

Financial statements

The Department has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2021 which provides users with the information about the Department's stewardship of resource entrusted to it. The financial information is presented in the following structure:

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Notes	2020-21 \$'000	2019-20 Restated* \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1.1	4,261,996	4,060,139
Supplies and services	3.3	1,020,651	967,911
Depreciation, amortisation and impairment expense	5.1.1, 5.2, 5.3.1, 5.4.1	231,621	242,967
Grants and subsidies	3.2	50,668	31,545
Finance costs	7.4	32,207	31,225
Other expenses	3.3	6,178	21,815
Total cost of services		5,603,321	5,355,602
Income			
Revenue			
User contributions, charges and fees	4.2	116,451	115,927
Interest revenue	4.4	16,543	22,897
Other revenue	4.5	114,492	110,763
Australian Government grants and contributions	4.3	995,831	904,957
Total revenue		1,243,317	1,154,544
Gains			
Other gains	4.6	481,679	-
Total gains		481,679	-
Total income other than income from State Government		1,724,996	1,154,544
NET COST OF SERVICES			
Income from State Government	4.1		
Service appropriation		4,305,387	4,066,784
Income from other public sector entities		22,407	9,415
Services received free of charge		17,167	19,078
Royalties for Regions Fund		25,636	26,392
Total income from State Government		4,370,597	4,121,669
SURPLUS/(DEFICIT) FOR THE PERIOD		492,272	(79,389)
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	9.13	316,038	-
Total other comprehensive income		316,038	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		808,310	(79,389)

See also the 'Schedule of Income and Expenses by Service'.

Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

* See also Note 9.5 for details regarding the restatement of comparatives

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	2020-21 \$'000	2019-20 Restated* \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7.5.1	607,803	558,952
Restricted cash and cash equivalents	7.5.2	26,102	30,247
Amounts receivable for services	6.2	18,943	19,674
Inventories	6.4	7,552	6,442
Receivables	6.1	80,430	81,558
Other current assets	6.3	13,091	10,763
Non-current assets classified as assets held for sale	9.12	25,686	3,499
Total Current Assets		779,607	711,135
Non-Current Assets			
Restricted cash and cash equivalents	7.5.2	79,569	61,323
Receivables	6.1	317,639	298,197
Amounts receivable for services	6.2	3,318,953	3,119,560
Property, plant and equipment	5.1	11,994,070	11,060,947
Service concession assets	5.4	29,218	27,611
Right-of-use assets	5.2	313,153	293,225
Intangible assets	5.3	1,346	4,733
Total Non-Current Assets		16,053,948	14,865,596
TOTAL ASSETS		16,833,555	15,576,731
LIABILITIES			
Current Liabilities			
Payables	6.5	139,742	134,530
Borrowings	7.1	37,896	34,876
Lease liabilities	7.2	26,128	32,668
Employee related provisions	3.1.2	653,916	589,440
Other provisions	6.6	19	-
Other current liabilities	6.7	18,227	11,481
Total Current Liabilities		875,928	802,995
Non-Current Liabilities			
Payables	6.5	1,562	1,004
Borrowings	7.1	342,801	328,849
Lease liabilities	7.2	322,707	305,151
Employee related provisions	3.1.2	246,444	232,268
Other provisions	6.6	3,391	189
Total Non-Current Liabilities		916,905	867,461
TOTAL LIABILITIES		1,792,833	1,670,456
NET ASSETS		15,040,722	13,906,275
EQUITY			
	9.13		
Contributed equity		14,883,793	14,557,656
Reserves		316,038	-
Accumulated surplus/(deficit)		(159,109)	(651,381)
TOTAL EQUITY		15,040,722	13,906,275

See also the 'Schedule of Assets and Liabilities by Service'.

The Statement of Financial Position should be read in conjunction with the accompanying notes.

* See also Note 9.5 for details regarding the restatement of comparatives

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Notes	Contributed equity \$'000	Reserves \$'000	Accumulated surplus/(deficit) \$'000	Total equity \$'000
Balance at 1 July 2019	9.13	14,196,703	-	(548,525)	13,648,178
Initial application of AASB 15/1058		-	-	8,993	8,993
Change in Accounting Policy (Library Collections)*		-	-	(32,460)	(32,460)
Restated balance at 1 July 2019		14,196,703	-	(571,992)	13,624,711
Surplus/(deficit)		-	-	(79,389)	(79,389)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(79,389)	(79,389)
<u>Transactions with owners in their capacity as owners:</u>					
Capital appropriations		316,737	-	-	316,737
Transfer of net assets from other agencies		1,409	-	-	1,409
Other contributions by owners		42,917	-	-	42,917
Distribution to owners		(110)	-	-	(110)
Total		360,953	-	-	360,953
Balance at 30 June 2020		14,557,656	-	(651,381)	13,906,275

	Notes	Contributed equity \$'000	Reserves \$'000	Accumulated surplus/(deficit) \$'000	Total equity \$'000
Balance at 1 July 2020	9.13	14,557,656	-	(651,381)	13,906,275
Surplus/(deficit)		-	-	492,272	492,272
Other comprehensive income		-	316,038	-	316,038
Total comprehensive income for the period		-	316,038	492,272	808,310
<u>Transactions with owners in their capacity as owners:</u>					
Capital appropriations		319,821	-	-	319,821
Transfer of net assets from other agencies		-	-	-	-
Other contributions by owners		12,810	-	-	12,810
Distribution to owners		(6,494)	-	-	(6,494)
Total		326,137	-	-	326,137
Balance at 30 June 2021		14,883,793	316,038	(159,109)	15,040,722

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

* See also Note 9.5 for details regarding the restatement of comparatives

STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Notes	2020-21 \$'000	2019-20 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service Appropriation		4,087,086	3,849,508
Capital Contribution		319,821	316,737
Holding Account Draw Downs		19,638	19,637
Royalties for Regions Fund		38,445	69,309
Funds from other public sector entities		19,528	9,600
Net cash provided by State Government		4,484,518	4,264,791
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits expense		(4,179,192)	(3,952,490)
Supplies and services		(1,007,308)	(937,350)
Grants and subsidies		(48,252)	(31,732)
Finance costs		(31,779)	(24,882)
GST payments on purchases		(139,922)	(134,857)
Loans advanced to non-government schools		(38,807)	(51,406)
Other payments		(970)	(261)
Receipts			
User contributions, charges and fees		115,528	109,066
Australian Government grants and contributions		1,007,412	906,521
Interest received		11,236	13,586
GST receipts on revenue		5,163	4,204
GST receipts from taxation authority		134,378	132,110
Repayments of loans by non-government schools		21,725	37,318
Other receipts		113,799	90,182
Net cash used in operating activities	7.5.3	(4,036,989)	(3,839,991)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments			
Purchases of non-current physical assets		(366,758)	(428,202)
Receipts			
Receipts from sale of non-current physical assets		2,984	211
Net cash provided by/(used in) investing activities		(363,774)	(427,991)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments			
Payment of lease liabilities		(37,775)	(43,529)
Repayment of borrowings		(21,725)	(37,702)
Receipts			
Proceeds from borrowings		38,697	51,406
Net cash used in financing activities		(20,803)	(29,825)
Net increase/(decrease) in cash and cash equivalents		62,952	(33,016)
Cash and cash equivalents at the beginning of the period		650,522	683,538
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.5.3	713,474	650,522

SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS

For the year ended 30 June 2021

	2020-21 Budget Estimate \$'000	2020-21 Supplementary Funding \$'000	2020-21 Revised Budget \$'000	2020-21 Actual \$'000	2020-21 Variance \$'000
DELIVERY OF SERVICES					
Item 60 Net amount appropriated to deliver services	4,255,548	48,173	4,303,721	4,303,721	-
Amount authorised by other statutes					
<i>Salaries and Allowances Act 1975 (WA)</i>	1,473	-	1,473	1,666	193
Total appropriations provided to deliver services	4,257,021	48,173	4,305,194	4,305,387	193
CAPITAL					
Item 126 Capital appropriations	306,421	-	306,421	319,821	13,400
ADMINISTERED TRANSACTIONS					
Item 61 Amount provided for Administered Grants, Subsidies and Other Transfer Payments	449,968	10,796	460,764	460,764	-
GRAND TOTAL	5,013,410	58,969	5,072,379	5,085,972	13,593

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

NOTE 1. BASIS OF PREPARATION

The Department is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The entity is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Department on 9 September 2021.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

1. *The Financial Management Act 2006* (WA) (FMA)
2. The Treasurer's Instructions (the Instructions or TI)
3. Australian Accounting Standards (AAS) including applicable interpretations
4. Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The FMA and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Reporting entity

The reporting entity comprises the Department of Education including public schools and residential colleges across the State, central and regional offices, and the Business and Customer Services Centre.

Since 1 July 2017 a newly formed Department of Education, with responsibility for government and non-government education services brought together the operations of the Department of Education, Department of Education Services and the School Curriculum and Standards Authority.

While the School Curriculum and Standards Authority continues as a statutory authority under the *School Curriculum and Standards Authority Act 1997* (WA), all staff of the three agencies became employees of the Department of Education. The Teacher Registration Board of Western Australia continued as a statutory entity.

