2024 machinery-of-government changes.

Department of Education
Statement of Changes in Equity
for the year ended 30 June 2026

	Note	Accumulated surplus	Asset revaluation surplus	Contributed equity	Total
		\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2024		827,339	27,714,888	6,225,102	34,767,329
Operating result					
Operating result from continuing operations		169,620	-	-	169,620
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus	C8-3	-	3,114,381	-	3,114,381
Total comprehensive income for the year		169,620	3,114,381	-	3,284,001
Transactions with owners as owners					
Net transfers in/(out) from other Queensland Government entities		-	-	1,155,029	1,155,029
Appropriated equity injections/(withdrawals)	C8-2	-	-	(221,923)	(221,923)
Net transactions with owners as owners		-	-	933,106	933,106
Balance at 30 June 2025		996,959	30,829,269	7,158,208	38,984,436

	Note	Accumulated surplus	Asset revaluation surplus	Contributed equity	Total
		\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2025		996,959	30,829,269	7,158,208	38,984,436
Operating result					
Operating result from continuing operations		211,152	-	-	211,152
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus	C8-3	-	5,909,898	-	5,909,898
Total comprehensive income for the year		211,152	5,909,898	-	6,121,050
Transactions with owners as owners					
Net transfers in/(out) from other Queensland Government entities	A3	-	-	(5)	(5)
Appropriated equity injections/(withdrawals)	C8-2	-	-	(318,747)	(318,747)
Net transactions with owners as owners		-	-	(318,752)	(318,752)
Balance at 30 June 2026		1,208,111	36,739,167	6,839,456	44,786,734

The accompanying notes form part of these financial statements.

Department of Education
Statement of Cash Flows
for the year ended 30 June 2026

		2026	2026		2025
	Note	Actual	Original budget	Budget variance*	Actual
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Inflows:</i>					
Service appropriation receipts		14,250,427	14,183,548	66,879	12,914,285
User charges and fees		540,497	564,583	(24,086)	498,329
Grants and contributions		82,500	125,362	(42,862)	78,972
Interest receipts		42,267	45,485	(3,218)	42,426
GST input tax credits from ATO		435,559	-	435,559	376,410
GST collected from customers		16,718	-	16,718	24,632
Other		166,745	28,793	137,952	81,935
<i>Outflows:</i>					
Employee expenses		(10,075,652)	(10,163,776)	88,124	(9,689,839)
Supplies and services		(2,366,943)	(2,616,478)	249,535	(2,024,393)
Grants and subsidies		(712,260)	(718,369)	6,109	(651,101)
Finance/borrowing costs		(25,390)	(24,655)	(735)	(27,231)
GST paid to suppliers		(435,559)	-	(435,559)	(376,944)
GST remitted to ATO		(24,412)	-	(24,412)	(24,184)
Other		(118,606)	(119,201)	595	(110,328)
Net cash provided by/(used in) operating activities	CF-1	1,775,891	1,305,292	470,599	1,112,969
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Inflows:</i>					
Sales of property, plant and equipment		8,670	-	8,670	573
Loans and advances redeemed		1,231	2,050	(819)	-
<i>Outflows:</i>					
Payments for property, plant and equipment		(1,324,461)	(1,143,048)	(181,413)	(1,156,435)
Loans and advances made		-	(2,000)	2,000	(1,221)
Net cash provided by/(used in) investing activities		(1,314,560)	(1,142,998)	(171,562)	(1,157,083)
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Inflows:</i>					
Equity injections		(202,535)	(51,499)	(151,036)	98,805
Proceeds from borrowings	CF-2	-	2,000	(2,000)	1,221
<i>Outflows:</i>					
Equity withdrawals		(76,394)	(63,803)	(12,591)	(320,728)
Repayments of borrowings	CF-2	(12,936)	(13,755)	819	(10,769)
Lease payments	CF-2	(1,776)	(187)	(1,589)	(1,436)
Net cash provided by/(used in) financing activities		(293,641)	(127,244)	(166,397)	(232,907)
Net increase/(decrease) in cash and cash equivalents		167,690	35,050	132,640	(277,021)
Cash transfers from machinery-of-government restructure		-	-	-	58,531
Cash and cash equivalents - opening balance		1,644,126	1,107,360	536,766	1,862,616
Cash and cash equivalents - closing balance	C1	1,811,816	1,142,410	669,406	1,644,126

* 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 2026

NOTES TO THE STATEMENT OF CASH FLOWS

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

	2026 \$'000	2025 \$'000
Operating surplus/(deficit)	211,152	169,620
Non-cash items included in operating result:		
Depreciation and amortisation expense	1,352,445	1,200,580
Net loss/(gain) on disposal of property, plant and equipment	(517)	2,105
Donated assets received	(2,478)	(9,249)
Asset received below fair value	(5,305)	-
Bad debts and impairment losses/(gains)	6,220	8,968
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	(7,786)	(273)
(Increase)/decrease in net operating receivables	30,542	(28,647)
(Increase)/decrease in inventories	313	832
(Increase)/decrease in other current assets	(12,789)	(14,547)
Increase/(decrease) in other current liabilities	(543)	(11,280)
Increase/(decrease) in GST payable	92	187
Increase/(decrease) in payables	41,629	(249,091)
Increase/(decrease) in accrued employee benefits	162,916	43,764
Net cash provided by operating activities	1,775,891	1,112,969

CF-2 Changes in liabilities arising from financing activities

	Opening Balance 2025 \$'000	-----Non-cash changes----- New leases acquired \$'000	Non-cash adjustments \$'000	-----Cash flows----- Cash received \$'000	Cash repayments \$'000	Closing Balance 2025 \$'000
Borrowings	354,482	-	10	1,221	(10,769)	344,944
Lease liabilities	6,970	1,706	365	-	(1,436)	7,605
Total	361,452	1,706	375	1,221	(12,205)	352,549

	Opening Balance 2026 \$'000	-----Non-cash changes----- New leases acquired \$'000	Non-cash adjustments \$'000	-----Cash flows----- Cash received \$'000	Cash repayments \$'000	Closing Balance 2026 \$'000
Borrowings	344,944	-	-	-	(12,936)	332,008
Lease liabilities	7,605	763	378	-	(1,776)	6,970
Total	352,549	763	378	-	(14,712)	338,978

Further details on Borrowings are provided at Note C5.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

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 section 38 of the Financial and Performance Management Standard 2019;
- in compliance with Queensland Treasury's Financial Reporting Requirements for reporting periods beginning on or after 1 July 2025;
- 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 at Note G3.

A1-3 PRESENTATION

Currency and rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required. Due to rounding, totals may not add exactly.

Comparatives

Comparative information reflects the audited 2024-25 financial statements.

Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the statement of financial position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date.

Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the department does not have the right at the end of the reporting period 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 department's 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 these financial statements 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 2025-26.

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

A1-7 SEVERE WEATHER EVENTS

There were nine weather events between 1 January 2025 and 30 June 2026 that required rectification works at schools, comprising three storm and flooding events and six cyclone and associated severe weather events. Rectification works for damage caused by the North and Far North Tropical Low and Tropical Cyclone Alfred, which occurred between January and March 2025, continued to be carried out at schools during 2025-26.

The three storm and flooding events occurred between October and November 2025, resulting in total expenditure of \$3.175 million, comprising:

- South East Queensland (SEQ) Severe Storms
- Queensland Southern Coast Severe Storms
- Central and Southern Queensland Storms and Flooding

The six cyclone and associated severe weather events occurred between January 2025 and March 2026, resulting in further expenditure of \$2.223 million in the current reporting period, comprising:

- North and Far North Tropical Low
- Tropical Cyclone Alfred and Associated Severe Weather
- Queensland Tropical Low
- Queensland Monsoon Trough and Severe Weather
- Queensland Cyclone Koji and Severe Weather
- Queensland Cyclone Narelle and Severe Weather

Total expenditure incurred for severe weather events as at 30 June 2026 is \$5.398 million.

