

**Department of Education Financial Statements
for the year ended 30 June 2021**

TABLE OF CONTENTS

Financial Statements	Statement of Comprehensive Income		Page 3	
	Statement of Comprehensive Income by Major Departmental Service		Page 4	
	Statement of Financial Position		Page 5	
	Statement of Assets and Liabilities by Major Departmental Service		Page 6	
	Statement of Changes in Equity		Page 7	
	Statement of Cash Flows (including Notes to Statement of Cash Flows)		Page 8	
Notes to the Financial Statements	Section 1 About the Department and this Financial Report	A1. Basis of Financial Statement Preparation	Page 10	
		A1-1 General Information	Page 10	
		A1-2 Compliance with Prescribed Requirements	Page 10	
		A1-3 Presentation	Page 10	
		A1-4 Authorisation of Financial Statements for Issue	Page 10	
		A1-5 Basis of Measurement	Page 10	
		A1-6 The Reporting Entity	Page 10	
		A1-7 Financial Impacts from COVID-19 Pandemic	Page 11	
		A2. Departmental Objectives	Page 11	
		A3. Machinery of Government Changes	Page 12	
		A4. Controlled Entities	Page 12	
		Section 2 Notes about our Financial Performance	B1. Revenue	Page 13
			B1-1 Appropriation Revenue	Page 13
			B1-2 User Charges and Fees	Page 13
	B1-3 Grants and Contributions		Page 14	
	B2. Expenses		Page 15	
	B2-1 Employee Expenses		Page 15	
	B2-2 Supplies and Services		Page 16	
	B2-3 Grants and Subsidies		Page 17	
	B2-4 Other Expenses		Page 17	
	Section 3 Notes about our Financial Position		C1. Cash and Cash Equivalents	Page 18
		C2. Receivables	Page 18	
		C3. Property, Plant, Equipment and Depreciation Expense	Page 20	
		C3-1 Closing Balances and Reconciliation of Carrying Amount	Page 20	
		C3-2 Recognition and Acquisition	Page 22	
		C3-3 Measurement	Page 22	
		C3-4 Depreciation Expense	Page 25	
		C3-5 Impairment	Page 25	
		C4. Payables	Page 26	
		C5. Borrowings	Page 26	
C5-1 Finance Liability and Commitments		Page 26		
C5-2 Disclosures about Sensitivity to Interest Rate Movements		Page 26		
C5-3 Fair Value Disclosures for Financial Liabilities Measured at Amortised Cost		Page 27		
C6. Public Private Partnerships		Page 27		
C6-1 Other Public Private Partnerships outside AASB 1059		Page 27		
C6-2 Operating Statement Impact		Page 29		
C6-3 Estimated Future Cash Flows	Page 30			
C7. Accrued Employee Benefits	Page 30			

Department of Education Financial Statements
for the year ended 30 June 2021

TABLE OF CONTENTS (continued)

Notes to the Financial Statements (Continued)	Section 3	C8. Equity		Page 31
	Notes about our	C8-1	Contributed Equity	Page 31
	Financial Position	C8-2	Appropriations Recognised in Equity	Page 31
	(continued)	C8-3	Asset Revaluation Surplus by Asset Class	Page 31
	Section 4	D1.	Financial Risk Disclosures	Page 32
	Notes about Risks and	D1-1	Financial Instrument Categories	Page 32
	Other Accounting	D1-2	Financial Risk Management	Page 32
	Uncertainties	D1-3	Liquidity Risk - Contractual Maturity of Financial Liabilities	Page 33
		D2.	Contingencies	Page 33
		D3.	Commitments	Page 34
	Section 5	E1.	Budgetary Reporting Disclosures	Page 35
	Notes about our	E1-1	Explanation of Major Variances – Statement of Comprehensive	Page 35
	Performance compared		Income	
	to Budget			
	Section 6	F1.	Administered Activities	Page 36
	What we look after on	F1-1	Schedule of Administered Income and Expenditure	Page 36
	behalf of whole-of-	F1-2	Reconciliation of Payments from Consolidated Fund to	Page 37
	government and third		Administered Income	
	parties	F1-3	Schedule of Administered Assets and Liabilities	Page 37
		F1-4	Administered Activities – Budget to Actual Variance Analysis	Page 37
	F2.	Trust Transactions and Balances	Page 38	
Section 7	G1.	Key Management Personnel (KMP) Remuneration	Page 39	
Other Information	G2.	Related Party Transactions	Page 42	
	G3.	New and Revised Accounting Standards	Page 42	
	G4.	Events Occurring after the Reporting Date	Page 42	
	G5.	Taxation	Page 42	
	G6.	Climate Risk Disclosure	Page 42	
Certification		Management Certificate	Page 43	

Department of Education
Statement of Comprehensive Income
for the year ended 30 June 2021

		2021	2021		2020
	Notes		Original budget	Budget variance*	
		\$'000	\$'000	\$'000	\$'000
OPERATING RESULT					
Income from continuing operations					
Appropriation revenue	B1-1	9 482 432	9 646 333	(163 901)	9 416 379
User charges and fees	B1-2	399 651	430 412	(30 761)	393 692
Grants and contributions	B1-3	208 504	186 498	22 006	198 496
Interest		4 803	10 364	(5 561)	9 188
Other revenue		68 066	18 742	49 324	40 715
Total income from continuing operations		10 163 456	10 292 349	(128 893)	10 058 470
Expenses from continuing operations					
Employee expenses	B2-1	7 691 693	7 812 685	(120 992)	7 603 666
Supplies and services	B2-2	1 337 170	1 497 979	(160 809)	1 504 987
Grants and subsidies	B2-3	293 685	321 602	(27 917)	308 819
Depreciation and amortisation	C-3	607 956	550 603	57 353	534 704
Impairment losses/(gains)		(14 674)	728	(15 402)	7 312
Finance/borrowing costs		19 785	31 516	(11 731)	22 008
Other expenses	B2-4	70 524	77 236	(6 712)	75 660
Total expenses from continuing operations		10 006 139	10 292 349	(286 210)	10 057 156
Operating result for the year		157 317	-	157 317	1 314
OTHER COMPREHENSIVE INCOME					
<u>Items that will not be reclassified to operating result:</u>					
Increase/(decrease) in asset revaluation surplus	C8-3	939 923	652 419	287 504	789 077
Total items that will not be reclassified to operating result		939 923	652 419	287 504	789 077
TOTAL COMPREHENSIVE INCOME		1 097 240	652 419	444 821	790 391

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

The accompanying notes form part of these statements.