Amalgamation of accounts

Financial information from 820 educational sites including 805 schools are amalgamated into the financial statements. The information provided by schools is generally drawn from accounts prepared on a cash basis with appropriate accrual information provided for the financial statements. All intra-entity transactions and balances between the Department and educational sites are eliminated.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior, to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 Contributions by Owners Made to Wholly Owned Public Sector Entities and have been credited directly to Contributed Equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

NOTE 2. DEPARTMENT OUTPUTS

This section includes information regarding the nature of funding the Department receives and how this funding is utilised to achieve the Department's objectives. This note also provides the distinction between controlled funding and administered funding:

	Note
Department objectives	2.1
Schedule of Income and Expenses by Service	2.2
Schedule of Assets and Liabilities by Service	2.3

2.1 Department objectives

Mission

The Department's mission is to ensure school students across Western Australia have access to high quality education.

Services

The Department provides the following services:

Service 1: Public Primary Education

This service provides access to education in public schools for persons aged generally from four years and six months to 11 years and six months.

Service 2: Public Secondary Education

This service provides access to education in public schools for persons aged generally from 11 years and six months. It includes the provision of accommodation, care and services for students from rural and remote areas who have to board away from home to attend a public school.

Service 3: Regulation and Non-Government Sector Assistance

This service provides regulatory and assistance services, as required by legislation or government policy, to support provision of quality services by non-government schools, universities and teachers across Western Australia schools. It also includes the provision of accommodation, care and services for students from rural and remote areas who have to board away from home to attend a non-government school.

Service 4: Support to the School Curriculum and Standards Authority

This service provides resources to the School Curriculum and Standards Authority to assist it to perform its statutory functions under the *School Curriculum and Standards Authority Act 1997 (WA)*.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

2.2 Schedule of Income and Expenses by Service

	Primary Education		Secondary Education		Regulation and Non-Government Sector Assistance		Support to the School Curriculum and Standards Authority		Total	
	2020-21	2019-20 Restated*	2020-21	2019-20 Restated*	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20 Restated*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
COST OF SERVICES										
Expenses										
Employee benefits expense	2,530,984	2,426,145	1,684,840	1,593,960	23,147	19,873	23,025	20,161	4,261,996	4,060,139
Supplies and services	566,277	529,229	422,249	408,319	16,464	16,631	15,661	13,732	1,020,651	967,911
Depreciation and amortisation expense	129,956	140,679	100,914	99,694	715	2,563	36	31	231,621	242,967
Grants and subsidies	7,050	6,587	19,922	6,293	23,413	18,362	283	303	50,668	31,545
Finance costs	12,588	11,113	8,717	7,517	10,900	12,593	2	2	32,207	31,225
Other expenses	3,224	11,566	2,426	9,641	528	606	-	2	6,178	21,815
Total cost of services	3,250,079	3,125,319	2,239,068	2,125,424	75,167	70,628	39,007	34,231	5,603,321	5,355,602
Income										
User contributions, charges and fees	35,323	30,622	73,645	78,309	7,478	6,992	5	4	116,451	115,927
Interest revenue	414	1,441	623	1,986	15,506	19,470	-	-	16,543	22,897
Other revenue	68,462	63,837	43,358	43,114	1,059	740	1,613	3,072	114,492	110,763
Australian Government grants and contributions	619,341	568,673	359,225	317,572	17,265	18,712	-	-	995,831	904,957
Total revenue	723,540	664,573	476,851	440,981	41,308	45,914	1,618	3,076	1,243,317	1,154,544
Gains										
Other gains	247,476	-	233,097	-	1,106	-	-	-	481,679	-
Total gains	247,476	-	233,097	-	1,106	-	-	-	481,679	-
Total income other than income from State Government	971,016	664,573	709,948	440,981	42,414	45,914	1,618	3,076	1,724,996	1,154,544
NET COST OF SERVICES	2,279,063	2,460,746	1,529,120	1,684,443	32,753	24,714	37,389	31,155	3,878,325	4,201,058
Income from State Government										
Service appropriation	2,537,459	2,381,581	1,702,488	1,630,475	28,575	23,900	36,865	30,828	4,305,387	4,066,784
Income from other public sector entities	2,066	2,555	17,772	5,626	2,569	1,234	-	-	22,407	9,415
Services received free of charge	10,478	11,659	6,633	7,294	56	59	-	66	17,167	19,078
Royalties for Regions Fund	14,372	15,124	9,902	9,671	1,362	1,597	-	-	25,636	26,392
Total income from State Government	2,564,375	2,410,919	1,736,795	1,653,066	32,562	26,790	36,865	30,894	4,370,597	4,121,669
SURPLUS/(DEFICIT) FOR THE PERIOD	285,312	(49,827)	207,675	(31,377)	(191)	2,076	(524)	(261)	492,272	(79,389)

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

* See also Note 9.5 for details regarding the restatement of comparatives

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

2.3 Schedule of Assets and Liabilities by Service

	Primary Education		Secondary Education		Regulation and Non-Government Sector Assistance		Support to the School Curriculum and Standards Authority		Total	
	2020-21	2019-20 Restated*	2020-21	2019-20 Restated*	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20 Restated*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS										
Current assets	394,692	352,049	336,240	309,504	48,132	46,551	543	3,031	779,607	711,135
Non-current assets	9,077,661	8,482,584	6,633,421	6,055,073	342,428	325,178	438	2,761	16,053,948	14,865,596
Total assets	9,472,353	8,834,633	6,969,661	6,364,577	390,560	371,729	981	5,792	16,833,555	15,576,731
LIABILITIES										
Current liabilities	512,112	465,687	319,062	295,324	42,949	39,625	1,805	2,359	875,928	802,995
Non-current liabilities	354,311	283,062	218,056	253,496	343,542	330,058	996	845	916,905	867,461
Total liabilities	866,423	748,749	537,118	548,820	386,491	369,683	2,801	3,204	1,792,833	1,670,456
NET ASSETS	8,605,930	8,085,884	6,432,543	5,815,757	4,069	2,046	(1,820)	2,588	15,040,722	13,906,275

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.

* See also Note 9.5 for details regarding the restatement of comparatives

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

NOTE 3. USE OF OUR FUNDING

Expenses incurred in the delivery of services

This section provides additional information about how the Department's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Department in achieving its objectives and the relevant notes are:

	Notes	2020-21 \$'000	2019-20 Restated* \$'000
Employee benefits expenses	3.1.1	4,261,996	4,060,139
Employee benefits provisions	3.1.2	900,360	821,708
Grants and subsidies	3.2	50,668	31,545
Other expenses	3.3	1,026,829	989,726

* See also Note 9.5 for details regarding the restatement of comparatives

3.1.1 Employee benefits expense

	2020-21 \$'000	2019-20 \$'000
Salaries and allowances	3,824,384	3,644,030
Termination benefits	462	1,076
Superannuation - defined contribution plans ^(a)	380,692	358,161
Other employee-related expense ^(b)	56,458	56,872
Total employee benefits expense	4,261,996	4,060,139
Add: AASB 16 Non-monetary benefits	20,311	18,975
Less: Employee contributions	(17,257)	(16,773)
Net employee benefits	4,265,050	4,062,341

(a) Defined contribution plans include the Government Employees Superannuation Board (GESB), West State Superannuation (WSS) \$301.82 million, Gold State Superannuation (GSS) \$29.92 million and other superannuation funds (contributions paid) and includes the superannuation contribution component relating to leave movement.

(b) Includes furniture (staff relocation costs) and fringe benefits tax.

Employment on-cost expenses, such as workers' compensation insurance are included in Note 3.3 'Other Expenses'.

Employee benefits

Includes wages, salaries and social contributions, paid annual leave and paid sick leave, and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees.

Termination benefits

Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Department is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation

The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESB, or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole-of-government reporting. It is however a defined contribution plan for Department purposes because the concurrent contributions (defined contributions) made by the Department to GESB extinguishes the Department's obligations to the related superannuation liability.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

3.1.1 Employee benefits expense (continued)

Superannuation (continued)

The Department does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. The Liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Department to the GESB.

The GESB and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

AASB 16 Non-monetary benefits

Non-monetary employee benefits, that are employee benefits expenses, predominantly relate to the provision of vehicle and housing benefits are measured at the cost incurred by the Department.

Employee Contributions

Contributions made to the Department by employees towards employee benefits that have been provided by the Department. This includes both AASB 16 and non-AASB 16 employee contributions.

3.1.2 Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2020-21 \$'000	2019-20 \$'000
Current		
<i>Employee related provisions</i>		
Annual leave ^(a)	36,063	31,449
Entitlement to payment during student vacation ^(b)	251,039	226,052
Long service leave ^(c)	326,757	296,072
Deferred salary scheme ^(d)	32,941	29,014
Remote teaching service ^(e)	7,116	6,853
	653,916	589,440
Non-current		
<i>Employee related provisions</i>		
Long service leave ^(c)	244,885	230,765
Remote teaching service ^(e)	1,559	1,503
	246,444	232,268
Total employee related provisions	900,360	821,708

(a) Annual leave liabilities

	2020-21 \$'000	2019-20 \$'000
Within 12 months of the end of the reporting period	27,101	24,274
More than 12 months after the end of the reporting period	8,962	7,175
	36,063	31,449

Annual leave that is not expected to be settled wholly within 12 months after the end of the reporting period is considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

3.1.2 Employee related provisions (continued)

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(b) Entitlement to payment during student vacation

	2020-21 \$'000	2019-20 \$'000
Within 12 months of the end of the reporting period	251,039	226,052
	251,039	226,052

Entitlement to payment during student vacation is paid during the student vacation period for most school based staff employed under the Teachers Award, Teachers' Aides' Award and Education Department Ministerial Officer's Salaries and Allowances and Conditions Award, subject to meeting relevant conditions of the Award (including teachers, education assistants and some administration and school support staff).