In addition, the department reimbursed \$1.919 million to schools for educational resources lost from natural disasters captured through the Resource Replacement Scheme to allow schools to continue operations with minimal disruption.

Total expenditure, including Resource Replacement Scheme payments, was \$7.317 million as at 30 June 2026.

There were no impairments to department assets due to these significant weather events during 2025-26.

A2 DEPARTMENTAL OBJECTIVES

The department's vision is Creating Queensland's future – early childhood, education and the arts.

The department's purpose is to deliver a quality early childhood sector, a high performing education system and to support a vibrant arts and cultural sector for Queensland.

The department's strategic objectives are:

- **Every child starting strong** by providing the foundations for children's futures through quality early childhood education and care services;
- **Every student achieving and realising their full potential** by preparing every student for a bright future by equipping them with the knowledge and skills they need;
- **Vibrant arts and culture across the state** by investing in arts and culture to deliver social, cultural and economic outcomes for Queensland; and
- **Capable, confident people, responsive systems, better outcomes** by investing in our people, systems and infrastructure to deliver better outcomes for Queenslanders.

The department contributes to the *Queensland Government's objectives for the community* by working to provide:

- **Safety where you live** by supporting early intervention to keep young people engaged in learning, and strengthening safety in early childhood education and care services and schools;
- **A better lifestyle through a stronger economy** by providing access to quality early childhood education and care, supporting the delivery of education, and investing in arts and culture across the state; and
- **A plan for Queensland's future** by building the infrastructure needed for a growing population, putting more teachers in safer schools, and preparing young Queenslanders for the future.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

A2 DEPARTMENTAL OBJECTIVES (continued)

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 more than 1,260 schools and the payment of salaries for our school, regional and central office staff. Supplies and services are dominated by curriculum and other school resources and the maintenance, refurbishment and utility costs associated with our large asset base. Grants and subsidies predominately relate to funding provided to early years and kindergarten service providers.

The major services delivered by the department are:

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.

Arts Queensland

Enhance Queenslanders' access to arts and culture, through investment in the creation, development and presentation of arts product, cultural experiences, and cultural infrastructure.

A3 MACHINERY-OF-GOVERNMENT CHANGES

Transfers in – Controlled activities

- Details of transfer: Land parcel at 12A Patricia Mather Place, Dutton Park transferred from the Department of Housing and Public Works to the department

Basis of transfer: Ministerial approval dated 07 July 2025

Date of transfer: 31 August 2025

The increase in land assets of \$0.001 million has been accounted for as an increase in contributed equity as disclosed in the statement of changes in equity.

Transfers out – Controlled activities

- Details of transfer: Land parcel at 183-203 Edwards Street, Ayr transferred from the department to the Department of Housing and Public Works

Basis of transfer: Ministerial approval dated 19 September 2025

Date of transfer: 30 September 2025

The decrease in land assets of \$0.004 million has been accounted for as a decrease in contributed equity as disclosed in the statement of changes in equity.

- Details of transfer: Land parcel at Leichhardt Street, Chinchilla transferred from the department to the Department of Housing and Public Works

Basis of transfer: Ministerial approval dated 24 March 2026

Date of transfer: 31 May 2026

The decrease in land assets of \$0.002 million has been accounted for as a decrease in contributed equity as disclosed in the statement of changes in equity.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

A4 CONTROLLED ENTITIES

The department, through its operating portfolio Arts Queensland, controls or is associated with the entities noted below. These entities are considered immaterial and have not been consolidated or recognised under equity accounting as they would not materially affect the reported financial position and operating result of the department.

Each controlled and associated entity is a reporting entity in its own right and the audited financial statements are included in their respective annual reports. The entities are audited by the Queensland Audit Office.

Controlled entities

Name of controlled entity	Purpose & principal activities of entity	% Interest in entity & basis for control	Reporting period	Total assets \$'000		Total liabilities \$'000		Total revenue \$'000		Operating result \$'000	
				2026	2025 #	2026	2025 #	2026	2025 #	2026	2025 #
Aboriginal Centre for the Performing Arts Pty Ltd *	Aboriginal Centre for the Performing Arts Pty Ltd (ACPA) is a registered training company that delivers accredited training to Indigenous and non-Indigenous persons in various performing arts courses.	The share capital of ACPA consists of two ordinary shares of \$1 each, fully paid, held by the department on behalf of the State of Queensland.	30 June	1,202	1,115	84	268	1,220	882	271	159
The Queensland Music Festival Pty Ltd *	The Queensland Music Festival Pty Ltd (QMF) was established as a not-for-profit company to produce and promote a biennial Queensland festival of music which achieves both international excellence and accessibility for Queenslanders from all walks of life.	The share capital of QMF consists of two ordinary shares of \$1 each, fully paid, held by the department on behalf of the State of Queensland.	31 December ^	4,298	7,691	1,274	2,067	5,319	1,783	(2,599)	(155)
Screen Queensland Pty Ltd *	Screen Queensland Pty Ltd (SQ) is a registered company established to facilitate the development, promotion and enhancement of the film production industry, and film culture and presentation of film and film-related events in Queensland.	The share capital of SQ consists of one ordinary share of \$10, fully paid, held by the department on behalf of the State of Queensland.	30 June	163,902	153,807	15,620	13,965	63,604	43,969	8,440	461

* Controlled entities were transferred to the department as part of machinery-of-government changes effective from 1 November 2024.

Total assets and liabilities represent the closing balance at the reporting date. Total revenue and operating result are apportioned based on the transfer of ownership as part of machinery-of-government changes effective from 1 November 2024.

^ The financial information for the Queensland Music Festival Pty Ltd represents reporting periods ended 31 December 2025 and 31 December 2024. Financial information for the year ended 31 December 2026 was not available at the department's reporting date of 30 June 2026.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

A4 CONTROLLED ENTITIES (continued)

Associated entity

Name of associated entity	Basis for control	% Interest in entity	
		2026	2025
Major Brisbane Festivals Pty Ltd *	The department on behalf of the State of Queensland, and the Brisbane City Council each hold 50% of the shares of the Major Brisbane Festivals Pty Ltd (MBF). The share capital of MBF consists of two ordinary shares of \$1 each, fully paid. It has been determined that the department does not have control over the financial or operating policies through voting rights or board membership of the entity. However, due to funding arrangements for the entity, the department may have influence over the purpose of the funding or how the funding is utilised.	50	50

* Associated entity was transferred to the department as part of machinery-of-government changes effective from 1 November 2024.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

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

	2026 \$'000	2025 \$'000
Budgeted appropriation revenue	14,183,548	13,298,648
Transfers from/(to) other departments - redistribution of public business	-	105,996
Transfers from/(to) other headings - variation in headings	66,879	(169,771)
Lapsed appropriation	-	(337,049)
Total appropriation receipts (cash)	14,250,427	12,897,824
Plus: Closing balance of appropriation revenue receivable	3,877	-
Plus: Transfer of appropriation payable due to machinery-of-government change	-	13,040
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	148,989	472,429
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(220,456)	(148,989)
Appropriation revenue recognised in statement of comprehensive income	14,182,837	13,234,304

Accounting policy – Appropriation revenue

Appropriations provided under the *Appropriations Act 2025* 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 repayable 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 2026, the department received approval from Queensland Treasury to recognise a payable for appropriation that was received from the Consolidated Fund but unspent.

B1-2 USER CHARGES AND FEES

	2026 \$'000	2025 \$'000
Student fees	102,033	105,207
General fees	42,628	75,850
Student resource scheme fees	95,461	98,649
Excursion fees	102,535	107,489
Property income	49,912	46,374
Sales revenue	88,270	86,998
Facility management revenue - Arts Queensland	14,919	9,170
Service delivery	10,459	10,056
Other fees and commissions	97	125
Total	506,314	539,918

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.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

B1 REVENUE (continued)

B1-2 USER CHARGES AND FEES (continued)

Accounting policy – User charges and fees (continued)

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.