Department of Education – Statement of Comprehensive Income by Major Departmental Service
for the year ended 30 June 2021

	Early Childhood Education and Care		School Education		Industrial Relations		Racing		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from continuing operations										
Appropriation revenue	290 391	283 111	9 159 594	9 100 700	27 903	32 568	4 544	-	9 482 432	9 416 379
User charges and fees	1 150	1 139	380 104	374 651	18 397	17 902	-	-	399 651	393 692
Grants and contributions	613	692	79 975	77 784	127 916	120 020	-	-	208 504	198 496
Interest	-	-	4 803	9 188	-	-	-	-	4 803	9 188
Other revenue	4 043	4 649	57 439	35 576	584	490	6 000	-	68 066	40 715
Total Income from continuing operations	296 197	289 591	9 681 915	9 597 899	174 800	170 980	10 544	-	10 163 456	10 058 470
Expenses from continuing operations										
Employee expenses	42 246	41 434	7 534 236	7 448 897	114 850	113 335	361	-	7 691 693	7 603 666
Supplies and services	25 275	25 944	1 271 470	1 437 895	40 416	41 148	9	-	1 337 170	1 504 987
Grants and subsidies	221 522	218 409	56 702	79 360	10 915	11 050	4 546	-	293 685	308 819
Depreciation and amortisation	2 572	2 538	603 815	530 392	1 569	1 774	-	-	607 956	534 704
Impairment losses/(gains)	67	38	(14 777)	7 135	36	139	-	-	(14 674)	7 312
Finance/borrowing costs	4	4	19 781	22 004	-	-	-	-	19 785	22 008
Other expenses	52	1 261	70 028	73 415	444	984	-	-	70 524	75 660
Total Expenses from continuing operations	291 738	289 628	9 541 255	9 599 098	168 230	168 430	4 916	-	10 006 139	10 057 156
Operating result for the year	4 459	(37)	140 660	(1 199)	6 570	2 550	5 628	-	157 317	1 314
Other comprehensive income										
<u>Items that will not be reclassified to operating result:</u>										
Increase/(decrease) in asset revaluation surplus	4 764	(719)	935 159	789 796	-	-	-	-	939 923	789 077
Total other comprehensive income	4 764	(719)	935 159	789 796	-	-	-	-	939 923	789 077
Total comprehensive income	9 223	(756)	1 075 819	788 597	6 570	2 550	5 628	-	1 097 240	790 391

Department of Education
Statement of Financial Position
as at 30 June 2021

	Notes	2021 Actual \$'000	2020 Actual \$'000
Current assets			
Cash and cash equivalents	C1	1 242 650	906 997
Receivables	C2	138 247	91 271
Inventories		1 961	2 783
Other current assets		89 202	117 316
Total current assets		1 472 060	1 118 367
Non-current assets			
Property, plant and equipment	C3-1	22 848 095	21 339 577
Right-of-use assets		6 272	6 568
Intangible assets		31 603	31 955
Total non-current assets		22 885 970	21 378 100
Total assets		24 358 030	22 496 467
Current liabilities			
Payables	C4	580 672	401 306
Borrowings	C5	8 374	7 691
Lease liabilities		582	588
Accrued employee benefits	C7	121 458	118 655
Other current liabilities		70 975	81 703
Total current liabilities		782 061	609 943
Non-current liabilities			
Borrowings	C5	373 499	381 873
Lease liabilities		6 084	6 319
Total non-current liabilities		379 583	388 192
Total liabilities		1 161 644	998 135
Net assets		23 196 386	21 498 332
Equity			
Contributed equity	C8-1	5 217 975	4 617 161
Accumulated surplus		400 491	243 174
Asset revaluation surplus	C8-3	17 577 920	16 637 997
Total equity		23 196 386	21 498 332

The accompanying notes form part of these statements.

Department of Education – Statement of Assets and Liabilities by Major Departmental Service
as at 30 June 2021

	Early Childhood Education and Care		School Education		Industrial Relations		Racing		General - not attributed		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets												
Cash and cash equivalents	-	-	655 457	619 428	24 398	16 710	-	-	562 795	270 859	1 242 650	906 997
Receivables	3 257	1 894	131 467	87 979	3 317	1 398	206	-	-	-	138 247	91 271
Inventories	-	-	1 961	2 783	-	-	-	-	-	-	1 961	2 783
Other current assets	300	505	87 008	114 757	1 891	2 054	3	-	-	-	89 202	117 316
Total current assets	3 557	2 399	875 893	824 947	29 606	20 162	209	-	562 795	270 859	1 472 060	1 118 367
Non-current assets												
Property, plant and equipment	109 569	106 578	22 736 093	21 229 798	2 433	3 201	-	-	-	-	22 848 095	21 339 577
Right-of-use assets	-	-	6 272	6 568	-	-	-	-	-	-	6 272	6 568
Intangible assets	454	-	29 296	29 942	1 853	2 013	-	-	-	-	31 603	31 955
Total non-current assets	110 023	106 578	22 771 661	21 266 308	4 286	5 214	-	-	-	-	22 885 970	21 378 100
Total assets	113 580	108 977	23 647 554	22 091 255	33 892	25 376	209	-	562 795	270 859	24 358 030	22 496 467
Current liabilities												
Payables	2 717	1 751	573 337	396 657	4 616	2 898	2	-	-	-	580 672	401 306
Borrowings	-	-	8 374	7 691	-	-	-	-	-	-	8 374	7 691
Lease liabilities	-	-	582	588	-	-	-	-	-	-	582	588
Accrued employee benefits	1 137	1 044	116 062	113 557	4 173	4 054	86	-	-	-	121 458	118 655
Other current liabilities	32	16	70 745	81 594	198	93	-	-	-	-	70 975	81 703
Total current liabilities	3 886	2 811	769 100	600 087	8 987	7 045	88	-	-	-	782 061	609 943
Non-current liabilities												
Borrowings	-	-	373 499	381 873	-	-	-	-	-	-	373 499	381 873
Lease liabilities	-	-	6 084	6 319	-	-	-	-	-	-	6 084	6 319
Total non-current liabilities	-	-	379 583	388 192	-	-	-	-	-	-	379 583	388 192
Total liabilities	3 886	2 811	1 148 683	988 279	8 987	7 045	88	-	-	-	1 161 644	998 135

Department of Education
Statement of Changes in Equity
for the year ended 30 June 2021

	Notes	Accumulated surplus	Asset revaluation surplus	Contributed equity	Total
		\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2019		290 758	15 848 920	3 942 442	20 082 120
Retrospective changes upon adoption of AASB 15 and AASB 1058		(48 898)	-	-	(48 898)
Balance as at 1 July 2019 - restated		241 860	15 848 920	3 942 442	20 033 222
Operating result					
Operating result from continuing operations		1 314	-	-	1 314
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus		-	789 077	-	789 077
Total comprehensive income for the year		1 314	789 077	-	790 391
Transactions with owners as owners					
- Appropriated equity injections	C8-2	-	-	674 719	674 719
Net transactions with owners as owners		-	-	674 719	674 719
Balance as at 30 June 2020		243 174	16 637 997	4 617 161	21 498 332
Balance as at 1 July 2020					
Balance as at 1 July 2020		243 174	16 637 997	4 617 161	21 498 332
Operating result					
Operating result from continuing operations		157 317	-	-	157 317
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus		-	939 923	-	939 923
Total comprehensive income for the year		157 317	939 923	-	1 097 240
Transactions with owners as owners					
- Appropriated equity injections	C8-2	-	-	600 814	600 814
Net transactions with owners as owners		-	-	600 814	600 814
Balance as at 30 June 2021		400 491	17 577 920	5 217 975	23 196 386

The accompanying notes form part of these statements.