The entitlement to payment during student vacation is used during the school vacations, leaving no balance at the end of the summer holidays (i.e. zero balance when school resumes at the start of each calendar year).

As at financial year end, the Department recognises a liability for the entitlement to payment during student vacation accrued during the current calendar school year (accrued daily) and not yet taken as at 30 June.

(c) Long service liabilities

	2020-21 \$'000	2019-20 \$'000
Within 12 months of the end of the reporting period	131,478	115,904
More than 12 months after the end of the reporting period	440,164	410,933
	571,642	526,837

A liability for long service leave is recognised across all employees using a short-hand approach which allows for the likelihood of payment, salary increases and a discount rate based on remuneration rates and bond yields current as at the end of the reporting period. The short-hand approach was not materially different from the liability determined using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave utilisation

All long service leave provisions which are unconditional or expected to become unconditional within 12 months of the reporting date, plus all conditional long service leave provisions which are vested (i.e. the employee has met the age (55) or other criteria which allows early access) or will become vested within 12 months of the reporting date are classified as current liabilities. The remaining long service leave provisions are classified as non-current liabilities because the Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite criteria (e.g. age or years of service).

(d) Deferred salary scheme liabilities

	2020-21 \$'000	2019-20 \$'000
Within 12 months of the end of the reporting period	4,941	3,772
More than 12 months after the end of the reporting period	28,000	25,242
	32,941	29,014

The provision for deferred leave relates to Public Sector employees who have entered into an agreement to self-fund up to an additional 12 months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

3.1.2 Employee related provisions (continued)

(e) Remote teaching service

	2020-21	2019-20
	\$'000	\$'000
Within 12 months of the end of the reporting period	3,643	3,510
More than 12 months after the end of the reporting period	5,032	4,846
	8,675	8,356

The provision for Remote Teaching Service leave relates to teaching staff who are working in remote and isolated communities within Western Australia. Employees who stay in the same remote location continuously for three years are entitled to an additional 10 weeks paid leave and those who remain in the same remote location continuously for four years are entitled to an additional 22 weeks paid leave. The provision recognises the value of salary set aside for employees. This liability is measured on the same basis as long service leave.

Employment on-costs

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses', and are not included as part of the Department's 'employee benefits expense'.

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Department's long service leave provision. These include:

- Expected future salary rates
- Discount rates
- Employee retention rates; and
- Expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

3.2 Grants and subsidies

	2020-21	2019-20
	\$'000	\$'000
<u>Recurrent</u>		
Parents from public schools	2,475	2,455
Non-government schools and other organisations	48,193	29,090
Total grants and subsidies	50,668	31,545

Transactions in which the Department provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

3.3 Other expenses

	2020–21	2019–20
	\$'000	Restated* \$'000
Supplies and services		
Communication services	25,267	25,882
Consumables	4,319	4,178
Consumables - utilities	76,980	79,324
Equipment purchases (\$4,999 and below)	7,457	6,004
Insurance	70,629	67,694
Minor works	135,729	76,152
PPP - School maintenance costs	10,055	7,392
Repairs and maintenance	132,153	125,876
Service and contracts ^(a)	174,764	171,133
Service and contracts - property	34,723	35,618
Staff-related expense	4,462	3,317
Travel	8,843	6,403
Schools expenses*	329,341	352,332
Other	5,929	6,606
Total supplies and services expenses	1,020,651	967,911

(a) Included within service and contracts are short-term and low value leases of up to \$5,000. This excludes leases with another wholly-owned public sector entity lessor agency. Refer to Note 5.2 for aggregate short-term and low value leases expense.

* See also Note 9.5 for details regarding the restatement of comparatives.

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Repairs and maintenance

Repairs, maintenance and cleaning costs are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Employee on-cost

Employee on-cost includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at Note 3.1.2 'Employee related provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Expected credit losses expense

Expected credit losses is an allowance of trade receivables, measured at the lifetime expected credit losses at each reporting date. The most significant assumptions and judgements in estimating the expected credit losses include the assessment of credit risk, forecasted economic assumptions and probability of recovery. Please refer to Note 6.1.1. 'Movement in the allowance for impairment of trade receivables'.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

3.3 Other expenses (continued)

Other

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

	2020-21	2019-20
	\$'000	Restated* \$'000
Other expenditures		
Loss on disposal of non-current assets ^(a) *	3,499	1,007
Write-off of intangibles (work in progress) ^(b)	-	13,100
Refund of prior period revenue	969	227
Expected credit losses expense ^(c)	1,710	7,447
Other expenditures	-	34
Total other expenditures	6,178	21,815
Total other expenses	1,026,829	989,726

(a) Refer to Note 3.4 Net loss on disposal of non-current assets for detailed breakdown.

(b) A write-off of intangibles (work in progress) relating to computer software development.

(c) Refer to Note 6.1.1 Movement in the allowance for impairment of trade receivables for detailed breakdown.

* See also Note 9.5 for details regarding the restatement of comparatives.

3.4 Net loss on disposal of non-current assets

	2020-21	2019-20
	\$'000	Restated* \$'000
<u>Carrying amount of disposal of non-current assets^(a)</u>		
Land	4,526	110
Buildings	-	392
Plant and equipment	2,588	282
Motor vehicles	2	2
Buses	70	65
Computers	138	49
Communication equipment	66	90
Office equipment	144	168
Miscellaneous assets ^(b)	25	189
	7,559	1,347
<u>Proceeds from disposal of non-current assets^(a)</u>		
Land	3,936	110
Plant and equipment	22	71
Motor vehicles	75	-
Buses	4	16
Computers	9	13
Communication equipment	4	22
Office equipment	8	38
Miscellaneous assets	2	70
	4,060	340
Net loss on disposal of non-current assets	3,499	1,007

(a) Due to the change in accounting policy for library collections, the 2019-20 carrying amount (previously \$0.08 million) has been restated to Nil, and the 2019-20 proceeds (previously \$0.02 million) is now included within miscellaneous assets, now \$0.07 million. Refer to note 9.4 and note 9.5 for more information.

(b) Includes \$0 of intangibles disposed in 2020-21, and \$45,000 in 2019-20. Refer to Note 5.3.

Gains or losses

Realised and unrealised gains or losses are usually recognised on a net basis. These include gains or losses arising on the disposal of non-current assets and some revaluations of non-current assets.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

NOTE 4. OUR FUNDING SOURCES

How we obtain our funding

This section provides additional information about how the Department obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Department and the relevant notes are:

	Notes	2020-21 \$'000	2019-20 \$'000
Income from State Government	4.1	4,370,597	4,121,669
User contributions, charges and fees	4.2	116,451	115,927
Australian Government grants and contributions	4.3	995,831	904,957
Interest revenue	4.4	16,543	22,897
Other revenue	4.5	114,492	110,763
Other gains	4.6	481,679	-

4.1 Income from State Government

	2020-21 \$'000	2019-20 \$'000
<u>Appropriation received during the period:</u>		
Service appropriation	4,305,387	4,066,784
	4,305,387	4,066,784
<u>Income received from other public sector entities during the period:</u>		
Grants and subsidies		
Department of Communities	2,143	1,972
Department of Fire and Emergency Services	132	142
Department of Jobs, Tourism, Science and Innovation	502	925
Department of Local Government, Sport and Cultural Industries	37	8
Department of Primary Industries and Regional Development	4	80
Department of Training and Workforce Development	1,557	1,560
Department of Transport	-	50
Department of Treasury	13,886	-
Department of Water and Environmental Regulation	100	58
Mental Health Commission	1,540	1,716
Miscellaneous	835	775
Training Accreditation Council WA	-	24
Western Australia Police Force	1,671	2,105
	22,407	9,415

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

4.1 Income from State Government (continued)

	2020-21	2019-20
	\$'000	\$'000
<u>Resources received from other public sector entities during the period:</u>		
Services received free of charge		
Department of Communities - Family centre operating costs	3	19
Department of Justice - Legal services	1,169	1,471
Department of Finance - Government accommodation	206	227
Department of Health - Online curriculum support materials, and funded teacher training	474	459
Landgate - Valuation services and land information data	193	325
Department of Primary Industries and Regional Development - Digital downloads	4	34
WA Child and Adolescent Health Service - School health services	15,118	16,543
	17,167	19,078
<u>Royalties for Regions Fund:</u>		
Regional Community Services Fund	21,136	21,644
Regional Reform Fund	4,500	4,748
	25,636	26,392
	4,370,597	4,121,669

Service Appropriations are recognised as income at the fair value of consideration received in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Income from other public sector entities are recognised as income when the Department has satisfied its performance obligations under the funding agreement. If there is no performance obligation, income will be recognised when the Department receives the funds.

Resources received from other public sector entities are recognised as income (and assets or expenses) equivalent to the fair value of the assets, or the fair value of those services that can be reliably determined and which would have been purchased if not donated.

The Regional Community Services Accounts and Regional Reform Fund are sub-funds within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas and are recognised as income when the Department receives the funds. The Department has assessed Royalties for Regions agreements and concludes that they are not within the scope of AASB 15 as they do not meet the 'sufficiently specific' criterion.