General fees

General fees include the provision of a wide variety of goods and services including school sports revenue; rural, remote and international fees; car park revenue at Arts Queensland venues; 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, including school hall, oval 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 school 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.

Facility management revenue

Facility management revenue relates to Arts Queensland revenue for managing property services, facilities operations, and contracts and maintenance for state-owned art and cultural infrastructure located at the Queensland Cultural Centre.

B1-3 GRANTS AND CONTRIBUTIONS

	2026 \$'000	2025 \$'000
Contributions from external parties	34,193	31,904
Grants from the Commonwealth Government	25,283	28,593
Grants from other State Government departments	7,267	3,522
Specific purpose capital grants	3,243	4,927
Goods and services received below fair value	4,792	5,562
Assets received below fair value	5,305	-
Donations - cash	7,645	4,585
Donations - other assets *	2,478	9,249
Total	90,206	88,342

* Donated physical assets are recognised at fair value.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

B1 REVENUE (continued)

B1-3 GRANTS AND CONTRIBUTIONS (continued)

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 of 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. The department has no specific performance obligations under the current grant agreements and therefore, revenue is recognised as income upon receipt.

Contributions from external parties

Contributions from external parties include 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, are 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.

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2026 \$'000	2025 \$'000
Employee benefits		
Teachers' salaries and allowances	5,841,280	5,648,398
Public servants' and other salaries and allowances	1,267,771	1,164,501
Teacher aides' salaries and allowances	739,732	689,973
Cleaners' salaries and allowances	287,142	276,213
Janitors/groundstaff salaries and allowances	81,612	78,626
Employer superannuation contributions	1,115,708	1,056,870
Annual leave levy/expense	332,463	312,541
Long service leave levy/expense	253,286	212,010
Other employee benefits	1,001	437
Employee related expenses		
Fringe benefits tax	6,304	6,037
Workers' compensation premium	187,950	171,083
Staff transfer costs	23,508	23,306
Staff rental accommodation	60,399	54,483
Staff training	41,766	39,331
Total	10,239,922	9,733,809

The number of employees as at 30 June 2026, including both full-time employees and part-time employees measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

	2026 No.	2025 No.
Full-time equivalent employees *	79,635	78,423

* In 2025 a net total of 74 full-time equivalent employees were transferred to the department as a result of the 23 September 2024 (effective 1 October 2024) and 1 November 2024 machinery-of-government changes.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

B2 EXPENSES (continued)

B2-1 EMPLOYEE EXPENSES (continued)

Accounting policy – Employee expenses

Wages and salaries

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

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 plans which are administered by the Government Division of 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 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 at Note G1.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

B2 EXPENSES (continued)

B2-2 SUPPLIES AND SERVICES

	2026 \$'000	2025 \$'000
Building maintenance	767,004	699,398
Utilities	242,654	237,691
Equipment and building refurbishment	360,305	281,274
Consultants	828	651
Contractors - corporate costs (including service contracts):		
Professional and technical services	74,972	57,016
Information technology services	76,866	53,401
Other services	3,987	3,162
Contractors - in-school costs:		
Operational services	5,137	4,745
Professional and technical services	71,466	65,784
Information technology services	4,306	3,647
Non-professional services	29,983	21,763
Materials and running costs	206,065	191,183
Student course supplies and excursion admission costs	222,829	213,603
Computer costs	139,048	121,495
Office accommodation	53,328	51,158
Travel - school and student	40,063	40,591
Travel - other	20,189	20,433
Lease expenses	2,752	2,598
Total	2,321,782	2,069,593

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

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

	2026 \$'000	2025 \$'000
Recurrent grants and subsidies		
Early childhood education and care	565,896	543,627
School education	85,179	79,069
Arts Queensland	53,378	39,516
Capital grants		
Grants to external organisations	7,977	2,378
Total	712,430	664,590

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

B2 EXPENSES (continued)

B2-4 OTHER EXPENSES

	2026 \$'000	2025 \$'000
Insurance premiums - Queensland Government Insurance Fund (QGIF)	42,327	38,476
External audit fees ⁽¹⁾	898	757
Loss on disposal of property, plant and equipment	-	2,105
Special payments:		
Ex-gratia payments - general ⁽²⁾	30	153
Court awarded damages	2	90
Payments to other government departments ⁽³⁾	71,342	66,589
Other	3,945	4,210
Total	118,544	112,380

(1) Total external audit fees quoted by the Queensland Audit Office relating to the 2025-26 financial year are \$0.800 million (2024-25: \$0.783 million). There is 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. The department made no special payments during 2025-26 that were in excess of \$5,000 (2024-25: 2).

(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 2026

SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2026 \$'000	2025 \$'000
Cash on hand	101	174
Cash at bank	1,811,715	1,643,952
Total	1,811,816	1,644,126

Accounting policy – Cash and cash equivalents

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

Departmental bank accounts (excluding school bank accounts 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

	2026 \$'000	2025 \$'000
Current		
Trade receivables	75,879	116,418
Less: Loss allowance	(25,888)	(27,331)
	49,991	89,087
 GST receivable	 49,572	 41,786
GST payable	(280)	(188)
	49,292	41,598
 Employee leave reimbursements	 88,755	 90,264
Appropriation revenue receivable	3,877	-
Equity adjustment receivable	1,613	3,891
Other	3,624	3,611
Loans and advances	12	1,249
Total	197,164	229,700

Disclosure – Movement in loss allowance for trade receivables

	2026 \$'000	2025 \$'000
Balance at 1 July	27,331	27,011
Expected credit losses expense/(gains)	6,167	8,841
Bad debts written-off	(7,626)	(8,545)
Amounts recovered during the year	16	24
Balance at 30 June	25,888	27,331

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

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 Government Division of Australian Retirement Trust on behalf of the State (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 for Brisbane as the most relevant forward-looking indicator for receivables.

Where the department has receivables from Queensland Government agencies or the Commonwealth 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 2026

C3 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE

C3-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	Land	at Fair Value Buildings	Heritage and cultural	at Cost Plant and equipment	Work in progress	Total
Property, plant and equipment reconciliation 2026	2026	2026	2026	2026	2026	2026
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	9,872,939	53,806,170	1,846,581	654,831	724,098	66,904,619
Less: Accumulated depreciation	-	(21,323,408)	(1,101,821)	(428,331)	-	(22,853,560)
Carrying amount at 30 June 2026	9,872,939	32,482,762	744,760	226,500	724,098	44,051,059
<i>Represented by movements in carrying amount:</i>						
Carrying amount at 1 July 2025	8,588,227	27,964,518	690,935	224,542	704,886	38,173,108
Acquisitions (including upgrades)	31,598	310,040	833	44,280	931,916	1,318,667
Transfers in from other Queensland Government entities	1	-	-	-	-	1
Donations received	-	2,145	89	226	-	2,460
Disposals	(6,006)	(1,417)	-	(730)	-	(8,153)
Transfers out to other Queensland Government entities	(6)	-	-	-	-	(6)
Transfers between asset classes	69,035	784,453	43,999	15,217	(912,704)	-
Net revaluation increments/(decrements) in asset revaluation surplus	1,190,090	4,641,986	77,822	-	-	5,909,898
Depreciation expense	-	(1,218,963)	(68,918)	(57,035)	-	(1,344,916)
Carrying amount at 30 June 2026	9,872,939	32,482,762	744,760	226,500	724,098	44,051,059