Department of Education
Statement of Cash Flows
for the year ended 30 June 2021

	2021	2020
Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Inflows:</i>		
Service appropriation receipts	9 593 602	9 402 206
User charges and fees	347 220	423 055
Grants and contributions	187 359	180 938
Interest receipts	4 803	9 188
GST input tax credits from ATO	269 361	278 472
GST collected from customers	19 548	17 570
Other	68 362	40 086
<i>Outflows:</i>		
Employee expenses	(7 726 788)	(7 756 245)
Supplies and services	(1 208 199)	(1 516 505)
Grants and subsidies	(293 285)	(311 622)
Finance/borrowing costs	(19 785)	(22 008)
GST paid to suppliers	(270 087)	(278 601)
GST remitted to ATO	(18 466)	(18 008)
Other	(69 448)	(68 967)
Net cash provided by operating activities	884 197	379 559
CF-1		
CASH FLOWS FROM INVESTING ACTIVITIES		
<i>Inflows:</i>		
Sales of property, plant and equipment	801	612
<i>Outflows:</i>		
Payments for property, plant and equipment	(1 141 680)	(1 165 631)
Net cash used in investing activities	(1 140 879)	(1 165 019)
CASH FLOWS FROM FINANCING ACTIVITIES		
<i>Inflows:</i>		
Proceeds from borrowings	-	-
Equity injections	600 814	674 719
<i>Outflows:</i>		
Repayments of borrowings	(7 691)	(7 121)
Lease payments	(788)	(651)
Net cash provided by financing activities	592 335	666 947
Net increase/(decrease) in cash and cash equivalents		
	335 653	(118 513)
Cash and cash equivalents - opening balance	906 997	1 025 510
Cash and cash equivalents - closing balance	1 242 650	906 997
C1		

The accompanying notes form part of these statements.

Department of Education
Statement of Cash Flows
for the year ended 30 June 2021

NOTES TO THE STATEMENT OF CASH FLOWS

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

	2021 \$'000	2020 \$'000
Operating surplus/(deficit)	157 317	1 314
<i>Non-cash items included in operating result:</i>		
Depreciation and amortisation expense	607 956	534 704
Loss on disposal of property, plant and equipment	1 062	6 694
Donated assets received	(20 878)	(17 399)
Changes in accounting policies	-	(43 000)
Bad debts and impairment losses/(gains)	(14 674)	7 312
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in GST input tax credits receivable	342	(567)
(Increase)/decrease in net operating receivables	(47 318)	37 073
(Increase)/decrease in inventories	822	(270)
(Increase)/decrease in other current assets	28 114	(84 890)
Increase/(decrease) in other current liabilities	(10 728)	42 122
Increase/(decrease) in GST payable	14	1
Increase/(decrease) in payables	179 365	22 270
Increase/(decrease) in accrued employee benefits	2 803	(125 805)
Net cash provided by operating activities	884 197	379 559

CF-2 Changes in liabilities arising from financing activities

	---- Non-cash changes ----			---- Cash flows ----		Closing balance 2020 \$'000
	Closing balance 2019 \$'000	Changes in accounting policies / prior year adjustments \$'000	Other adjustments \$'000	Cash received \$'000	Cash repayments \$'000	
Leases	396 685	(396 685)	-	-	-	-
Borrowings	-	396 685	-	-	(7 121)	389 564
Lease liabilities	-	7 086	472	-	(651)	6 907
Total	396 685	7 086	472	-	(7 772)	396 471

	Transfers (to)/from other Queensland Government Entities			Cash received \$'000	Cash repayments \$'000	Closing balance 2021 \$'000
	Closing balance 2020 \$'000	\$'000	Other adjustments \$'000			
Borrowings	389 564	-	-	-	(7 691)	381 873
Lease liabilities	6 907	-	547	-	(788)	6 666
Total	396 471	-	547	-	(8 479)	388 539

Further details are provided in Note C5.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

**SECTION 1
ABOUT THE DEPARTMENT AND THIS FINANCIAL REPORT**

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

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

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

Education House
30 Mary Street
Brisbane QLD 4000

A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS

The department has prepared these general purpose financial statements:

- In compliance with s.38 of the *Financial and Performance Management Standard 2019*
- In compliance with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2020
- In accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities
- On an accrual basis.

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

A1-3 PRESENTATION

Currency and rounding

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

Comparatives

Comparative information reflects the audited 2019-20 financial statements.

Current/non-current classification

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

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

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

A1-4 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

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

A1-5 BASIS OF MEASUREMENT

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

- Land, buildings, heritage building assets which are measured at fair value
- 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 2020-21, and details of any transferred assets, liabilities, equity and appropriation revenue, including those associated with machinery-of-government changes that occurred on 1 December 2020, are detailed in Note A3 (transfer of Racing from the Department of State Development, Infrastructure, Local Government and Planning [the former Department of Local Government, Racing and Multicultural Affairs]).

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

A1-7 FINANCIAL IMPACTS FROM COVID-19 PANDEMIC

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

- Some reductions in revenues for full fee paying overseas students, compared to pre-COVID levels and waivers of rent charged by schools to organisations such as outside school hours care providers
- There also have been reductions in travel costs which have been offset by additional costs in areas such as cleaning and information communication and technology costs
- Financial guarantees disclosed in note D2 Contingencies have been assessed and management does not expect that the guarantees will be called upon within the terms of the loans
- The department's land holdings are measured at fair value with reference to market prices. The State Valuation Service have advised, based on currently available information, that there is in general no material change observable in the land asset values provided. An exception relates to inner city land holdings which have been affected due to low sales volumes and uncertainty in the market with developers hesitant to commit to developing high density sites, which has resulted in a fall in value for these particular land holdings.

A2 DEPARTMENTAL OBJECTIVES

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

This contributes to the Queensland Government's objectives for the community *Our Future State: Advancing Queensland's Priorities* to:

- Create jobs in a strong economy - supporting young Queenslanders to engage in education, training or work, and funding racing industry activities
- Give all our children a great start - developing and implementing a whole-of-government Early Years Plan to support Queensland children's early learning and development
- Keep Queenslanders healthy - enhancing student wellbeing by promoting resilience and educating students about respectful relationships
- Keep communities safe - continuing to meet the diverse needs of Queensland workplaces and communities through legislative compliance, enforcement, education and engagement activities across the state.

The department is funded for the departmental services it delivers principally by parliamentary appropriations.

The major services delivered by the department are as follows:

Early childhood education and care

Engaging children in quality early years programs that support learning and development and making successful transitions to school.

School education

Preparing Queensland students for their future in the knowledge-based economy and as valuable contributors to the global community.

Office of Industrial Relations

Responsibility for regulatory frameworks, policy advice and compliance activities for workplace safety, electrical safety, industrial relations and workers' compensation to make Queensland work and workplaces safer, fairer and more productive.

Racing

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

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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

A3 MACHINERY-OF-GOVERNMENT CHANGES

Transfers in – Controlled activities

- Details of transfer: Resources Safety and Health Serious Prosecutions (RSHSP) unit transferred from the Department of Natural Resources, Mines and Energy to the Office of Industrial Relations (OIR)
Basis of transfer: Public Service Departmental Arrangements Notice (No.2) dated 19 June 2020
Date of transfer: 1 July 2020

Five unbudgeted full time equivalent (FTE) staff transferred to the Work Place Health and Safety Prosecutors Office within OIR. A Service Level Arrangement has been established between Resources Safety and Health Queensland and OIR to recover costs for the 5 FTE's and any supplies and services incurred to operate the RSHSP unit.

- Details of transfer: Racing from the Department of State Development, Infrastructure, Local Government and Planning (the former Department of Local Government, Racing and Multicultural Affairs)
Basis of transfer: Public Service Departmental Arrangements Notice (No.4) dated 12 November 2020
Date of transfer: 1 December 2020

There were no assets and liabilities transferred as a result of this change.

Budgeted appropriation revenue of \$17.445 million was reallocated from Department of Local Government, Racing and Multicultural Affairs to the Department of Education as part of the machinery-of-government changes.