4.2 User contributions, charges and fees

	2020-21	2019-20
	\$'000	\$'000
<u>Schools</u>		
Contributions, charges and fees	97,145	97,986
	97,145	97,986
<u>Central Office</u>		
Agricultural schools fees	4,105	2,384
Other charges and fees	15,201	15,557
	19,306	17,941
Total user contributions, charges and fees	116,451	115,927

Revenue is recognised at the transaction price when the Department transfers control of the services to customers. Revenue is recognised for the major activities as follows:

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

4.2 User contributions, charges and fees (continued)

Contributions, charges and fees (schools and central office)

Revenue is recognised when the Department transfers control of services to a customer for the amount to which the Department expects to be entitled. Under AASB 15, these are predominantly to be recognised at a point in time when performance obligations are satisfied.

Net appropriation determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2020–21 Budget Statements, the Department retained \$1,409.24 million in 2020–21 (\$1,292.99 million in 2019–20) from the following:

- User contributions, charges and fees (excluding user contributions, and fees and charges in respect of schools);
- Australian government specific purpose grants and contributions; and
- Other Departmental revenue.

4.3 Australian Government grants and contributions

	2020–21	2019–20
	\$'000	\$'000
<u>Central office</u>		
Australian Government grants - recurrent	991,114	900,521
Australian Government grants - capital	3,945	3,495
	<u>995,059</u>	<u>904,016</u>
<u>Schools</u>		
Australian Government grants - recurrent	762	823
Australian Government grants - capital	10	118
	<u>772</u>	<u>941</u>
Total Australian Government grants and contributions	<u>995,831</u>	<u>904,957</u>

Recurrent Australian Government grants are recognised as income when the grants are receivable.

Australian Government contributions

Where Australian Government specific purpose funding is received, contributions received are deferred and revenue is recognised when or as the performance obligation is satisfied.

Capital grants

Income is recognised at the fair value of the consideration received to the extent the obligations for asset acquisition or construction specified in the grant are satisfied.

4.4 Interest revenue

	2020–21	2019–20
	\$'000	\$'000
Interest revenue	1,074	3,518
Loan interest revenue	15,469	19,379
	<u>16,543</u>	<u>22,897</u>

Loan interest revenue amount reflects the interest charged and receivable from low interest loans to non-government schools and University of Notre Dame Australia (UNDA). In 2020–21 loans to the value of \$38.81 million were advanced to non-government schools and UNDA. Interest has been calculated using the effective interest rate method in compliance with AASB 9. Participating institutions repay financial costs applicable to their loans, with the balance of the interest rate charged (see Note 7.4 Finance Costs) being met by a government appropriation.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

4.5 Other revenue

	2020–21 \$'000	2019–20 \$'000
Schools		
Bookshops and canteens	5,125	4,396
Donations to schools	18,941	18,002
Hire of facilities	1,862	2,495
Lease income	8,018	6,401
Other revenue	18,513	21,353
Total other revenue - Schools	52,459	52,647
Capital contributions and recoveries		
Developer contributions	5,789	2,664
	5,789	2,664
Other		
Recoveries and refunds	20,026	21,701
Sale of goods and services	17,036	13,584
Employee rental contributions	17,257	16,773
Other miscellaneous revenue	1,925	3,394
	56,244	55,452
Total other revenue - Central office	62,033	58,116
Total other revenue	114,492	110,763

Other revenue

Other revenue is recognised in the accounting period in which the relevant performance obligations has been satisfied.

4.6 Other gains

	2020–21 \$'000	2019–20 \$'000
Asset revaluation increase	481,679	-
Total Other gains	481,679	-
Reconciliation of asset revaluation increase:		
Building valuation remediation ^(a)	797,256	-
Recognised through equity (note 9.13)	(315,577)	-
Net previously expensed	481,679	-

- (a) For 2020–21, the building valuation remediation includes \$601.70 million of buildings (refer to Note 5.1), \$193.30 million of land improvements (refer to Note 5.1) and \$2.28 million of service concession assets (refer to Note 5.4).

Other gains

Other gains mainly comprise project and professional fees previously excluded from buildings' revaluation and expensed through the statement of comprehensive income. During the year the Department reviewed its valuation methodology on buildings to include all relevant costs associated with replacing specialised assets in line with AASB 13 and Treasurer's Instruction 954.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

NOTE 5. KEY ASSETS

Assets the Department utilises for economic benefit or service potential

This section includes information regarding the key assets the Department utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2020-21 \$'000	2019-20 Restated* \$'000
Property, plant and equipment	5.1	11,994,070	11,060,947
Right-of-use assets	5.2	313,153	293,225
Intangibles	5.3	1,346	4,733
Service concession assets	5.4	29,218	27,611
Total key assets		12,337,787	11,386,516

* See also Note 9.5 for details regarding the restatement of comparatives

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

5.1 Property, plant and equipment

	Carrying amount at 30 Jun 2019	Adjustment for change in accounting policy - AASB 16 ^(a)	Adjustment for change in accounting policy - AASB 1059 ^(b)	Adjustment for change in accounting policy - Library collections ^(c)	Restated opening carrying amount at 1 Jul 2019	Additions	Disposals	Transferred to land & buildings held for distribution to owner ^(d)	Transferred from land & buildings held for distribution to owner	Transferred to/from works in progress	Impairment losses ^(e)	Depreciation	Transfers/ Adjustments/ Write-offs/ Revaluation transfer ^(f) to Income Statement	Carrying amount at 30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019-20														
Land	3,673,952	-	(9,311)	-	3,664,641	-	(110)	(7)	55	29,572	-	-	(13)	3,694,138
Buildings	6,930,269	-	(18,705)	-	6,911,564	48,749	(392)	-	-	373,862	(18,282)	(168,468)	97	7,147,130
Leased buildings PPP	161,737	(161,737)	-	-	-	-	-	-	-	-	-	-	-	-
Plant and equipment	10,900	-	-	-	10,900	5,964	(282)	-	-	-	-	(4,518)	(10)	12,054
Leased plant and equipment	64	(64)	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	199	-	-	-	199	1,251	(2)	-	-	-	-	(519)	(2)	927
Leased motor vehicles	310	(310)	-	-	-	-	-	-	-	-	-	-	-	-
Buses	4,736	-	-	-	4,736	2,027	(65)	-	-	-	-	(941)	-	5,757
Leased buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computers	4,123	-	-	-	4,123	3,444	(49)	-	-	-	-	(3,296)	(17)	4,205
Communication equipment	78	-	-	-	78	964	(90)	-	-	-	-	(552)	1	401
Office equipment	6,298	-	-	-	6,298	4,487	(168)	-	-	-	-	(3,085)	1	7,533
Leased office equipment	32,786	(32,786)	-	-	-	-	-	-	-	-	-	-	-	-
Library collections	32,459	-	-	(32,459)	-	-	-	-	-	-	-	-	-	-
Miscellaneous assets	3,754	-	-	-	3,754	848	(144)	-	-	-	-	(592)	5	3,871
Capital works in progress	229,022	-	-	-	229,022	359,345	-	-	-	(403,434)	-	-	(2)	184,931
Total	11,090,687	(194,897)	(28,016)	(32,459)	10,835,315	427,079	(1,302)	(7)	55	-	(18,282)	(181,971)	60	11,060,947

(a) The application of AASB 16 has resulted in the reclassification of finance leased assets to right-of-use assets.

(b) The application of AASB 1059 has resulted in a \$28.02 million reclassification from buildings and land into service concession assets. Refer to note 9.2 for more information.

(c) The change in library collections accounting policy has resulted in the library collections carrying amount of \$32.50 million being written off against opening accumulated deficit as at 1 July 2019 and restatement of library collections carrying amount for 2019-20. Refer to note 9.5 for more information.

(d) The Department of Planning, Lands and Heritage (DPLH) is the only Department with the power to sell Crown land. The land is transferred to DPLH for sale and the Department accounts for the transfer as a distribution to owner.

(e) Refer to Note 5.1.1 for impairment loss details.