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

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

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

	at Fair Value			at Cost		
	Land	Buildings	Heritage and cultural	Plant and equipment	Work in progress	Total
Property, plant and equipment reconciliation 2025	2025	2025	2025	2025	2025	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	8,588,227	46,068,984	1,615,851	602,163	704,886	57,580,111
Less: Accumulated depreciation	-	(18,104,466)	(924,916)	(377,621)	-	(19,407,003)
Carrying amount at 30 June 2025	8,588,227	27,964,518	690,935	224,542	704,886	38,173,108
<i>Represented by movements in carrying amount:</i>						
Carrying amount at 1 July 2024	7,659,216	25,253,360	243,838	217,998	617,336	33,991,748
Acquisitions (including upgrades)	46,008	551,851	1,800	51,738	488,643	1,140,040
Transfers in from other Queensland Government entities	296,158	242,904	419,691	6,403	199,622	1,164,778
Donations received	-	8,623	-	626	-	9,249
Disposals	-	(1,026)	-	(1,652)	-	(2,678)
Transfers out to other Queensland Government entities	(2)	(51,275)	(6)	(219)	-	(51,502)
Donations made	-	-	-	(12)	-	(12)
Transfers between asset classes	37,666	555,291	6,512	1,246	(600,715)	-
Net revaluation increments/(decrements) in asset revaluation surplus	549,181	2,498,758	66,442	-	-	3,114,381
Depreciation expense	-	(1,093,968)	(47,342)	(51,586)	-	(1,192,896)
Carrying amount at 30 June 2025	8,588,227	27,964,518	690,935	224,542	704,886	38,173,108

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 historical cost or other value equal to or in excess of the following thresholds are recognised as property, plant and equipment in the following classes in line with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector (NCAP):

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 historical cost. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in bringing the assets to the condition and location necessary for their intended use.

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will provide future service potential to the department. Subsequent expenditure is only added to an asset's carrying amount where it increases the service potential or useful life of that asset. The resulting 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, is 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 transferring 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 the NCAP. 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 NCAP. 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.

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.

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

C3-3 MEASUREMENT (continued)

Accounting policy – Fair value (continued)

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

The department's land and building assets (including heritage buildings) were valued using specific appraisals by independent professional valuers as follows:

- Education portfolio by the State Valuation Service (SVS) for land and buildings in a rolling four-year program
- Arts Queensland (AQ) portfolio revalues all land and building assets every five years with the last revaluation completed in 2021-22 by SVS for land and Gray Robinson & Cottrell Quantity Surveyors (GRC) for buildings (including heritage buildings).

For the purposes of specific appraisal every four years, the Education portfolio has divided the state into 26 districts which provides a framework to ensure 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 30% of the Education portfolio's land was independently valued by SVS with an effective date of 30 June 2026.

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 70% of the Education portfolio and all AQ's land assets were indexed to ensure that values reflect fair value at the reporting date. For the Education portfolio, this involved the selection of a sample of 240 properties from the 21 districts across the state. SVS then provided indices for each of these sites based on recent market transactions for local land sales. The sampled indices are then used to create a weighted average for each district. The AQ portfolio uses indices provided by APV Valuers and Asset Management (APV) to derive the fair value for the entire asset class.

The indices increased the value of land for the Education portfolio by 10.69% and the AQ portfolio by 12.0%.

Buildings

Approximately 30% of the Education portfolio's buildings, including heritage buildings were independently valued by SVS with an effective date of 30 June 2026.

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. SVS conducts physical inspections and apply construction rates from the Department of Education (Qld) Costing Manual provided by GRC. 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 into 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.

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

C3-3 MEASUREMENT (continued)

Revaluation of property (continued)

The comprehensive revaluation process utilises the following key assumptions:

- the present use continues to represent the highest and best use
- the replacement cost rates do not include provision for site ground improvements
- that works are procured in accordance with the department's purchasing policies
- that works are carried out in accordance with standard industry by licenced professionals with appropriate safe work practices.

During 2025-26, GRC believed that the current price movements were driven by both domestic economic factors as well as regional and wider global economic factors. The key market drivers underpinning these movements are rising finance costs, limitations to the supply and capacity of sub-contractors, intensity and volume of new capital projects, availability of base construction materials and changes to demographics and population growth.

The remaining 70% of the Education building portfolio were indexed using the Building Price Index (BPI) provided by GRC. The BPI applied to the Education portfolio increased by 7.85% over the reporting period from 1 July 2025 to 30 June 2026. GRC also recommended an additional 3% special movement adjustment to reflect irregular market changes not related to the BPI or the Locality Index, including increased contract durations, changes in procurement methods and increased project risks. The department assessed this adjustment as reasonable and applied it to the building and heritage building asset classes.

For the AQ portfolio, indices provided by APV were applied to determine the fair value of the entire building and heritage building asset classes. The applicable indexation rates were 6.5% for buildings and 6.8% for heritage buildings.

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 Index and BPI, as mechanisms to ensure that estimates are reflective of the construction market at any point in time. The BPI is considered to be the most appropriate index for application to the relevant assets.

For the AQ portfolio, the indexation percentages for the market movement, where market values were adopted for the calculation of fair value, was derived by market research into the movement in value of both vacant land and improved residential type sales within the council region. The indexation percentages for the construction costs of buildings and land improvements were derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), construction data from the Australian Bureau of Statistics and APV's internal market research and costings.

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 conditions of the assets are 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.

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

C3-4 DEPRECIATION EXPENSE (continued)

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	3 – 85
Buildings – fit-out	3 – 25
Buildings – plant	25
Buildings – non-complex buildings and covered areas	40
Buildings – land improvements (including sporting facilities)	15 – 80
Heritage and cultural assets	2 – 100
Plant and equipment	5 – 20

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

	2026 \$'000	2025 \$'000
Current		
Trade creditors and accruals	161,094	204,391
Capital creditors and accruals	165,476	155,190
Fringe benefits tax and other taxes	1,625	1,597
Grants and subsidies payable	27,933	27,763
Deferred appropriation payable to Consolidated Fund	220,456	148,989
Equity adjustment payable	40,961	3,421
Other	228	228
Total	617,773	541,579

Accounting policy – Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount, that is the 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

	2026 \$'000	2025 \$'000
Current		
Queensland Treasury Corporation borrowings	-	1,231
Financial liability - public private partnerships	12,676	11,704
Total	12,676	12,935
Non-current		
Financial liability - public private partnerships	319,332	332,009
Total	319,332	332,009

Department of Education
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C5 BORROWINGS (continued)

Accounting policy – Borrowings

The Queensland Treasury Corporation (QTC) borrowings relate to AQ. The loans are administered by Screen Queensland Pty Ltd on behalf of the State of Queensland.

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings. Any borrowing costs are added to the carrying amount for the loans to the extent they are not settled in the period in which they arise.

Accounting policy – Financial liabilities

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.

The maturity profile for financial liabilities is disclosed in Note D1-3.

C5-1 BORROWINGS AND COMMITMENTS

Terms and conditions – Borrowings

All borrowings from QTC with maturity date of 30 June 2026 were settled. They are in Australian dollar denominated amounts. There have been no defaults or breaches of the loan agreements during the current reporting period.

Interest rates

The interest rate on QTC borrowings is fixed and ranges from 3.66% to 4.07%.

Terms and conditions – Financial liabilities

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 (Note C6).

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 periods.

The implicit interest rates for the financial liabilities range from 2.87% to 15.99% (2024-25: 2.87% to 15.99%).

C5-2 DISCLOSURES ABOUT SENSITIVITY TO INTEREST RATE MOVEMENTS

Interest rate sensitivity analysis evaluates the impact on profit or loss if interest rates were to 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/(deficit) and equity increase/(decrease) of \$4.015 million (2024-25: \$3.586 million).

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

	2026		2025	
	\$'000	\$'000	\$'000	\$'000
	Carrying amount	Fair value	Carrying amount	Fair value
Queensland Treasury Corporation borrowings ⁽¹⁾	-	-	1,231	1,235
Financial liability - public private partnerships ⁽²⁾	332,008	216,300	343,713	229,768
Total	332,008	216,300	344,944	231,003

(1) The fair value of borrowings is notified by the QTC.