Transfers in – Administered activities

- Details of transfer: Racing from the Department of State Development, Infrastructure, Local Government and Planning (the former Department of Local Government, Racing and Multicultural Affairs)
Basis of transfer: Public Service Departmental Arrangements Notice (No.4) dated 12 November 2020
Date of transfer: 1 December 2020

There were no assets and liabilities transferred as a result of this change.

Budgeted appropriation revenue of \$35.432 million was reallocated from Department of Local Government, Racing and Multicultural Affairs to the Department of Education as part of the machinery-of-government changes.

A4 CONTROLLED ENTITIES

The following entity is controlled by the department:

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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

**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

	2021	2020
	\$'000	\$'000
Budgeted appropriation revenue	9 621 435	9 325 328
Treasurer's Advance	-	2 000
Transfers from/to other headings (variation in headings)	(27 833)	49 342
Unforeseen expenditure	-	25 536
Total appropriation receipts (cash)	9 593 602	9 402 206
Less: Opening balance of appropriation revenue receivable	-	(1 811)
Plus: Effect of adoption of new accounting standards	-	1 811
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	24 898	39 071
Less : Closing balance of deferred appropriation payable to Consolidated Fund	(136 068)	(24 898)
Appropriation revenue recognised in statement of comprehensive income	9 482 432	9 416 379

Accounting policy – Appropriation revenue

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

B1-2 USER CHARGES AND FEES

	2021	2020
	\$'000	\$'000
Student fees	57 159	73 529
General fees	63 545	65 684
Student Resource Scheme fees	92 323	91 823
Excursion fees	70 051	50 782
Other fees and commissions	264	573
Property income	23 643	26 289
Sales revenue	67 699	60 066
Workers' Compensation Self-insurer levies	10 554	10 237
Electrical Licensing Registration fees	5 917	6 473
Service delivery	8 496	8 236
Total	399 651	393 692

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 2021

B1 REVENUE (continued)

B1-2 USER CHARGES AND FEES (continued)

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

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

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

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

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

B1-3 GRANTS AND CONTRIBUTIONS

	2021	2020
	\$'000	\$'000
Contributions from WorkCover	110 040	102 927
Contributions from external parties	42 477	42 613
Grants from the Australian Government	11 610	11 068
Grants from other State Government departments	3 970	3 849
Special purpose capital grants	5 896	5 885
Goods and services received below fair value	1 812	1 803
Donations - cash	11 821	18 837
Donations - other assets ⁽¹⁾	20 878	11 514
Total	208 504	198 496

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

Accounting policy – Grants and contributions

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

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

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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2021 \$'000	2020 \$'000
Employee benefits		
Teachers' salaries and allowances	4 608 860	4 527 086
Public servants' and other salaries and allowances *	835 940	889 187
Teacher aides' salaries	568 752	566 761
Cleaners' salaries and allowances	238 931	219 723
Janitors'/groundstaff salaries and allowances	66 581	64 937
Employer superannuation contributions	804 950	796 563
Annual leave levy/expense	239 335	231 736
Long service leave levy/expense	153 770	150 259
Other employee benefits	4 603	878
Employee related expenses		
Fringe benefits tax	2 113	2 906
Workers' compensation premium	83 565	74 223
Staff transfer costs	17 470	14 784
Staff rental accommodation	34 341	31 999
Staff training	32 482	32 624
Total	7 691 693	7 603 666

* In 2019-20, this category included \$86.845 million for all employee groups (Teachers, Public Servants, Teacher aides, Cleaners and Janitors/groundstaff) who received \$1,250 payable as an one-off, pro-rata amount for reaching an in-principle agreement to the current DoE certified enterprise bargaining agreements, for 69,476 full-time equivalent employees (announced in September 2019).

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

	2021 No.	2020 No.
Full-Time Equivalent Employees	75 297	73 971

Accounting policy

Wages and salaries

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

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

Sick leave

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

Annual leave and long service leave

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

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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

B2 EXPENSES (continued)

B2-1 EMPLOYEE EXPENSES (continued)

Superannuation

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

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

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

Workers' compensation premiums

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

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

B2-2 SUPPLIES AND SERVICES

	2021	2020
	\$'000	\$'000
Building maintenance	296 778	264 491
Utilities	201 264	209 008
Equipment and building refurbishment	272 248	376 505
Contractors and consultants	55 807	79 313
Contractors and consultants - in-school costs	67 964	62 404
Materials and running costs	125 660	186 073
Student course supplies and excursion admission costs	154 786	157 597
Payments to shared service provider/inter-agency services	1 954	2 140
Computer costs	95 207	87 786
Office accommodation	40 097	40 537
Travel	9 445	12 745
Travel - school and student	14 067	24 543
Lease expenses	1 893	1 845
Total	1 337 170	1 504 987

Accounting policy – Distinction between grants and procurement

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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

B2 EXPENSES (continued)

B2-3 GRANTS AND SUBSIDIES

	2021	2020
	\$'000	\$'000
Recurrent		
Early childhood education and care grants and subsidies	221 493	218 377
Other grants and allowances	69 646	90 442
Capital		
Grants to external organisations	2 546	-
Total	293 685	308 819

B2-4 OTHER EXPENSES

	2021	2020
	\$'000	\$'000
Insurance premiums - QGIF	25 853	25 585
External audit fees ⁽¹⁾	706	624
Loss on disposal of property, plant and equipment	1 062	6 694
Special payments:		
Ex-gratia payments - general ⁽²⁾	30	53
Court awarded damages	345	850
Penalty interest payment	1	1
Payments to other government departments ⁽³⁾	40 863	40 170
Other	1 664	1 683
Total	70 524	75 660

(1) Total external audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial year are \$0.727 million (2019-20: \$0.727 million). There are no non-audit services included in this amount.

(2) Special payments represent ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. The department made one special payment during 2020-21 (that was in excess of \$5,000) in order to cover costs of repairs for damage to a property that is adjacent to departmental school's grounds.

(3) Payments to other government departments 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 2021

**SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION**

C1 CASH AND CASH EQUIVALENTS

	2021	2020
	\$'000	\$'000
Cash on hand	132	118
Cash at bank	1 242 518	906 879
Total	1 242 650	906 997

Accounting policy – Cash and cash equivalents

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

Departmental bank accounts (excluding school bank accounts) are grouped within the whole-of-government set-off arrangement with the Queensland Treasury Corporation and do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund.

C2 RECEIVABLES

	2021	2020
	\$'000	\$'000
Current		
Trade receivables	77 469	68 077
Less: Allowance for impairment of trade receivables	(17 683)	(36 150)
	59 786	31 927
GST receivable	27 883	28 225
GST payable	(14)	-
	27 869	28 225
Employee leave reimbursements	49 327	30 526
Other	1 256	587
Loans and advances	9	6
Total	138 247	91 271

Disclosure – Movement in loss allowance for trade receivables

	2021	2020
	\$'000	\$'000
Balance at 1 July	36 150	34 138
Expected credit losses expense/(gains)	(14 697)	7 291
Bad debts written-off	(3 770)	(5 279)
Balance at 30 June	17 683	36 150

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

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 i.e. the agreed purchase/contract price. Settlement of trade debtors is required within 30 days from invoice date.