(f) The indices for land, buildings, and school land improvements moved within threshold since the last revaluation as at 1 July 2018 and accordingly no revaluation adjustment for the year ended 30 June 2020. Information on fair value measurements is provided in Note 8.3

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

5.1 Property, plant and equipment (continued)

	Carrying amount at 30 Jun 2020	Adjustment for change in classification - Land improvements & transportables/demountables ^(a)	Restated opening carrying amount at 1 Jul 2020	Additions	Disposals	Transferred to land & buildings held for distribution to owner ^(b)	Transferred from land & buildings held for distribution to owner	Transferred to/from works in progress	Revaluation increments/(decrements) ^(c)	Impairment losses ^(d)	Depreciation	Transfers/ Adjustments	Carrying amount at 30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020–21													
Land	3,694,138	-	3,694,138	-	(4,526)	(25,636)	3,450	19,879	461	(3,233)	-	(1)	3,684,532
Land improvements	-	1,507,373	1,507,373	-	-	-	-	682	193,274	-	(33,399)	-	1,667,930
Buildings	7,147,130	(1,806,313)	5,340,817	39,558	-	-	-	303,976	601,700	-	(106,351)	22	6,179,722
Plant and equipment	12,054	298,940	310,994	3,095	(2,588)	-	-	22,989	-	-	(40,292)	(367)	293,831
Motor vehicles	927	-	927	378	(2)	-	-	-	-	-	(437)	(319)	547
Buses	5,757	-	5,757	643	(70)	-	-	-	-	-	(896)	335	5,769
Computers	4,205	-	4,205	1,431	(138)	-	-	-	-	-	(2,272)	74	3,300
Communication equipment	401	-	401	347	(66)	-	-	-	-	-	(568)	20	134
Office equipment	7,533	-	7,533	3,912	(144)	-	-	-	-	-	(2,984)	128	8,445
Miscellaneous assets	3,871	-	3,871	660	(25)	-	-	-	-	-	(562)	30	3,974
Capital works in progress	184,931	-	184,931	308,477	-	-	-	(347,526)	-	-	-	4	145,886
Total	11,060,947	-	11,060,947	358,501	(7,559)	(25,636)	3,450	-	795,435	(3,233)	(187,761)	(74)	11,994,070

- (a) Given their nature and use from 1 July 2020, transportables and demountables were reclassified to plant and equipment, and land improvements were reclassified from buildings to its own asset class.
- (b) The Department of Planning, Lands and Heritage (DPLH) is the only Department with the power to sell Crown land. The land is transferred to DPLH for sale and the Department accounts for the transfer as a distribution to owner.
- (c) The indices for land, buildings, and school land improvements moved within threshold since the last revaluation as at 1 July 2018 and accordingly no out of cycle comprehensive revaluation was triggered. However, in 2020–21, the Department reviewed its valuation methodology which was amended to include buildings and land improvements and professional fees. Refer to Note 4.6 for more details.
- (d) Refer to Note 5.1.1 for impairment loss details.
- Information on fair value measurements is provided in Note 8.3

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

5.1 Property, plant and equipment (continued)

Initial recognition

Items of property, plant and equipment, costing \$5,000 or more with a useful life of 2 or more years are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment (PPE) and land improvements costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management to be included in the cost of an item. Examples include project and professional fees, installation and assembly costs, costs of site preparation and costs of employee benefits arising directly from the construction or acquisition of the item of PPE.

Assets transferred as part of a machinery of government change are transferred at their fair value.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land, buildings and school land improvements and historical cost for all other property, plant and equipment. Buildings and school land improvements are carried at fair value less accumulated depreciation and accumulated impairment loss. Land is carried at fair value. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, fair value of land and buildings, including building sub-classes (school land improvements) is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount. Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

School land improvements consists of roads, foot paths and paved areas, boundary walls, fences and gates, soft landscaping, and external services. Information from the quantity surveyor engaged by the Department, previous analysis of school land improvements, and a cross reference to industry cost guide publication is considered to estimate the building replacement cost for school land improvements.

Land and Buildings are measured at fair value on a cyclical basis, consistent with TI 954 Revaluation of Non-Current Physical Assets, issued by the Department of Treasury. The last revaluation for land, buildings and school land improvements was effective for the year ended 30 June 2019, carried out by the Western Australian Land Information Authority (Landgate).

The Department revalues land, buildings and school land improvements every three years. Indices are reviewed annually and when they indicate a cumulative change of greater than or equal to 15% since last comprehensive revaluation an out of cycle revaluation will be triggered. No comprehensive revaluation is undertaken when cumulative movement in indices is less than 15% since last revaluation.

The Department uses indices from a reputable and publicly available source, the Australian Bureau of Statistics for the measurement of indices relevant to the Department's assets. Independent valuers are generally used to conduct these scheduled revaluations.

The Department includes Project and Professional Fees in the fair value.

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

5.1 Property, plant and equipment (continued)

Key sources of estimation uncertainty – Valuation of land improvements

The Department recognises school land improvements comprising roads, footpaths and paved areas; boundary walls, fencing and gates; soft landscaping and external services from an independent quantity surveyor as determined by the Department's valuer. Currently the value for each sub-class is determined by applying the appropriate disclosed rate per square metre to the gross floor area of the individual school. An appropriate unit rate per square metre is determined by the Department's valuer using, but not limited to such information as building periodicals, Departmental data and analysis of tender results from Department of Finance. When determining depreciated replacement cost the effective age for the school buildings is currently used.

The interest rate used to estimate the value of assets and liabilities under the PPP arrangement is 6.79%.

5.1.1 Depreciation and impairment

Depreciation charge for the period

	2020–21	2019–20
	\$'000	Restated* \$'000
Depreciation		
Land Improvements ^(a)	33,399	-
Buildings	106,351	168,468
Plant and equipment ^(b)	40,292	4,518
Motor vehicles	437	519
Buses	896	941
Computers	2,272	3,296
Communication equipment	568	552
Office equipment	2,984	3,085
Miscellaneous assets	562	592
Total depreciation	187,761	181,971

(a) In 2020–21, a new asset category land improvements was created and \$33.40 million of depreciation expense was transferred from buildings. In 2019–20, the depreciation expense for land improvements of \$40.65 million was included in buildings.

(b) In 2020–21, transportables and demountables of \$36.86 million of depreciation expense was reclassified from buildings to plant and equipment. In 2019–20, the depreciation expense for transportables and demountables of \$20.11 million was included in buildings.

* See also Note 9.5 for details regarding the restatement of comparatives.

Impairment charge for the period

	2020–21	2019–20
	\$'000	\$'000
Impairment		
Land ^(a)	3,233	-
Buildings ^(b)	-	18,282
Total impairment	3,233	18,282

(a) The land impairment reflects the impact of restrictions placed on the land acquired at market value to build a public school.

(b) For 2019–20, the majority of the impairment charge relates to fire damage at Gingin District High School, East Kimberley College, Tom Price Primary School and Broome Primary School.

Finite useful lives

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

In calculating depreciation for buildings, (including the land improvements sub-class), the Department deems the economic life of the asset (as assessed by the valuer) to be the useful life of the asset. The asset is then depreciated on a straight line basis over its economic life.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable assets are:

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

5.1.1 Depreciation and impairment (continued)

Buildings	50 to 80 ^(a)	Years
Land improvements	40 to 80	Years
Communication equipment	5	Years
Computers	4	Years
Furniture and fittings	10	Years
Motor vehicles	5	Years
Buses	10	Years
Musical instruments	8 to 12	Years
Office equipment	5 to 8	Years
Plant and equipment	8 to 25 ^{(b)(c)}	Years
Software	4	Years

- (a) Due to the reclassification of land improvements from buildings to its own asset class from 1 July 2020, the useful life of the remaining buildings asset class is 50 to 80 years. Residential college buildings have a useful life of 50 years, and school buildings have a useful life of 80 years.
- (b) From 1 July 2020, transportables and demountables were reclassified to plant and equipment given their nature and use.
- (c) From 1 July 2020, transportables and demountables useful lives have been assessed from 16 to 25 years as it provides reliable and more relevant information by taking into account the increase in useful life when a transportable is refurbished.

Works of art controlled by the Department are classified as property, plant and equipment. These are anticipated to have indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period and consequently no depreciation has been recognised.

Land is not depreciated.

Furniture and fittings, and musical instruments are included within miscellaneous assets.

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Department is a not-for-profit agency, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

5.2 Right-of-use assets

	Carrying amount at 30 Jun 2019	Recognition of right-of-use assets on initial application of AASB 16 ^(a)	Restated opening carrying amount at 1 Jul 2019	Additions	Disposals	Transfers/ Adjustments	Depreciation	Carrying amount at the end of the period
	\$'000			\$'000	\$'000	\$'000	\$'000	\$'000
2019–20								
Land	-	2,898	2,898	-	-	-	(416)	2,482
Buildings	-	28,400	28,400	5,290	-	-	(18,546)	15,144
Buildings PPP	-	161,737	161,737	88,955	-	602	(2,715)	248,579
Motor vehicles	-	5,804	5,804	2,035	(28)	-	(2,370)	5,441
Other	-	32,849	32,849	5,888	-	2	(17,160)	21,579
Total	-	231,688	231,688	102,168	(28)	604	(41,207)	293,225

(a) The application of AASB 16 has resulted in the reclassification of finance leased assets to right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

5.2 Right-of-use assets (continued)

	Carrying amount at 30 Jun 2020	Additions	Disposals	Transfers/ Adjustments	Depreciation	Carrying amount at the end of the period
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020-21						
Land	2,482	-	-	(1)	(416)	2,065
Buildings	15,144	23,103	-	(258)	(20,575)	17,414
Buildings PPP	248,579	29,417	-	95	(4,148)	273,943
Motor vehicles	5,441	2,043	-	(33)	(2,253)	5,198
Other	21,579	4,529	-	(1)	(11,574)	14,533
Total	293,225	59,092	-	(198)	(38,966)	313,153

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

5.2 Right-of-use assets (continued)

Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset.

This includes all leased assets other than investment property right-of-use assets, which are measured in accordance with AASB 140 Investment Property.

The Department has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Department at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 5.1.1.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2020-21 \$'000	2019-20 \$'000
<u>Depreciation</u>		
Land	416	416
Buildings	20,575	18,546
Buildings PPP	4,148	2,715
Vehicles	2,253	2,370
Other	11,574	17,160
Total depreciation expense of right-of-use assets	38,966	41,207
Lease interest expense	21,308	18,646
Short-term leases	22	289
Low-value leases	6,967	1,085

The total cash outflow for leases in 2020-21 was \$66.07 million (2019-20: \$58.60 million).