(2) The fair value of financial liabilities - PPP is calculated using discounted cash flow analysis and using the Reserve Bank Commonwealth Government 10-year bond rate.

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Notes to the Financial Statements
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C6 PUBLIC PRIVATE PARTNERSHIPS

C6-1 OTHER PUBLIC PRIVATE PARTNERSHIPS OUTSIDE AASB 1059

Some PPPs 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

	2026 \$'000	2025 \$'000
Assets		
Buildings (Note C3)		
South-East Queensland Schools	281,463	342,901
Queensland Schools	515,835	603,823
Liabilities		
Borrowings (Note C5)		
South-East Queensland Schools	165,547	173,163
Queensland Schools	166,461	170,550

The department's two PPP projects - South-East Queensland Schools and Queensland Schools in the following table, are social infrastructure arrangements whereby the department pays for the third party use of the infrastructure assets 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 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
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C6 PUBLIC PRIVATE PARTNERSHIPS (continued)

C6-2 OPERATING STATEMENT IMPACT

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

		South-East Queensland Schools	Queensland Schools	Total
	2026	\$'000	\$'000	\$'000
Revenue				
Other revenue		2,876	-	2,876
Expenses				
Depreciation		(8,826)	(13,653)	(22,479)
Interest expenses		(12,947)	(12,395)	(25,342)
Utilities		(457)	(615)	(1,072)
Property rates		(389)	(696)	(1,085)
Facility management		(19,663)	(14,689)	(34,352)
Insurance		(1,277)	(705)	(1,982)
Net impact on operating result		(40,683)	(42,753)	(83,436)
	2025	South-East Queensland Schools \$'000	Queensland Schools \$'000	Total \$'000
Revenue				
Other revenue		2,935	13	2,948
Expenses				
Depreciation		(10,615)	(16,199)	(26,814)
Interest expenses		(13,755)	(13,476)	(27,231)
Utilities		(468)	(603)	(1,071)
Property rates		(304)	(557)	(861)
Facility management		(19,481)	(13,906)	(33,387)
Insurance		(689)	(806)	(1,495)
Other		(22)	(35)	(57)
Net impact on operating result		(42,399)	(45,569)	(87,968)

Department of Education
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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	
	2026	2025	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash inflows						
Not later than 1 year	2,812	2,904	-	-	2,812	2,904
Later than 1 year but not later than 5 years	10,635	11,282	-	-	10,635	11,282
Later than 5 years but not later than 10 years	12,017	13,383	-	-	12,017	13,383
Later than 10 years	8,687	12,625	-	-	8,687	12,625
	34,151	40,194	-	-	34,151	40,194
Cash outflows						
Not later than 1 year	(41,856)	(41,126)	(35,453)	(32,099)	(77,309)	(73,225)
Later than 1 year but not later than 5 years	(165,868)	(159,860)	(132,571)	(123,938)	(298,439)	(283,798)
Later than 5 years but not later than 10 years	(169,444)	(177,308)	(151,036)	(148,326)	(320,480)	(325,634)
Later than 10 years	(105,981)	(141,859)	(186,352)	(215,602)	(292,333)	(357,461)
	(483,149)	(520,153)	(505,412)	(519,965)	(988,561)	(1,040,118)

C7 ACCRUED EMPLOYEE BENEFITS

	2026	2025
	\$'000	\$'000
Annual leave levy payable	100,240	86,710
Long service leave levy payable	88,177	53,470
Accrued salaries and wages	156,184	42,327
Paid parental leave	1,799	977
Total	346,400	183,484

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
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C8 EQUITY

C8-1 CONTRIBUTED EQUITY

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

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

C8-2 APPROPRIATIONS RECOGNISED IN EQUITY

Reconciliation of payments from Consolidated Fund to equity adjustment

	2026 \$'000	2025 \$'000
Budgeted equity adjustment appropriation	(115,302)	163,079
Transfers from/(to) other departments - redistribution of public business	-	(3,217)
Transfers from/(to) other headings - variation in headings	(163,627)	-
Lapsed equity adjustment	-	(382,255)
Equity adjustment receipts/(payments)	(278,929)	(222,393)
Less: Opening balance of equity adjustment receivable	(3,891)	-
Plus: Closing balance of equity adjustment receivable	1,613	3,891
Plus: Opening balance of equity adjustment payable	3,421	-
Less: Closing balance of equity adjustment payable	(40,961)	(3,421)
Equity adjustment recognised in contributed equity	(318,747)	(221,923)

C8-3 ASSET REVALUATION SURPLUS BY ASSET CLASS

Accounting policy – Asset revaluation surplus

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value. Note C3 contains details on the department's revaluation policy and methodology.

	Land \$'000	Buildings \$'000	Heritage and cultural \$'000	Total \$'000
Balance at 1 July 2024	7,460,975	20,100,764	153,149	27,714,888
Revaluation increments/(decrements)	549,181	2,498,758	66,442	3,114,381
Balance as at 30 June 2025	8,010,156	22,599,522	219,591	30,829,269
	Land \$'000	Buildings \$'000	Heritage and cultural \$'000	Total \$'000
Balance at 1 July 2025	8,010,156	22,599,522	219,591	30,829,269
Revaluation increments/(decrements)	1,190,090	4,641,986	77,822	5,909,898
Balance as at 30 June 2026	9,200,246	27,241,508	297,413	36,739,167

Department of Education
Notes to the Financial Statements
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SECTION 4
NOTES ABOUT RISKS 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	2026 \$'000	2025 \$'000
Financial assets			
Cash and cash equivalents	C1	1,811,816	1,644,126
Financial assets at amortised cost:			
Receivables	C2	197,164	229,700
Total financial assets		2,008,980	1,873,826
Financial liabilities			
Financial liabilities at amortised cost:			
Payables	C4	617,773	541,579
Lease liabilities		6,970	7,605
Borrowings	C5	332,008	344,944
Total financial liabilities		956,751	894,128

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: (a) 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 (b) 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	The risk that the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	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 Borrowings (Note C5), and cash deposited in interest bearing accounts (Note C1).

All financial risk is managed by each division of the department under policy approved by the department's Executive Leadership Team, and established and co-ordinated by the Strategic Policy and External Relations Division, and the Finance, Procurement and Facilities Branch.

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

D1-3 LIQUIDITY RISK – CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES

The following tables set out the liquidity risk of financial liabilities held by the department. They represent 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.

	2026 Payable in			Total
	<1 year	1 - 5 years	>5 years	
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Payables	617,773	-	-	617,773
Lease liabilities	1,043	1,064	8,777	10,884
Borrowings	39,231	150,358	373,720	563,309
Total	658,047	151,422	382,497	1,191,966
	2025 Payable in			Total
	<1 year	1 - 5 years	>5 years	
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Payables	541,579	-	-	541,579
Lease liabilities	1,269	1,578	8,657	11,504
Borrowings	38,512	144,343	409,938	592,793
Total	581,360	145,921	418,595	1,145,876

D2 CONTINGENCIES

Litigation in progress

At 30 June 2026, the department has been named as defendant in 70 claims (for Education) before a Court, Commission or Tribunal, and 128 general liability claims (for Education) not yet subject to Court, Commission or Tribunal action for which there may be contingent liabilities. The department's legal advisers believe it is not possible to estimate the final amounts payable for the claims.

The Queensland Government Insurance Fund (QGIF) limits the department's liability in a majority of these claims to \$10,000, being the deductible (excess) payable per claim.

In addition, the AQ portfolio has 1 active personal injury claim under the *Personal Injuries Proceedings Act 2002* (Qld) which is covered under QGIF policy with a maximum liability of \$10,000 per claim.