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

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

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

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

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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

C3 PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION EXPENSE

C3-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

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

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

Property, plant and equipment reconciliation 2020	at Fair Value			Leased assets 2020 \$'000	at Cost		Total 2020 \$'000
	Land	Buildings	Heritage and cultural 2020 \$'000		Plant and equipment 2020 \$'000	Work in progress 2020 \$'000	
	2020 \$'000	2020 \$'000	2020 \$'000		2020 \$'000	2020 \$'000	
Gross	5 779 527	22 990 268	65 475	-	658 856	633 994	30 128 120
Less: Accumulated depreciation	-	(8 305 710)	(42 804)	-	(440 029)	-	(8 788 543)
Carrying amount at 30 June 2020	5 779 527	14 684 558	22 671	-	218 827	633 994	21 339 577
<i>Represented by movements in carrying amount:</i>							
Carrying amount at 1 July 2019	5 780 277	12 629 095	19 075	681 928	223 114	585 403	19 918 892
Acquisitions (including upgrades)	11 189	693 796	739	-	52 857	395 089	1 153 670
Donations received	-	10 699	-	-	491	-	11 190
Disposals	(1 892)	(3 177)	-	-	(2 234)	-	(7 303)
Donations made	-	-	-	-	(3)	-	(3)
Transfers between asset classes	13 787	1 012 538	-	(681 928)	2 101	(346 498)	-
Net revaluation increments/(decrements) in asset revaluation surplus	(23 834)	808 917	3 994	-	-	-	789 077
Depreciation	-	(467 310)	(1 137)	-	(57 499)	-	(525 946)
Carrying amount at 30 June 2020	5 779 527	14 684 558	22 671	-	218 827	633 994	21 339 577

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

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

C3-2 RECOGNITION AND ACQUISITION

Accounting policy

Basis of capitalisation and recognition thresholds

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

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

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

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

Cost of acquisition

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

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

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

C3-3 MEASUREMENT

Accounting policy

Fair Value measurement

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

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

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

Valuation of property, plant and equipment

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

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

The cost 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.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

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

C3-3 MEASUREMENT (continued)

Accounting policy (continued)

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

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

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

Use of specific appraisals

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

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

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

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

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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

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

C3-3 MEASUREMENT (continued)

Accounting policy (continued)

Land valuations

<i>Effective Date of Last Specific Appraisal:</i>	30 June 2021 by the State Valuation Service
<i>Valuation Approach:</i>	Market-based assessment. Fair Value Hierarchy Level 2.
<i>Inputs:</i>	The fair value of land involved physical inspection and reference to publicly available data on recent sales of similar land in nearby localities in accordance with industry standards.
<i>Current Year Valuation Activity:</i>	<p>Approximately one quarter of the department's land was comprehensively valued. In determining the values, adjustments were made to the sales data to take into consideration the location of the department's land, its size, street/road frontage and access, and any significant restrictions. The extent of the adjustments made varies in significance for each parcel of land.</p> <p>Desktop valuations were also performed by the State Valuation Service on 14 sites that have exhibited volatile price movements over the last three years.</p> <p>The remaining three quarters of the land assets were indexed to ensure that values reflect fair value as at the reporting date. This involved the selection of a sample of 182 properties from the 17 districts across the state that were not independently valued in 2020-21. The State Valuation Service then provided indices for each of these sites based on recent market transactions for local land sales. The department then uses the sampled indices to create a weighted average for each district. These indices decreased the value of land in these districts by 0.01%.</p>

Buildings valuations

<i>Effective Date of Last Specific Appraisal:</i>	30 June 2021 by the State Valuation Service
<i>Valuation Approach:</i>	All purpose-built facilities are valued at current replacement cost, as there is no active market for these facilities. Fair Value Hierarchy Level 3.
<i>Inputs:</i>	The State Valuation Service conduct physical inspections and apply construction rates from the State School Costing Manual provided by GRC Quantity Surveyors.
<i>Current Year Valuation Activity:</i>	<p>Approximately one quarter of the department's buildings were independently valued. The current replacement cost was based on standard school buildings and specialised fit-out constructed by the department, adjusted for more contemporary design/construction approaches. Significant judgement was also used to assess the remaining service potential of these facilities, including the current physical condition of the facility.</p> <p>The remaining three quarters were indexed using the Building Price Index provided by GRC Quantity Surveyors. The change in the Building Price Index (June 2020 to June 2021) was a 4.49% increase. Because of the department's continuing investment in general and specific priority maintenance, the condition of the assets are not expected to deteriorate significantly between comprehensive valuations.</p>

Heritage buildings assets valuations

<i>Effective Date of Last Specific Appraisal:</i>	30 June 2021 by the State Valuation Service
<i>Valuation Approach:</i>	As there is no active market for these assets, fair value was determined using the current replacement cost approach. Fair Value Hierarchy Level 3.
<i>Inputs:</i>	Estimating the cost to reproduce the items with features and materials of the original items, with substantial adjustments made to take into consideration the items' heritage restrictions and characteristics.
<i>Current Year Valuation Activity:</i>	Approximately one quarter of the department's heritage and cultural assets were independently valued. The remaining three quarters were indexed using the Building Price Index provided by GRC Quantity Surveyors.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

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

C3-4 DEPRECIATION EXPENSE

Accounting policy

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

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

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

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

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

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

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

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

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

Depreciation Rates

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

Current useful life (years) reported in financial statements

Class	Current useful life (years)
Buildings - Fabric	60 - 80
Buildings - Fit-out	25
Buildings - Plant	25
Buildings - Demountable buildings, sheds and covered areas	40
Buildings - Land improvements (including sporting facilities)	15 - 80
Heritage and Cultural Assets (Buildings)	80
Heritage and Cultural Assets (Cultural works of art)	50 - 100
Plant and equipment - Computer equipment	5
Plant and equipment - Office equipment	5 - 20
Plant and equipment - Musical instruments and craft equipment	20
Plant and equipment - Plant and machinery	5 - 25
Plant and equipment - Sporting equipment	10

C3-5 IMPAIRMENT

Accounting policy

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

An impairment loss is recognised immediately in the Statement of Comprehensive Income, except for land and buildings where any impairment loss would be offset against the asset revaluation reserve surplus of the relevant class.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

C4 PAYABLES

	2021 \$'000	2020 \$'000
Current		
Trade creditors	184 048	73 426
Capital creditors	257 987	243 018
FBT and other taxes	671	58 469
Grants and subsidies payable	1 670	1 267
Deferred appropriation payable to Consolidated Fund	136 068	24 898
Other	228	228
Total	580 672	401 306

Accounting policy

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

C5 BORROWINGS

	2021 \$'000	2020 \$'000
Current		
Finance liability - private provision of public infrastructure	8 374	7 691
Total	8 374	7 691
Non-current		
Finance liability - private provision of public infrastructure	373 499	381 873
Total	373 499	381 873

Accounting policy

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

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

C5-1 FINANCE LIABILITY AND COMMITMENTS

Finance liability terms and conditions

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

Interest rates

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

The implicit interest rate for the finance liabilities ranges from 2.87% to 15.99% (2019-20: 2.87% to 15.99%).

C5-2 DISCLOSURE ABOUT SENSITIVITY TO INTEREST RATE MOVEMENTS

Interest rate sensitivity analysis evaluates the outcome on profit or loss if interest rates would change by +/- 0.25% from the year-end rates applicable to the department's financial assets and liabilities. With all other variables held constant, the department would have a surplus and equity increase/(decrease) of \$2.541 million (2019-20 \$1.693 million).