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

5.2 Right-of-use assets (continued)

The Department's leasing activities and how these are accounted for:

The Department has leases for mostly vehicles, computer equipment, private public partnership schools and residential accommodations.

The residential accommodation leases are mostly fixed term leases with Government Regional Officers' Housing (GROH) which are included in buildings. The Department also has open ended leases with GROH, where either party may exit the agreement with limited penalty. As the agreements work on a month-to-month 'extension' basis, the lessee and lessor can elect to not continue extending the arrangement. As a result, under AASB 16, there is no non-cancellable period that gives right to specific rights and obligations, and are therefore accounted for as an expense as incurred.

The Department has entered into a Memorandum of Understanding Agreement (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

The Department recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 7.2.

5.3 Intangible assets

	2020-21 \$'000	2019-20 \$'000
<u>Computer software</u>		
At cost - central office	10,645	10,645
At cost - schools	167	167
Accumulated amortisation	(10,706)	(9,721)
	106	1,091
Work in progress - Intangible internally generated ^(a)	1,240	3,642
	1,346	4,733
Reconciliations:		
<u>Computer software</u>		
Carrying amount at start of period	1,091	2,229
Additions	-	-
Disposal	-	(45)
Amortisation expense	(985)	(1,093)
Carrying amount at end of period	106	1,091
Work in progress - Intangible internally generated ^(a)	1,240	3,642
	1,346	4,733

(a) \$2.56 million was previously included in the Department's work in progress however it was transferred to the School Curriculum and Standards Authority in 2020-21. See also note 9.13 Equity.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

5.3 Intangible assets (continued)

Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) an intention to complete the intangible asset, and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) the intangible asset will generate probable future economic benefit;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Acquisitions of intangible assets costing \$50,000 or more and internally generated intangible assets costing \$50,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted above), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

5.3.1 Amortisation and impairment

Charge for the period

	2020–21	2019–20
	\$'000	\$'000
Amortisation		
Intangible assets	985	1,093
Total amortisation	985	1,093

As at 30 June 2021 there were no indications of impairment to intangible assets.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Department have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Software	4	Years
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Impairment of intangible assets

The Department's central office and regional offices test intangible assets with an indefinite useful life and intangible assets not yet available for use for impairment at the end of each reporting period irrespective of whether there is any indication of impairment. Schools test intangible assets each year for indication of impairment.

Key sources of estimation uncertainty – Impairment of intangible assets

Central office, regional offices and schools assess impairment of intangible assets at the end of each reporting period. The impact of impairment of intangible assets in schools is minimal. Where there is an indication of impairment (such as falling replacement costs), the recoverable amount of the intangible asset is estimated. Calculations performed in assessing recoverable amounts incorporate a number of key estimates.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

5.4 Service concession assets

	Carrying amount at 1 Jul 2019	Recognition of service concession assets on initial application of AASB 1059 ^(a)	Restated opening carrying amount at 1 Jul 2019	Additions	Disposals	Revaluation increments/ (decrements)	Depreciation	Transfers/ Adjustments	Carrying amount at the end of the period
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019–20									
Land	-	9,311	9,311	-	-	-	-	-	9,311
Buildings	-	18,705	18,705	-	-	-	(414)	9	18,300
Total	-	28,016	28,016	-	-	-	(414)	9	27,611

(a) The application of AASB 1059 has resulted in a \$28.02 million reclassification from buildings and land into service concession assets. Refer to note 9.2 for more information. Information on fair value measurements is provided in Note 8.3

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

5.4 Service concession assets (continued)

	Carrying amount at 30 Jun 2020	Adjustment for change in classification - Land improvements & transportables/ demountables ^(a)	Restated opening carrying amount at 1 Jul 2020	Additions	Disposals	Revaluation increments/ (decrements) ^(b)	Depreciation	Transfers/ Adjustments	Carrying amount at the end of the period
	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020-21									
Land	9,311	-	9,311	-	-	-	-	-	9,311
Land improvements	-	3,369	3,369	-	-	440	(108)	2	3,703
Buildings	18,300	(3,978)	14,322	-	-	1,842	(494)	(2)	15,668
Plant and equipment	-	609	609	-	-	-	(74)	1	536
Total	27,611	-	27,611	-	-	2,282	(676)	1	29,218

(a) Given their nature and use from 1 July 2020, transportables and demountables were reclassified to plant and equipment, and land improvements were reclassified from buildings to its own asset class.

(b) In 2020-21, the revaluation and capitalisation policy has been amended to include buildings and land improvements project and professional fees.

Information on fair value measurements is provided in Note 8.3

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

5.4 Service concession assets (continued)

Initial measurement

A service concession asset is initially measured at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement.

This same measurement approach applies to existing assets of the Department that have been reclassified as service concession assets at the date of reclassification. Any difference between the carrying amount of the asset and its current replacement cost is accounted for as if it is a revaluation of the asset.

Subsequent measurement

After initial recognition, service concession assets are subsequently measured applying the revaluation model (refer to Note 5.1 Property, Plant and Equipment).

5.4.1 Depreciation and impairment

	2020-21	2019-20
	\$'000	Restated* \$'000
<u>Depreciation</u>		
Land improvements	108	-
Buildings	494	414
Plant and equipment	74	-
Total depreciation	676	414

Depreciation and impairment of service concession assets

Subsequent to initial recognition or reclassification, a service concession asset is depreciated in accordance with AASB 116 Property, Plant and Equipment, with any impairment recognised in accordance with AASB 136 (refer to Note 5.1.1 Depreciation and Impairment).

The Department's Camp Schools and Landsdale farm meet the eligibility requirement of a service concession asset. The Department leased six camp schools to Fairbridge Western Australia (Inc.) for period of 15 years (renewable for another two five-year lease terms) for a nominal cost, and Landsdale Farm to Family Support WA Inc for an initial period of five years (renewable for another two-five-year lease terms) at an annual rental amount.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

This section sets out those assets and liabilities that arose from the Department's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

NOTE 6. OTHER ASSETS AND LIABILITIES

	Notes	2020-21 \$'000	2019-20 \$'000
Receivables	6.1	398,069	379,755
Amounts receivable for services	6.2	3,337,896	3,139,234
Other current assets	6.3	13,091	10,763
Inventory	6.4	7,552	6,442
Payables	6.5	141,304	135,534
Other provisions	6.6	3,410	189
Other liabilities	6.7	18,227	11,481

6.1 Receivables

	2020-21 \$'000	2019-20 \$'000
<u>Current</u>		
Trade receivables	36,800	44,516
Loans to non-government schools and the University of Notre Dame Australia (UNDA) ^(a)	37,896	34,876
Allowance for impairment of receivables	(11,258)	(14,474)
GST receivable	16,992	16,640
	80,430	81,558
<u>Non-current</u>		
Loans to non-government schools and the UNDA ^(a)	317,639	298,197
	317,639	298,197

(a) Loans to non-government schools and the UNDA

The Department is required to report the value of subsidised loans it provides to non-government schools and the UNDA, in accordance with AASB 9. The loans are measured at amortised cost and have a maturity term not exceeding 15 years, as per the Low Interest Loan Scheme (LILS) guidelines. These loans are not held for trading purposes. See Note 8.1 Financial risk management.

The loans are at a reduced average interest rate of 2.58% per annum, as the Department meets the subsidised interest (refer to Note 4.4, Interest Revenue) on behalf of borrowers through a government appropriation.

Trade receivables are recognised and carried at original invoice amount less any allowance for uncollectible amounts (i.e. impairment). Estimated credit losses are provided for the life of loans using the simplified approach under AASB 9, taking into account historical trends as well as current and forecast credit risks. A progressive provisioning matrix is applied based on an ageing analysis. All loans were classified as current at the end of the reporting with a general provision for estimated credit losses at 0.34% (2019-20: 0.27%).

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

6.1.1 Movement in the allowance for impairment of trade receivables

	2020–21	2019–20
	\$'000	\$'000
<u>Reconciliation of changes in the allowance for impairment of trade receivables:</u>		
Balance at start of period	14,474	10,362
Expected credit losses expense	1,709	7,482
Amounts written off during the period	(4,925)	(3,370)
Balance at end of period	<u>11,258</u>	<u>14,474</u>

The maximum exposure to credit risk at the end of the reporting period for trade receivables is the carrying amount of the asset inclusive of any allowance for impairment as shown in the table at Note 8.1(c) 'Credit risk exposure'.

Other than loans to non-government schools and the University of Notre Dame Australia (UNDA), for trade receivables, the Department does not hold any collateral as security or other credit enhancements.

6.2 Amounts receivable for services (Holding Account)

	2020–21	2019–20
	\$'000	\$'000
Current	18,943	19,674
Non-current	3,318,953	3,119,560
	<u>3,337,896</u>	<u>3,139,234</u>

Amounts receivable for services represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

Amounts receivable for services are not considered to be impaired (i.e. there is no expected credit loss of the holding accounts).

6.3 Other assets

	2020–21	2019–20
	\$'000	\$'000
<u>Current</u>		
Contract assets	-	2,352
Prepayments	13,091	8,411
	<u>13,091</u>	<u>10,763</u>

Contract assets

Where a Department performs by transferring either goods or services to a customer before the payment is due or before the customer pays for consideration, then these are to be classified as contract assets. Contract assets exclude any amounts presented as a receivable.