There are currently 188 (for Education) WorkCover Queensland common law claims being managed by the department.

Financial guarantees and associated credit risk

The department has provided 19 (2024-25: 21) financial guarantees to Parents and Citizens' Associations (P&C), 6 (2024-25: 6) guarantees to universities, and 8 (2024-25: 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.

	2026 Remaining balance \$'000	2025 Remaining balance \$'000	Enabling legislation
Parents and Citizens' Associations	2,815	3,974	
Universities	567,490	519,488	<i>Statutory Bodies Financial Arrangements Act 1982</i> (Qld)
Grammar schools	112,023	107,134	
	682,328	630,596	

Key estimate and judgement: The department assesses the fair value of financial guarantees annually as at 30 June. As at 30 June 2026, no university, grammar school or P&C had defaulted on an existing loan and the department's management does not expect that the guarantees will be called upon in the near future. As such, the fair value of the guarantees has not been recognised in the statement of financial position.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

D2 CONTINGENCIES (continued)

Native title claims over departmental land

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

At the reporting date, it is not possible to estimate 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 reserves have been declared surplus and attempts are made for the property to be 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:

	2026 \$'000	2025 \$'000
Buildings		
Not later than 1 year	534,094	402,558
Later than 1 year but not later than 5 years	840,026	503,398
Total capital expenditure commitments - buildings	1,374,120	905,956
Heritage and cultural		
Not later than 1 year	21,139	18,007
Total capital expenditure commitments - heritage and cultural	21,139	18,007

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

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 2025-26 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, which is calculated using state school student enrolments and has loadings for needs-based categories such as disability. The school and student input data for these calculations change between when the budget is determined and payments are made, which occurs to support school funding cycles that are aligned to calendar years, rather than financial years. Consequently, the difference between final school payment amounts and the budgeted amount is mainly driven by the amount of unexpected variation in student and school needs between the different data collection periods. Other funding variances may also occur within the financial year in response to government decisions.

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

<i>User charges and fees:</i>	Variance of \$49.805 million less than budget is mainly due to lower aggregate fees across combined school activities, predominately due to the impact of the introduction of the back to school boost.
<i>Grants and contributions:</i>	Variance of \$39.156 million less than budget is mainly due to lower than expected grants and donations received by schools \$28.012 million and anticipated funding for flood mitigation projects not yet received \$12.469 million.
<i>Other revenue:</i>	Variance of \$148.782 million greater than budget is largely attributable to assets identified during the 2025-26 comprehensive revaluation of \$138.500 million. In line with policy, the department conducts comprehensive revaluations on a rolling four-year cycle. These assets may include works undertaken in prior years by schools, Parents and Citizens' Associations, or other external parties that had not been previously recognised by the department but have now been brought to account.
<i>Supplies and services:</i>	Variance of \$295.953 million less than budget is mainly due to timing differences associated with the operating component of capital projects \$59.371 million, lower expenditure associated with Education Queensland International program costs \$25.705 million, lower information technology related costs \$22.971 million, and lower supplies and services expenditure in schools \$168.216 million, in part due to appropriation funding provided to schools being used for capital asset purchases.
<i>Depreciation and amortisation:</i>	Variance of \$92.558 million greater than budget is largely due to the impact of increases in asset values resulting from revaluation processes.
<i>Increase in asset revaluation surplus:</i>	Variance of \$3.149 billion greater than budget is due to higher than expected revaluation increments arising from the 2025-26 comprehensive land and buildings revaluation process. Revaluation outcomes in 2025-26 included increases of 17.56% for buildings and 13.92% for land, predominantly within the Education portfolio. These increments were driven by domestic, regional and broader global economic factors. The key market drivers underpinning these movements are outlined in Note C3.

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

<i>Cash and cash equivalents:</i>	Variance of \$669.406 million greater than budget is mainly due to timing of employee costs payable \$124.245 million, delayed expenditure in schools \$85.930 million, and \$220.456 million relating to carryover funding associated with various delayed projects and activities.
<i>Property, plant and equipment:</i>	Variance of \$4.320 billion greater than budget is mainly due to higher actual indexation of asset values, through the annual revaluation process, caused mainly by unforeseen market factors.
<i>Accrued employee benefits:</i>	Variance of \$124.245 million greater than budget is mainly due to accrued costs for outstanding salaries and higher salaries from the revised Public Sector Wages Policy and Consumer Price Index Adjustment impacts.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

E1 BUDGETARY REPORTING DISCLOSURES (continued)

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

<i>Payments for property, plant and equipment:</i>	Variance of \$181.413 million greater than budget is mainly due to accrued capital project expenditure at 30 June 2025 with payments made in 2025-26.
<i>Equity injections/withdrawals:</i>	Variance of \$163.627 million higher equity withdrawal than budget is mainly due to the timing and level of capitalisation of capital projects \$147.472 million and the impact of higher depreciation costs \$63.654 million.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

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 section 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 section 368(1)(b) of the *Education (General Provisions) Act 2006* (Qld).

The department also administers funds for AQ statutory bodies including the Queensland Art Gallery, Queensland Museum, Queensland Performing Arts Trust, State Library of Queensland and Queensland Theatre Company.

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

	2026 Actual \$'000	2026 Original budget \$'000	Budget variance \$'000	2025 Actual \$'000
Administered income				
Appropriation revenue ⁽¹⁾	6,447,056	6,301,791	145,265	5,961,182
Grants and contributions				
Recurrent				
Specific purpose - Commonwealth	4,853,203	4,731,627	121,576	4,594,381
Total administered income	11,300,259	11,033,418	266,841	10,555,563
Administered expenses				
Grants and subsidies				
Recurrent				
Commonwealth Government				
Non-state schools	4,853,203			4,594,381
State Government				
Non-state schools and other external organisations	1,097,425			970,912
Textbook and resource allowance	92,794			89,830
Statutory bodies	264,236			170,740
Capital				
State Government				
Non-state schools and other external organisations	139,398			135,319
	6,447,056	6,301,788	145,268	5,961,182
Supplies and services	-	3	(3)	-
Transfers of administered income to government ⁽²⁾	4,853,203	4,731,627	121,576	4,594,381
Total administered expenses	11,300,259	11,033,418	266,841	10,555,563
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 2026

F1 ADMINISTERED ACTIVITIES (continued)

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

	2026 \$'000	2025 \$'000
Budgeted appropriation	6,301,791	5,687,912
Transfers from/(to) other departments - redistribution of public business	-	84,456
Transfers from/(to) other headings - variation in headings	96,748	169,771
Unforeseen expenditure	80,099	-
Total administered receipts	6,478,638	5,942,139
Less: Opening balance of administered revenue receivable	(1,991)	-
Plus: Closing balance of administered revenue receivable	-	1,991
Plus: Opening balance of administered revenue payable to government	-	17,052
Less: Closing balance of administered revenue payable to government	(29,591)	-
Administered income recognised in Note F1-1	6,447,056	5,961,182

F1-3 SCHEDULE OF ADMINISTERED ASSETS AND LIABILITIES

	2026 Actual \$'000	2026 Original budget \$'000	Budget variance \$'000	2025 Actual \$'000
Administered current assets				
Cash at bank	29,794	212	29,582	-
Appropriation receivable	-	-	-	1,991
Trade receivables	7	-	7	23
GST input tax credits receivable	2	-	2	28
Total administered current assets	29,803	212	29,591	2,042
Administered current liabilities				
Overdraft facility	-	-	-	1,830
Revenue payable to government	29,591	-	29,591	-
Total administered current liabilities	29,591	-	29,591	1,830
Net administered assets/liabilities	212	212	-	212

F1-4 ADMINISTERED ACTIVITIES – BUDGET TO ACTUAL VARIANCE ANALYSIS

This note provides an explanation of major variances between 2025-26 actual results and the original budget for the department's major classes of administered income, expenses, assets and liabilities.