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

C5 BORROWINGS (continued)

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

	2021		2020	
	\$'000	\$'000	\$'000	\$'000
	Carrying amount	Fair Value	Carrying amount	Fair Value
Finance liability – PPPI	381 873	314 649	389 564	343 713
Total	381 873	314 649	389 564	343 713

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

C6 PUBLIC PRIVATE PARTNERSHIPS

C6-1 OTHER PUBLIC PRIVATE PARTNERSHIPS OUTSIDE AASB 1059

Some Public Private Partnerships (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

	2021	2020
	\$'000	\$'000
Assets		
Buildings (Note C3)		
Queensland Schools – Plenary	452 327	436 505
South East Queensland Schools - Aspire	249 388	242 131
Liabilities		
Financial Liabilities (Note C5)		
Queensland Schools – Plenary	184 426	187 352
South East Queensland Schools - Aspire	197 447	202 212

The department entered two PPPI agreement projects - South-East Queensland Schools – Aspire and Queensland Schools - Plenary. The two PPPI's within the table following are social infrastructure arrangements whereby the department pays for the third party use of the infrastructure asset through regular service payments to respective partners over the life of contract.

The PPPI 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.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

C6 PUBLIC PRIVATE PARTNERSHIPS (continued)

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

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 to effect the systematic write down of the liability over the term of the agreements
- financing which will be recognised as an expense when incurred
- other such as facilities management, maintenance, and insurance will be expensed when incurred.

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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

C6 PUBLIC PRIVATE PARTNERSHIPS (continued)

C6-2 OPERATING STATEMENT IMPACT

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

2020-21	Queensland Schools Plenary \$'000	South-East Queensland Schools Aspire \$'000	Total \$'000
Revenue			
Other Revenue	-	2 640	2 640
Expenses			
Depreciation	(9 643)	(6 233)	(15 876)
Interest expenses	(6 419)	(13 233)	(19 652)
Utilities	(554)	(405)	(959)
Property rates	(796)	(699)	(1 495)
Facility management	(8 210)	(14 873)	(23 083)
Insurance	(478)	(572)	(1 050)
Net impact on operating result	(26 100)	(33 375)	(59 475)
2019-20	Queensland Schools Plenary \$'000	South-East Queensland Schools Aspire \$'000	Total \$'000
Revenue			
Other Revenue	-	2 447	2 447
Expenses			
Depreciation	(9 384)	(6 072)	(15 456)
Interest expenses	(7 860)	(14 003)	(21 863)
Utilities	(445)	(371)	(816)
Property rates	(847)	(646)	(1 493)
Facility management	(7 290)	(13 694)	(20 984)
Insurance	(424)	(579)	(1 003)
Net impact on operating result	(26 250)	(32 918)	(59 168)

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

C6 PUBLIC PRIVATE PARTNERSHIPS (continued)

C6-3 ESTIMATED FUTURE CASH FLOWS

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

	South East Queensland Schools - Aspire		Queensland Schools Plenary		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash inflows						
Not later than 1 year	2 666	2 485	-	-	2 666	2 485
Later than 1 year but not later than 5 years	10 923	10 336	-	-	10 923	10 336
Later than 5 years but not later than 10 years	14 257	13 857	-	-	14 257	13 857
Later than 10 years	27 453	31 162	-	-	27 453	31 162
	<u>55 299</u>	<u>57 840</u>	<u>-</u>	<u>-</u>	<u>55 299</u>	<u>57 840</u>
Cash outflows						
Not later than 1 year	(34 375)	(34 562)	(20 350)	(19 074)	(54 725)	(53 636)
Later than 1 year but not later than 5 years	(145 041)	(145 936)	(84 638)	(88 273)	(229 679)	(234 209)
Later than 5 years but not later than 10 years	(198 180)	(204 217)	(134 575)	(161 582)	(332 755)	(365 799)
Later than 10 years	(325 260)	(388 914)	(376 068)	(471 755)	(701 328)	(860 669)
	<u>(702 856)</u>	<u>(773 629)</u>	<u>(615 631)</u>	<u>(740 684)</u>	<u>(1 318 487)</u>	<u>(1 514 313)</u>

C7 ACCRUED EMPLOYEE BENEFITS

	2021 \$'000	2020 \$'000
Annual leave levy payable	63 016	60 552
Long service leave levy payable	38 594	37 638
Accrued salaries and wages	18 111	19 008
Paid parental leave	1 299	1 002
Other accrued employee benefits	438	455
Total	<u>121 458</u>	<u>118 655</u>

Accounting policy

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

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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

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

C8-2 APPROPRIATIONS RECOGNISED IN EQUITY

Reconciliation of payments from consolidated fund to equity adjustment

	2021 \$'000	2020 \$'000
Budgeted equity adjustment appropriation	1 109 918	724 061
Transfers from/(to) other headings - variation in headings	(26 800)	(49 342)
Lapsed equity adjustment	(482 304)	-
Equity adjustment recognised in Contributed Equity	600 814	674 719

C8-3 ASSET REVALUATION SURPLUS BY ASSET CLASS

Accounting policy

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

	Land \$'000	Buildings \$'000	Heritage and Cultural \$'000	Leased Assets \$'000	Total \$'000
Balance at 1 July 2019	5 841 606	9 890 998	20 030	96 286	15 848 920
Revaluation increments/(decrements)	(23 834)	808 917	3 994	-	789 077
Transfers between classes	-	96 286	-	(96 286)	-
Balance at 30 June 2020	5 817 772	10 796 201	24 024	-	16 637 997

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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

SECTION 4
NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES

D1 FINANCIAL RISK DISCLOSURES

D1-1 FINANCIAL INSTRUMENT CATEGORIES

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

	2021	2020
Note	\$'000	\$'000
Financial assets		
Cash and cash equivalents	C1 1 242 650	906 997
Receivables	C2 138 247	91 271
Total financial assets	1 380 897	998 268
Financial liabilities		
Financial liabilities measured at amortised cost:		
Payables	C4 580 672	401 306
Lease liabilities	6 666	6 907
Borrowings	C5 381 873	389 564
Total financial liabilities at amortised cost	969 211	797 777

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

D1-2 FINANCIAL RISK MANAGEMENT

Risk exposure

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

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

Risk Exposure	Definition	Exposure and management
Credit Risk	The risk that the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of: <ul style="list-style-type: none"> Receivables (exposure disclosed at Note C2 and mainly relates to student and parent debt) which are managed by the use of a credit management strategy and regular monitoring of funds owed; and Financial guarantees provided to Parents and Citizens' Associations, Universities and Grammar Schools are managed on an ongoing basis (maximum exposure disclosed in Note D2).
Liquidity Risk	Liquidity risk refers to the department's ability to meet its obligations when they fall due.	This risk is minimal, and is managed through a combination of regular fortnightly appropriation payments, and an approved overdraft facility of \$250.0 million under Government banking arrangements to manage any cash shortfalls.
Market Risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.	The department does not trade in foreign currency and is not materially exposed to commodity price changes. The department is exposed to interest rate risk through its finance liabilities (Note C5), and cash deposited in interest bearing accounts (Note C1).