Prepayments

Represents payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

6.4 Inventories

	2020-21	2019-20
	\$'000	\$'000
Inventories held for resale:		
School canteens, publications and bookshops stocks (at cost)	2,301	2,380
Livestock and farm produce (at cost)	5,251	4,062
	<u>7,552</u>	<u>6,442</u>

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis.

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value.

6.5 Payables

	2020-21	2019-20
	\$'000	\$'000
<u>Current</u>		
Trade and other payables - central office	1,193	2,968
Trade and other payables - schools	4,665	11,831
Accrued expenses	72,659	62,649
Accrued salaries	61,225	57,082
	<u>139,742</u>	<u>134,530</u>
<u>Non-current</u>		
Trade and other payables - central office	1,562	1,004
	<u>1,562</u>	<u>1,004</u>

Payables

Payables are recognised at the amounts payable when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Department considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see Note 7.5.2 'Restricted cash and cash equivalents') consists of amounts paid annually, from Departmental appropriations for salaries expense, into a suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

6.6 Other provisions

	2020–21 \$'000	2019–20 \$'000
<u>Current</u>		
Make-good provision	19	-
	19	-
<u>Non-current</u>		
Make-good provision	170	189
Cladding rectification provision	3,221	-
	3,391	189
Balance at end of period	3,410	189

A restoration provision needs to be recognised for the present value of the estimated expenditure required, due to the Department's legal or constructive obligation, to dismantle and restore leasehold improvements, and undertake cladding rectification works.

A restoration provision is recognised when:

- there is a present obligation;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

The provision for future restoration cost is the best estimate of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually for cladding rectification works and every three years for make-good and any changes in the estimate are reflected in the restoration provision at each reporting date.

Make-good (restoration) provision

Some leased premises are required to be restored to their original condition at the end of their respective lease terms.

Cladding rectifications (restoration) provision

Following a fire involving aluminium composite panels, the Building Commission requested agencies assess their facilities. The Department has assessed all projects where aluminium composite panels were used since 2000. Where projects are identified as having potentially combustible cladding, fire engineering assessments were undertaken. At the time of reporting, three buildings belonging to the Department have been identified in the Department of Mines, Industry Regulation and Safety report. Further investigations have been undertaken by Department of Finance on behalf of the Department for 13 schools. This work has resulted in the identification of solutions for 11 schools, signage solutions for two schools and one school was found to require no work. The implementation of the proposed solutions is now subject to the funding through the usual budget process.

6.6.1 Movement in provisions

Movements in each class of provision during the period are set out below:

	2020–21 \$'000	2019–20 \$'000
<u>Make-good provision</u>		
Carrying amount at start of period	189	-
Additional/(reversals of) provisions recognised	-	189
Payments	-	-
Carrying amount at end of period	189	189
<u>Cladding rectification provision</u>		
Carrying amount at start of period	-	-
Additional/(reversals of) provisions recognised	3,221	-
Payments	-	-
Carrying amount at end of period	3,221	-

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

6.7 Other liabilities

	2020-21	2019-20
	\$'000	\$'000
Current		
Amounts held in schools suspense accounts	5,890	6,601
Accrued interest expense	2,195	2,333
Other	151	171
Contract liabilities	9,991	2,376
	18,227	11,481

Contract liabilities

Contract liabilities, classified as amounts due to customers for services yet to be provided, primarily relate to when the Department has received consideration in advance of satisfying the performance obligation. Refer to Notes 4.2, 4.3 and 4.5 for details of the revenue recognition policy.

6.7.1 Movement in contract liabilities

	2020-21	2019-20
	\$'000	\$'000
<u>Reconciliation of changes in contract liabilities</u>		
Opening balance	2,376	597
Additions	9,368	3,597
Revenue recognised in the reporting period	(1,753)	(1,818)
Balance at end of period	9,991	2,376

The Department expects to satisfy the performance obligations unsatisfied at the end of the reporting period within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

NOTE 7. FINANCING

This section sets out the material balances and disclosures associated with the financing and cash flows of the Department.

	Notes
Borrowings	7.1
Leases	7.2
Assets pledge as security	7.3
Finance costs	7.4
Cash and cash equivalents	7.5
Reconciliation of cash	7.5.1
Restricted cash and cash equivalents	7.5.2
Reconciliation of operating activities	7.5.3
Commitments	7.6
Capital commitments	7.6.1

7.1 Borrowings

	2020-21 \$'000	2019-20 \$'000
Current		
WATC loans ^(a)	37,896	34,876
Total current	37,896	34,876
Non-current		
WATC loans ^(a)	342,801	328,740
Other loans	-	109
Total non-current	342,801	328,849
Total borrowings	380,697	363,725

- (a) Western Australian Treasury Corporation (WATC) Low Interest Loans. The Department borrows from the WATC to finance loans provided under the LILS (See also Note 6.1 Receivables). Loans are borrowed at an average rate of interest of 2.56% per annum. The carrying amounts are equivalent to their net fair values.

The current WATC Low Interest Loans relates to the portion of the principal repayments payable to WATC within the next 12 months. The amount is derived from estimates provided through the low interest loans system and the repayment schedule provided by WATC.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

7.2 Leases

	2020–21	2019–20
	\$'000	\$'000
Current	26,128	32,668
Non-current	322,707	305,151
	348,835	337,819

The Department measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Department uses the incremental borrowing rate provided by Western Australia Treasury Corporation (WATC).

Lease payments included by the Department as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the Department exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Department if the lease is reasonably certain to be extended (or not terminated).

This section should be read in conjunction with Note 5.2.

Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

Public Private Partnerships

The State Government partnered with a single Project Company to design, build, finance and maintain four new primary schools and four secondary schools to open progressively from 2017 to 2020, with a subsequent maintenance period ending in December 2047.

Schools are designed, constructed and made available to the Department, upon commercial acceptance (CA). The Project Company is to provide, over the duration of the term, agreed facilities management services, maintenance and refurbishment of the schools. At the end of the term, the Project Company is to hand over the schools to the Department in a well maintained condition, for nil consideration.

These Public Private Partnership (PPP) schools are recognised by the Department as a right of use asset with a right of use liability on achievement of CA of each phase of each school. The Department takes control of the school upon CA and provides school activities, including educational services and administration. The Department makes Quarterly Service Payments (QSP) over the term comprising repayment of design and construction costs and maintenance and service payments. The payment of the QSP will result in a reduction of the lease liability over time.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

7.3 Assets pledged as security

	2020-21	2019-20
	\$'000	\$'000
<u>Assets pledged as security</u>		
The carrying amounts of non-current assets pledged as security are:		
Right-of-use asset - Land	2,065	2,482
Right-of-use asset - Buildings	17,414	15,144
Right-of-use asset - Buildings PPP	273,943	248,579
Right-of-use asset - Motor vehicles	5,198	5,441
Right-of-use asset - Other	14,533	21,579
	313,153	293,225

The Department has secured the right-of-use assets against the related lease liabilities. In the event of default, the rights to the leased assets will revert to the lessor.

7.4 Finance costs

	2020-21	2019-20
	\$'000	\$'000
Lease interest expense	21,308	18,646
Loan fair value expense ^(a)	269	1,408
Interest expensed ^(b)	10,630	11,171
Total finance costs expensed	32,207	31,225

- (a) Represents the write down to fair value of low interest loans provided to non-government schools. The amount of loans provided during 2020-21 was \$38.81 million (2019-20: \$51.40 million).
- (b) Represents the amounts charged for loans provided to the Department by the WATC for the operation of the LILS and special loan to the University of Notre Dame Australia (UNDA). Refer to Note 4.4 Interest Revenue and Note 6.1 Receivables for further details.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

7.5 Cash and cash equivalents

7.5.1 Reconciliation of cash

	2020-21 \$'000	2019-20 \$'000
<u>Schools</u>		
Bank accounts	397,050	359,575
Cash on hand	134	132
	397,184	359,707
<u>Central office</u>		
Operating bank account	210,619	199,245
	210,619	199,245
Total cash and cash equivalents	607,803	558,952

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash, and which are subject to insignificant risk of changes in value.

7.5.2 Restricted cash and cash equivalents

	2020-21 \$'000	2019-20 \$'000
<u>Current</u>		
Grants accounts ^(a)	13,976	11,824
Royalties for Regions Fund	1,559	8,481
Paid Parental Leave	421	395
Special purpose account - TRBWA ^(b)	8,880	9,547
Special purpose account - Student Residential Colleges Fund ^(b)	1,266	-
	26,102	30,247
<u>Non-current</u>		
Accrued salaries suspense account (27th pay) ^(c)	79,569	61,323
	79,569	61,323
Total restricted cash and cash equivalents	105,671	91,570

- (a) Unspent cash balances relating to Australian Government grants, State and private partnerships funding, which can only be used for the purpose stipulated by the grant or funding arrangement.
- (b) Refer to Note 9.9 for further details.
- (c) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