Grants and contributions: Variance of \$121.576 million greater than budget is mainly due to increased Commonwealth Government funding for non-state schools to reflect higher indexation and enrolment changes.

Grants and subsidies: Variance of \$145.268 million greater than budget is mainly due to increased State and Commonwealth Government funding for non-state schools as determined by school funding arrangements outlined in the Australian Education Act 2013 (Cth), Better and Fairer Schools Agreement – Full and Fair Funding and associated Bilateral Agreement.

Cash at bank: Variance of \$29.582 million greater than budget is attributed to the impact of increased Commonwealth Government funding received at year end, that will be transferred to Government.

Revenue payable to government: Variance of \$29.591 million greater than budget is attributed to the impact of increased Commonwealth Government funding received at year end, that will be transferred to Government.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

F2 TRUST TRANSACTIONS AND BALANCES

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.

	2026	2025
	\$'000	\$'000
Trust account - educational bequests		
Opening balance - cash	205	197
Revenue - return on investment term deposit	4	8
Expense - Iwasaki Sangyo Prize	(70)	-
Closing balance - cash	139	205

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 2026

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 John-Paul Langbroek MP, Minister for Education and the Arts.

During the period 18 December 2023 to 26 October 2024, the responsible Minister of the department was the Honourable Di Farmer MP, Minister for Education, and Minister for Youth Justice.

The following details for non-Ministerial KMP include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2025-26 and 2024-25. Further information regarding the department's KMP can be found in the body of the Annual Report under the section 'Our divisions and Executive Leadership Team'.

Position	Position Responsibility
Director-General ^{(1) (2)}	Lead the strategic direction and oversight to deliver a high performing education system that gives all children a strong start, engages young people in high quality learning and realises the potential of every student and overseeing the department's investment and policy activities of the Arts Queensland portfolio.
Deputy Director-General, Early Childhood, Regulation and Communication ⁽¹⁾	Provide 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. Lead and oversee international, non-state school, home education regulation and strategic communications and engagement.
Deputy Director-General, Strategic Policy and External Relations ⁽¹⁾	Lead the department's strategic approach to the portfolio's policy, intergovernmental relations, performance, legislation, monitoring, reporting, and governance functions at a whole-of-government and national level.
Deputy Director-General, State Schools Strategy ⁽¹⁾	Develop and implement innovative and effective educational delivery to support Queensland schools ensuring every student realises their potential. Also responsible for building the capability of professional workforces, developing excellence in leadership, teaching quality and effective pedagogical practices.
Deputy Director-General, School and Regional Operations and Performance	Implement high-impact projects that enhance student outcomes and wellbeing services, lead and strengthen the alignment between regional offices and central administration, and ensure the needs of school communities are effectively addressed to lift learning outcomes for all children.
Deputy Director-General, Corporate and Aboriginal and Torres Strait Islander Services ^{(1) (2)}	Provide leadership and oversight for the department's human resources strategy, finance, procurement and facilities, legal services and internal audit, as well as overseeing partnerships, programs and policies to improve educational outcomes for Aboriginal students and Torres Strait Islander students.
Deputy Director-General, Corporate Services ^{(1) (2)}	Provide leadership and oversight for the department's human resources strategy, finance, procurement and facilities, legal services and internal audit.
Deputy Director-General, Digital Innovation ⁽¹⁾	Lead the strategic integration of user centred digital solutions, safe adoption of emerging technologies, modernisation of core systems and delivery of digital tools that support teaching and learning.
Deputy Director-General, Infrastructure Services	Lead the delivery of 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, Arts Queensland	Oversee the department's investment and policy activities in the arts. This includes the Queensland Government's investment in the Queensland Cultural Centre, the funding of the state's major arts companies, corporate governance support for the state's arts statutory bodies and government-owned companies, and the delivery of the arts investment funding programs.
Assistant Director-General, Finance, Procurement and Facilities and Chief Finance Officer ^{(1) (2)}	Lead the 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).

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

G1 KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION (continued)

Details of key management personnel (continued)

- (1) From 1 July 2025, the department realigned the Central Office functions to better support delivery of strategic goals and priorities of the department, to provide opportunities for more effective delivery of services to regions and schools, and to improve efficiency and reduce complexity of work processes. As a result, KMP positions were renamed to reflect the realignment of these functions.
- (2) The transition to the Corporate Services Division was established in two stages. The First Nations Strategy and Partnerships (FNSP) Branch was expanded to include corporate services functions, forming the Corporate and Aboriginal and Torres Strait Islander Services (CATSIS) Division, which was subsequently renamed the Corporate Services Division.

Key management personnel remuneration policies

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

Remuneration policy for the department's other KMP is set by the Queensland Public 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 non-Ministerial 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.

2025-26

2025-26 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 ^{(1) (2)} (Appointed 21/03/2025)	575	15	14	71	-	675
Deputy Director-General, Early Childhood, Regulation and Communication ⁽¹⁾ (Appointed 19/09/2022)	315	6	7	40	-	368
Deputy Director-General, Strategic Policy and External Relations ⁽¹⁾ (Appointed 14/11/2022)	358	7	8	44	-	417
Deputy Director-General, State Schools Strategy ⁽¹⁾ (Appointed 19/09/2022)	367	3	9	46	-	425

Department of Education
Notes to the Financial Statements
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G1 KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION (continued)

Key management personnel remuneration expenses (continued)

2025-26 (continued)

2025-26 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, School and Regional Operations and Performance (Acting 01/07/2025 to 21/09/2025; appointed 22/09/2025)	358	6	8	44	-	416
Deputy Director-General, Corporate and Aboriginal and Torres Strait Islander Services ^{(1) (2)} (Acting 01/07/2025 to 27/08/2025)	70	1	2	7	-	80
Deputy Director-General, Corporate Services ^{(1) (2)} (Appointed 27/10/2025)	249	3	5	28	-	285
Deputy Director-General, Digital Innovation ⁽¹⁾ (Acting 01/07/2025 to 26/01/2026)	164	4	4	23	-	195
Deputy Director-General, Digital Innovation ⁽¹⁾ (Appointed 27/01/2026)	144	1	3	17	-	165
Deputy Director-General, Infrastructure Services (Appointed 16/09/2024)	338	6	8	42	-	394
Deputy Director-General, Arts Queensland (Appointed 12/08/2013)	309	8	8	42	-	367
Assistant Director-General, Finance, Procurement and Facilities and Chief Finance Officer ^{(1) (2)} (Appointed 16/07/2018)	288	5	8	36	-	337

(1), (2) Refer to footnote on page 44 of the statements.

2024-25

2024-25 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 ⁽¹⁾ (Appointed 06/12/2021 to 05/12/2024)	209	6	5	26	-	246
Director-General ⁽¹⁾ (Acting 29/08/2024 to 11/09/2024; 01/11/2024 to 20/03/2025; appointed 21/03/2025)	441	4	10	50	-	505
Associate Director-General, Early Childhood and State Schools ⁽¹⁾ (Appointed 22/08/2022 to 31/10/2024)	146	2	3	18	-	169

Department of Education
Notes to the Financial Statements
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G1 KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION (continued)

Key management personnel remuneration expenses (continued)

2024-25 (continued)