All financial risk is managed by each division under policy approved by the Executive Management Board, and established and coordinated by Policy Performance and Planning Branch and Finance Branch.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

D1 FINANCIAL RISK DISCLOSURES (continued)

D1-3 LIQUIDITY RISK – CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES

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

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

	2020 Payable in			Total
	<1 year	1 - 5 years	> 5 years	
	\$'000	\$'000	\$'000	
Financial liabilities				
Payables	401 306	-	-	401 306
Lease liabilities	760	1 638	8 390	10 788
Finance liability - Borrowings	39 080	162 619	642 177	843 876
Total	441 146	164 257	650 567	1 255 970

D2 CONTINGENCIES

Litigation in progress

At 30 June 2021, the following cases were filed in courts naming the State of Queensland acting through the Department of Education as defendant:

Litigation and other claims in progress

	2021 No. of cases	2020 No. of cases
Supreme Court	17	5
District Court	15	12
Federal Court	1	3
Total	33	20

In addition, 17 cases (2019-20: 4) were filed in commissions and tribunals naming the State of Queensland acting through the Department of Education as defendant.

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

There are currently 156 (2019-20: 145) cases of general liability and 98 (2019-20: 74) WorkCover common law claims being managed by the department.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

D2 CONTINGENCIES (continued)

Financial guarantees and associated credit risks

The department has provided 24 (2019-20: 22) financial guarantees to Parents and Citizens' Associations (P&C), 6 (2019-20: 6) guarantees to Universities, and 8 (2019-20: 7) guarantees to grammar schools for a variety of loans. These guarantees have been provided over a period of time and have various maturity dates.

	2021 Remaining balance \$'000	2020 Remaining balance \$'000	Enabling legislation
Parents and Citizens' Associations	3 101	2 805	<i>Education (General Provisions) Act 2006 s.137</i>
Universities	506 688	505 479	<i>Australian National University Act 1991 s.44</i>
Grammar Schools	140 345	107 899	<i>Grammar Schools Act 2016 s.10</i>
	<u>650 134</u>	<u>616 183</u>	

Key estimate and judgement: The department assesses the fair value of financial guarantees annually as at 30 June. As at 30 June 2021 no university, grammar school or P&C had defaulted on an existing loan. The impact of COVID-19 on related statutory bodies remains uncertain. As at 30 June 2021 there were no known indications of loan default, but prolonged impacts could cause individual statutory bodies to realise operating deficits with associated deteriorating liquidity. As such, the fair value of the guarantees has not been recognised in the Statement of Financial Position.

Native title claims over departmental land

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

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

D3 COMMITMENTS

Capital expenditure commitments

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

	2021 \$'000	2020 \$'000
Buildings		
Not later than one year	532 505	510 919
Later than one and not later than five years	82 352	27 730
Later than five years	-	-
Total Capital expenditure commitments - Buildings	<u>614 857</u>	<u>538 649</u>

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

SECTION 5
NOTES ABOUT OUR PERFORMANCE COMPARED TO BUDGET

E1 BUDGETARY REPORTING DISCLOSURES

This section contains explanations of major variances between the department's actual 2020-21 financial results and the original budget presented to Parliament.

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

<i>User charges and fees:</i>	Variance of -\$30.761 million (includes reduced international education program revenue of -\$21.632 million) which is less than reported in the original budget. This relates predominantly to the continuing impacts of international activity due to the COVID-19 pandemic. Noting there was a -\$19.269 million improvement of actual revenue earned in the prior year.
<i>Grants and contributions revenue:</i>	Variance of +\$22.006 million is largely due to higher capital contributions because of an increase in donations received by schools.
<i>Supplies and services:</i>	<p>Variance of -\$160.809 million is largely attributable to lower expenditure of student course supplies -\$100.334 million; capitalisation of school expensed assets -\$40.600 million; a reduction in student related consumables -\$21.733 million; reduced international students Homestay program expenses -\$20.305 million; lower travel and accommodation costs -\$16.875 million; lower computer consumables -\$12.082 million; reduced motor vehicle hire costs -\$11.956 million and lower expenditure on contractors -\$8.184 million. Reduced expenditure was offset by increased spending on photocopying charges +\$19.345 million; stores and stationery +\$10.523 million; administration costs +\$20.045 million; publications and subscriptions +\$18.655 million and Workplace health and safety +\$3.744 million.</p> <p>The department's reduced spending on supplies and services has assisted in meeting its contribution towards the 2020-21 savings under the Government's Savings and Debt Plan.</p>
<i>Depreciation and amortisation:</i>	Variance of +\$57.353 million largely reflects the impact of end of year asset revaluations and the increase in depreciable assets associated with the department's capital program.
<i>Increase in asset revaluation surplus:</i>	Variance of +\$287.504 million is attributable to higher comprehensive revaluation outcomes for buildings 6.38%, instead of the budgeted 3.61% increase, which is partially offset by a minor reduction in land valuations.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

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

F1 ADMINISTERED ACTIVITIES

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

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

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

F1-1 SCHEDULE OF ADMINISTERED INCOME AND EXPENDITURE

	2021	2021	2020	2020
	Notes	Original Budget	Budget Variance	\$'000
	\$'000	\$'000	\$'000	\$'000
Administered income				
<u>Fees and charges</u>				
Fees and charges	69 155	57 374	11 781	66 255
Other revenue	-	285	(285)	-
<u>Grants and contributions</u>				
Recurrent				
Specific purpose - Commonwealth	3 176 454	3 067 593	108 861	3 151 549
Appropriation revenue *	4 213 673	4 113 628	100 045	4 069 295
Total administered income	7 459 282	7 238 880	220 402	7 287 099
Administered expenses				
<u>Grants and subsidies</u>				
Recurrent				
Commonwealth Government				
Non-state schools	3 176 454			3 151 549
State Government				
Non-state schools	758 658			716 936
Textbook and resource allowance	68 308			66 149
Statutory bodies (curriculum)	109 307			34 756
Capital				
State Government				
Non-state and other external organisations	100 946			99 905
	4 213 673	4 113 625	100 048	4 069 295
Supplies and services	-	3	(3)	90
Losses on disposal/ remeasurement of assets	-	21	(21)	(142)
Transfers of administered income to government **	3 245 609	3 125 231	120 378	3 217 856
Total administered expenses	7 459 282	7 238 880	220 402	7 287 099
Operating surplus/(deficit)	-	-	-	-

* This appropriation revenue is provided in cash via Queensland Treasury and funds activities/ expenses that the department administers on behalf of the Government.

** 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 2021

F1 ADMINISTERED ACTIVITIES (continued)

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

	2021 \$'000	2020 \$'000
Budgeted appropriation	3 994 281	3 807 436
Transfers from/(to) other headings	54 633	-
Unforeseen expenditure	-	406 862
Total administered receipts	4 048 914	4 214 298
Plus opening balance of administered unearned revenue	119 347	-
Less closing balance of administered unearned revenue	-	(119 347)
Less opening balance of administered revenue receivable	-	(25 656)
Plus closing balance of administered revenue receivable	45 412	-
Administered income recognised in Note F1-1	4 213 673	4 069 295

F1-3 SCHEDULE OF ADMINISTERED ASSETS AND LIABILITIES

	2021 Actual \$'000	2020 Actual \$'000
Administered current assets		
Cash at bank	125	120 108
Appropriation receivable	45 412	-
Trade receivable	8 315	10 585
GST input tax credits receivable	2	-
Total administered current assets	53 854	130 693
Administered current liabilities		
Overdraft facilities	45 165	-
Revenue payable to Government	8 436	11 131
Other payable	42	4
Unearned administered appropriation	-	119 347
Total administered current liabilities	53 643	130 482
Net administered assets/ liabilities	211	211

F1-4 ADMINISTERED ACTIVITIES – BUDGET TO ACTUAL VARIANCE ANALYSIS

This note contains an explanation of major variances between 2020-21 actual results and the original budget for the department's major classes of administered income and expenses.