2024-25 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, Early Childhood ⁽²⁾ (Appointed 19/09/2022)	294	6	7	37	-	344
Deputy Director-General, Policy, Performance, International and Intergovernmental ⁽²⁾ (Appointed 14/11/2022)	326	6	8	42	-	382
Deputy Director-General, Schools and Student Support ⁽²⁾ (Appointed 19/09/2022)	334	6	8	42	-	390
Deputy Director-General, School and Regional Operations and Performance ⁽¹⁾ (Acting 04/11/2024 to 30/06/2025)	231	4	5	28	-	268
Deputy Director-General, First Nations Strategy and Partnerships ^{(2) (3)} (Appointed 21/11/2022)	345	6	8	42	-	401
Deputy Director-General, People, Information and Communication Services ^{(2) (3)} (Appointed 07/11/2022)	274	5	6	33	-	318
Deputy Director-General, Infrastructure Services (Acting 01/07/2024 to 15/09/2024, appointed 16/09/2024)	328	5	8	39	-	380
Deputy Director-General, Arts Queensland ⁽¹⁾ (Appointed 12/08/2013)	189	5	5	26	-	225
Assistant Director-General, Finance, Procurement and Facilities and Chief Finance Officer (Appointed 16/07/2018)	273	6	6	34	-	319

- (1) Arts Queensland (AQ) was transferred from the former Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts (DTATSIPCA) on 1 November 2024 as part of the machinery-of-government changes. Only the Deputy Director-General, AQ was transferred from DTATSIPCA. The department also realigned divisional functions by replacing the Associate Director-General, Early Childhood and State Schools position with the Deputy Director-General, School and Regional Operations and Performance position.
- (2) As of 30 June 2025, the department's executive leadership structure was undergoing a transition for the realignment of Central Office functions, effective 1 July 2025. The realignment will better support the delivery of strategic goals, priorities of the department, provide opportunities for more effective delivery of services to regions and schools, improve efficiency and reduce complexity of our work. As a result, these KMP positions will be renamed to realign with these functions.
- (3) Due to an external secondment, the Deputy Director-General, First Nations Strategy and Partnerships also held the Deputy Director-General, People, Information and Communication Services position at 30 June 2025.

Performance payments

KMP do not receive performance or bonus payments.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2026

G2 RELATED PARTY TRANSACTIONS

Transactions with people/entities related to key management personnel

Given the breadth and depth of State government activities, the department's KMP transact with the Queensland public sector in a manner consistent with other ordinary citizens, for example, children of KMP may attend Queensland state schools or family members may be employed in departmental schools. The department's KMP are 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).

A related party of a KMP of the department controls another Queensland Government-related entity that provides services to the department. These services are provided on an arm's length basis on the same terms and conditions applicable to all other Queensland Government-related entities. An amount of \$0.863 million was paid or payable during 2025-26.

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 as shown below:

Queensland government - controlled entity	Provision of service	Total expenditure \$'000	
		2026	2025
Department of Housing and Public Works (QBuild)	Building construction and maintenance	671,619	592,277
Department of Housing and Public Works	Office accommodation	47,269	27,972
	Government employee housing	34,701	31,066
	Property and facilities management and building construction	60,967	11,106
QFleet	Motor vehicle fleet	11,274	10,599
Centre for Information Technology and Communications (CITEC)	Information and communication technology (ICT)	10,779	9,392
Department of Transport and Main Roads	School transport	68,821	64,249
Queensland Police Service	Protective and security	5,871	3,779
Corporate Administration Agency	Corporate functions in relation to ICT, human resources and finance	2,110	1,368
Grand total		913,411	751,808

Other relevant transactions are the insurance premiums paid to WorkCover Queensland (Note B2-1) and QGIF (Note B2-4); and the transfer of assets and liabilities arising from machinery-of-government changes during 2025-26 (Note A3).

G3 NEW AND REVISED ACCOUNTING STANDARDS

Accounting standards effective for the first time in 2025-26

No new accounting standards or interpretations that apply to the department for the first time in 2025-26 had any material impact on the financial statements. No Australian accounting standards have been early adopted for 2025-26.

New Australian Accounting Standards issued but not yet effective

AASB 18 *Presentation and Disclosure in Financial Statements* applies to not-for-profit public sector entities for annual reporting periods beginning on or after 1 January 2028, which will be the 2028-29 financial year for the department.

This standard sets out new requirements for the presentation of the statement of comprehensive income, requires new disclosures about management-defined performance measures and removes existing options in the classification of interest received and interest paid in the statement of cash flows. AASB 18 will only affect presentation and disclosure, it will not affect the recognition or measurement of any reported amounts.

In October 2025, the AASB released Exposure Draft 338 which proposed several amendments that, if legislated, would permit relief from the majority of the presentation and disclosure requirements by not-for-profit public sector entities via an explicit accounting policy choice.

G3 NEW AND REVISED ACCOUNTING STANDARDS (continued)

New Australian Accounting Standards issued but not yet effective (continued)

The department will further assess the expected impacts of AASB 18 in subsequent reporting periods once the AASB issues a final amending standard and Queensland Treasury has communicated its policy intention in respect of accounting policy choices permitted by the standard.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the department's activities or have no material impact on the department.

G4 EVENTS OCCURRING AFTER THE REPORTING DATE

No events after the reporting date have occurred for the department that materially impact on these financial statements.

G5 TAXATION

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

G6 CLIMATE RISK DISCLOSURE

Climate Risk Assessment

The department considers specific financial impacts relating to climate-related risks by identifying and monitoring material accounting judgements and estimates used in preparing the financial report. This includes the potential for changes in asset useful lives, changes in the fair value of assets, 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 Energy Roadmap 2025* in order to fulfil the requirements under section 11 of the *Clean Economy Jobs Act 2024* (Qld), and other Queensland Government climate-related policies or 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 in relation to climate risk.

Department of Education
Management Certificate
for the year ended 30 June 2026

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the Financial and Performance Management Standard 2019 and other prescribed requirements. In accordance with section 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 2026, 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 sections 7 and 11 of the Financial and Performance Management Standard 2019 for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Duncan Anson
GAICD, FCPA, BBus
Assistant Director-General
Finance, Procurement and Facilities
Chief Finance Officer
Department of Education



Sharon Schimring
GAICD, MEd (Educational Leadership), BSc (Health), DipT
Director-General
Department of Education

Date: 28 August 2026

Date: 28 August 2026

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.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2026, 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.

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2026:

- 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.
- c) In my opinion, the financial report:
 - i. gives a true and fair view of the department's financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended
 - ii. complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

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 (\$32.5 billion as at 30 June 2026)

Refer to note C3 in the financial report

Key audit matter	How my audit addressed the key audit matter
Department of Education's specialised buildings were measured at fair value at balance date using the current replacement cost method. The department performed a comprehensive revaluation of approximately thirty per cent 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: - gross replacement cost, less - accumulated depreciation. 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: - 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. For buildings not comprehensively revalued, significant judgement was required to estimate the change in gross replacement cost from the prior year. The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.	My procedures for buildings comprehensively revalued included, but were not limited to: - 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: - modern substitute (including locality factors and oncosts) - adjustment for obsolescence. For buildings revalued by index, my procedures included but were not limited to: - Evaluating the relevance and appropriateness of the indices used for changes in Building Price Index inputs by comparing to other relevant external indices. - Reviewing the appropriate application of these indices to the remaining seventy per cent of the portfolio. Buildings useful life estimates were evaluated for reasonableness by: - Reviewing management's annual assessment of useful lives. - Ensuring that no component still in use has reached or exceeded its useful life. - Reviewing for consistency between condition assessment and percentage of depreciation. - Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence. - Ensuring that management has updated accumulated depreciation this year for changes in remaining useful lives identified.

Responsibilities of the Accountable Officer 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 such internal control as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error
- the establishment and keeping of accounts in accordance with prescribed requirements
- 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. My auditor's report must state whether I have received all the information and explanations required, and whether I consider the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects.

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.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

www.auasb.gov.au/auditors_responsibilities/ar6.pdf

A further description of my responsibilities under the *Auditor-General Act 2009* and *Auditor-General Auditing Standards* is located at the Queensland Audit Office website at:

www.qao.qld.gov.au/audit-program/audit-standards

These descriptions form part of my auditor's report.



Patrick Flemming FCPA
as delegate of the Auditor-General

28 August 2026

Queensland Audit Office
Brisbane