Fees and Charges: Variance of +\$11.781 million is mainly due to higher Office of Industrial Relations collections including +\$6.545 million for QLeave Portable Long Service Leave as a result of higher construction activity; and for occupational licencing +\$1.356 million mainly due to higher than expected labour hire licencing fees resulting from increased compliance activity.

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

F2 TRUST TRANSACTIONS AND BALANCES

(a) Educational bequests

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

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

No fees are received by the department for providing trustee services for these funds.

	2021 \$'000	2020 \$'000
Trust Account - Educational bequests		
Opening balance - cash	210	227
Revenue - return on investment term deposit	1	4
Expense - Iwasaki Sangyo prize	(10)	(21)
Closing balance - cash	201	210

(b) Industrial Relations collections

	2021 \$'000	2020 \$'000
District Industrial Inspectors' Collection Accounts		
<i>Industrial Relations Act 1999 s.358</i>		
Opening balance - cash	6	-
Revenue - recovered wages	5	33
Expense - payments to workers	(4)	(27)
Closing balance - cash	7	6

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

	2021 \$'000	2020 \$'000
In-scope Electrical Equipment (Registration Fees) Fund		
<i>Electrical Safety Act 2002 s.204A</i>		
Opening balance - cash	7 509	7 528
Revenue - registration fees and interest	2 604	1 727
Expense - jurisdiction transfer payments and costs	(2 035)	(1 746)
Closing balance - cash	8 078	7 509

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

The prior year comparative numbers have been restated to include expense transfers out of \$1.986 million in funds collected to participating jurisdictions that were omitted from the reported figures.

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 2021

**SECTION 7
OTHER INFORMATION**

G1 KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION

Details of key management personnel

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

The following details for non-Ministerial key management personnel includes those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2020-21 and 2019-20. Further information regarding the department's Key Management Personnel can be found in the body of the Annual Report under the section relating to Governance.

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

* For the 2020-21 financial year, the incumbent position holder of Deputy Director-General, Corporate Services has been on extended leave for the whole financial year.

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

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

Key management personnel remuneration policies

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

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

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

G1 KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION (continued)

Key management personnel remuneration policies (continued)

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

Remuneration expenses for those KMP comprise the following components:

Short term employee expenses including:

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

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

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

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

Key management personnel remuneration expenses

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

2020-21

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000				
Director-General	542	0	13	66	0	621
Deputy Director-General, Corporate Services (Acting from 01/07/2020 to 30/05/2021) Deputy Director-General, Infrastructure Services Division (Acting from 31/05/2021 to 30/06/2021)	271	7	7	25	0	310
Deputy Director-General, Early Childhood and Education Improvement	250	9	6	28	0	293
Deputy Director-General, Policy, Performance and Planning	279	8	7	33	0	327
Deputy Director-General, State Schools	260	8	6	30	0	304
Deputy Director-General, Office of Industrial Relations	290	2	8	27	0	327
Deputy Director-General, People and Executive Services (Appointed 13/10/2020)	213	4	5	24	0	246
Assistant Director-General, Finance and Chief Finance Officer (Acting from 01/07/2020 to 30/06/2021)	218	8	5	24	0	255

Department of Education
Notes to the Financial Statements
for the year ended 30 June 2021

G1 KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION (continued)

Key management personnel remuneration expenses (continued)

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000				
Regional Director (rotating representative) (to 31/12/2020)	118	0	3	13	0	134
Regional Director (rotating representative) (from 01/01/2021)	115	0	3	13	0	131

2019-20

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	550	0	13	68	0	631
Deputy Director-General, Corporate Services	308	6	7	34	0	355
Deputy Director-General, Early Childhood and Education Improvement	259	0	6	29	0	294
Deputy Director-General, Policy, Performance and Planning	266	6	7	34	0	313
Deputy Director-General, State Schools	270	6	7	31	0	314
Deputy Director-General, Office of Industrial Relations *	308	5	7	27	0	347
Deputy Director-General, People and Executive Services (Position Created 16/03/2020) *						
Assistant Director-General, Finance and Chief Finance Officer	236	7	6	25	0	274
Regional Director (rotating representative) (to 31/12/2019)	125	0	3	14	0	142
Regional Director (rotating representative) (from 01/01/2020)	122	0	3	13	0	138

* The role of Deputy Director-General, People and Executive Services was created on 16 March 2020. The roles of Deputy Director-General, People and Executive Services and Deputy Director-General, Office of Industrial Relations were being undertaken conjointly, performing dual functions within the department's respective service areas.

Performance Payments

Key Management Personnel do not receive performance or bonus payments.

G2 RELATED PARTY TRANSACTIONS

Transactions with people/ entities related to KMP

The department has no related party transactions during 2020-21 with people and entities related to Key Management Personnel.

Transactions with other Queensland Government-controlled entities

The department's primary ongoing sources of funding from Government for its services are appropriation revenue (Note B1-1) and equity injections (Note C8-2), both of which are provided in cash via Queensland Treasury. The department purchases a variety of services from the Department of Energy and Public Works including building construction and maintenance \$288.315 million (2019-20 \$249.865 million); motor vehicle fleet \$7.537 million (2019-20 \$7.211 million); office accommodation \$38.436 million (2019-20 \$37.105 million); government employee housing \$21.541 million (2019-20 \$21.201 million); and information and communication technology services from CITEC \$6.341 million (2019-20 \$5.936 million). Services relating to school transport arrangements for \$40.405 million are purchased from the Department of Transport and Main Roads.

G3 NEW AND REVISED ACCOUNTING STANDARDS

The department did not voluntarily change any of its accounting policies during 2020-21.

No Australian Accounting Standards have been early adopted for 2020-21.

Effective for the first time in 2020-21

AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 will first apply to the department's financial statements in 2020-21. This standard defines service concession arrangements and applies a new control concept to the recognition of service concession assets and related liabilities.

The department has analysed the effects of the private provision of public infrastructure arrangements and it does not consider that AASB 1059 is applicable as no services are directly delivered to the public.

New Australian Accounting Standards issued but not yet effective

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

G4 EVENTS OCCURRING AFTER THE REPORTING DATE

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

G5 TAXATION

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

G6 CLIMATE RISK DISCLOSURE

The department addresses the financial impacts of climate related risks by identifying and monitoring the accounting judgements and estimates that will potentially be affected, including asset useful lives, fair value of assets, contingent liabilities and changes to future expenses and revenues.

The department has not identified any material climate related risks relevant to the financial report at the reporting date, however constantly monitors the emergence of these risks under the Queensland Government's Climate Transition Strategy.

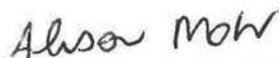
No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

Department of Education
Management Certificate
for the year ended 30 June 2021

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

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of Education for the financial year ended 30 June 2021, and of the financial position of the department at the end of that year; and

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



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



Tony Cook PSM
Director-General
Department of Education

Date: 23 August 2021

Date: 23 August 2021

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Education

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2021, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

Key audit matter

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

Valuation of Buildings (\$16.0 billion as at 30 June 2021)

Refer to note C3 in the financial report.

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

Responsibilities of the department for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

Report on other legal and regulatory requirements

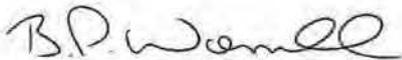
Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

Prescribed requirements scope

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



Brendan Worrall
Auditor-General

25 August 2021

Queensland Audit Office
Brisbane