7.5.3 Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	2020–21	2019–20
	\$'000	Restated ^(a)
		\$'000
Cash and cash equivalents (note 7.5.1)	607,803	558,952
Restricted cash and cash equivalents (note 7.5.2)	105,671	91,570
	713,474	650,522
Reconciliation of net cost of services to net cash flows used in operating activities		
Net cost of services ^(a)	(3,878,325)	(4,201,058)
Non-cash Items		
Depreciation expense (note 5.1.1, 5.4.1 and 5.2) ^(a)	227,403	223,592
Amortisation expense (note 5.3.1)	985	1,093
Impairment expense (note 5.1.1)	3,233	18,282
Resources received free of charge (note 4.1)	17,167	19,078
Expected credit losses expense (note 3.3)	1,710	7,447
Loss on disposal of non-current assets (note 3.3) ^(a)	3,499	1,007
Write-off of intangible (work in progress) (note 3.3)	-	13,100
Asset revaluation increment (note 4.6)	(481,679)	-
Adjustment for other non-cash items ^(a)	(6,454)	5,309
(Increase)/decrease in assets		
Current receivables ^(b)	4,696	(13,680)
Current inventories	(1,110)	494
Other current assets	(2,328)	8,815
Non-current receivables	(19,442)	(18,779)
Increase/(decrease) in liabilities		
Provisions	81,873	46,326
Current payables and other liabilities ^(b)	11,958	45,381
Non-current payables	558	831
Net GST receipts/(payments) ^(c)	(381)	1,456
Change in GST in receivables and payables ^(d)	(352)	1,315
Net cash used in operating activities	(4,036,989)	(3,839,991)

- (a) 2019–20 net cost of services (previously reported as \$4,204.57 million), depreciation expense (previously \$233.42 million), loss on disposal of assets (previously \$1.09 million) and adjustment for other non-cash items (previously -\$1.08 million) have been restated due to accounting policy change for library collections. Refer to note 9.4 for further information.
- (b) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.
- (c) This is the net GST paid/received, i.e. cash transactions.
- (d) This reverses out the GST in receivables and payables.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

7.6 Commitments

7.6.1 Capital commitments

	2020-21	2019-20
	\$'000	\$'000
Capital expenditure commitments^(a)		
<u>Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:</u>		
Within 1 year	388,475	262,665
Later than 1 year and not later than 5 years	326,126	170,652
	714,601	433,317
<u>The capital commitments include amounts for:</u>		
Additional stages at secondary schools	61,826	55,926
Additions and improvements to secondary schools	94,702	123,381
Additions and improvements to primary schools	18,496	34,053
Additions and Improvements to residential colleges	110	3,346
Miscellaneous	18,668	16,063
New secondary schools	46,125	2,802
New primary schools	153,503	145,330
Other school facilities	6,768	2,530
Other works	7,199	12,118
Universal Access Program	2,194	1,369
State Recovery COVID19	289,798	-
Stimulus Package	13,088	28,322
School funded projects	2,124	8,078
	714,601	433,317

- (a) As part of the WA recovery plan to guide Western Australia through COVID-19 recovery, the State Government has provided additional funding, and will include major additions to burgeoning secondary schools, new sport halls, classrooms, specialist facilities and refurbishments.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

NOTE 8. RISKS AND CONTINGENCIES

This section sets out the key risk management policies and measurements techniques of the Department.

	Notes
Financial risk management	8.1
Contingent liabilities	8.2.1
Fair value measurements	8.3

8.1 Financial risk management

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, receivables, payables, Western Australian Treasury Corporation (WATC) borrowings and finance leases. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is a possibility of the Department's receivables defaulting on their contractual obligations resulting in a financial loss to the Department.

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). Policies are in place to minimise exposure to credit risk associated with loans to non-government schools and the University of Notre Dame Australia (UNDA), students and other debtors. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. Debt will be written-off against the allowance account when it is improbable or uneconomical to recover the debt. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due.

The Department is exposed to liquidity risk through its trading in the normal course of business. The Department has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. The Department does not trade in foreign currency and is not materially exposed to other price risks. The Department's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations.

All borrowings are due to the WATC and are repayable at fixed rates with varying maturities. Other than as detailed in the interest rate sensitivity analysis table at Note 8.1(e), the Department is not exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing, and it has no borrowings other than the WATC borrowings and lease liabilities (fixed interest rate).

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2020-21 \$'000	2019-20 \$'000
<u>Financial assets</u>		
Cash and cash equivalents	607,803	558,952
Restricted cash and cash equivalents	105,671	91,570
Financial assets at amortised cost ^(a)	3,718,973	3,502,349
Total financial assets	4,432,447	4,152,871
<u>Financial liabilities</u>		
Financial liabilities measured at amortised cost	889,063	848,559
Total financial liability	889,063	848,559

(a) The amount of receivables/Financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

8.1 Financial risk management (continued) – (c) Credit risk exposure

The following table details the credit risk exposure on the Department's trade receivables using a provision matrix.

	Total \$'000	Days past due			
		Current \$'000	<30 Days \$'000	31-60 days \$'000	>60 days \$'000
30 June 2021					
Central Office					
Expected credit loss rate		1.00%	2.00%	5.00%	20.00%
Estimated total gross carrying amount at default	2,375	903	689	55	728
Expected credit losses	(171)	(9)	(14)	(3)	(146)
Loans to non-government schools and University ^(a)					
Expected credit loss rate		0.34%			
Estimated total gross carrying amount at default	355,535	355,535			
Expected credit losses	(1,209)	(1,209)			
Schools, Residential Colleges and other debtors ^(b)					
Estimated total gross carrying amount at default	34,425				
Expected credit losses	(9,878)				
Total					
Estimated total gross carrying amount at default ^(c)	392,335				
Expected credit losses	(11,258)				
30 June 2020					
Central Office					
Expected credit loss rate		1.00%	2.00%	5.00%	20.00%
Estimated total gross carrying amount at default	1,523	482	67	72	902
Expected credit losses	(190)	(5)	(1)	(4)	(180)
Loans to non-government schools and University ^(a)					
Expected credit loss rate		0.27%			
Estimated total gross carrying amount at default	324,979	324,979			
Expected credit losses	(877)	(877)			
Schools, Residential Colleges and other debtors ^(b)					
Estimated total gross carrying amount at default	51,087				
Expected credit losses	(13,407)				
Total					
Estimated total gross carrying amount at default ^(c)	377,589				
Expected credit losses	(14,474)				

(a) The provision is based on estimated credit losses on outstanding loan balances.

(b) The calculation of past due aged analysis is not available for \$24.80 million of this class of debtor (\$28.70 million 2019–20), the residual \$9.60 million (\$22.40 million 2019–20) comprise state government agency debtors and not considered to be impaired.

(c) The estimated total gross amount and expected credit losses includes all debtors except for the GST recoverable from the ATO (statutory receivable).

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

8.1 Financial risk management (continued)

(d) Liquidity risk and interest rate exposure

The following table details the Department's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amount of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate	Interest rate exposure				Nominal Amount	Maturity dates				
		Carrying Amount	Fixed Interest rate	Variable Interest rate	Non-Interest bearing		Up to 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	More than 5 years
		\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000	\$000
2019-20											
<u>Financial Assets</u>											
Schools cash balances	0.19	232,537	-	232,405	132	232,537	232,537	-	-	-	-
Schools term deposits	0.76	127,170	127,170	-	-	127,170	89,646	-	20,793	16,731	-
Central office cash balances		199,245	-	-	199,245	199,245	199,245	-	-	-	-
Restricted cash - TRBWA	0.52	9,547	-	9,547	-	9,547	9,547	-	-	-	-
Restricted cash - Residential Colleges Fund	0.53	-	-	3,490	(3,490)	-	-	-	-	-	-
Restricted cash balances - other		82,023	-	-	82,023	82,023	82,023	-	-	-	-
Trade receivables ^(a)		30,042	-	-	30,042	30,042	30,042	-	-	-	-
Loans to non-government schools and UNDA ^(a)	4.85	333,073	333,073	-	-	333,073	-	8,638	26,238	138,549	159,648
Amounts receivable for services		3,139,234	-	-	3,139,234	3,139,234	2,232	2,976	14,430	78,552	3,041,044
		4,152,871	460,243	245,442	3,447,186	4,152,871	645,272	11,614	61,461	233,832	3,200,692
<u>Financial Liabilities ^(b)</u>											
Payables		135,534	-	-	135,534	135,534	134,530	-	-	-	1,004
Finance lease liabilities	5.26	337,819	337,819	-	-	337,819	2,772	6,403	18,725	39,070	270,849
WATC loans	2.86	363,616	363,616	-	-	363,616	-	8,638	26,238	143,415	185,325
Other loans	0.83	109	109	-	-	109	-	109	-	-	-
Other liabilities		11,481	-	-	11,481	11,481	11,481	-	-	-	-
		848,559	701,544	-	147,015	848,559	148,783	15,150	44,963	182,485	457,178

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

8.1 Financial risk management (continued)

(d) Liquidity risk and interest rate exposure (continued)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate	Interest rate exposure				Nominal Amount	Maturity dates				
		Carrying Amount	Fixed Interest rate	Variable Interest rate	Non-Interest bearing		Up to 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	More than 5 years
		\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000	\$000
2020-21											
<u>Financial Assets</u>											
Schools cash balances	0.07	281,289	-	281,155	134	281,289	281,289	-	-	-	-
Schools term deposits	0.23	115,747	115,747	-	-	115,747	85,704	-	13,962	16,081	-
Central office cash balances		210,619	-	-	210,619	210,619	210,619	-	-	-	-
Restricted cash - TRBWA	0.32	8,880	-	8,880	-	8,880	8,880	-	-	-	-
Restricted cash - Residential Colleges Fund	0.37	1,266	-	1,266	-	1,266	683	-	167	416	-
Restricted cash balances - other		95,525	-	-	95,525	95,525	95,525	-	-	-	-
Trade receivables ^(a)		25,542	-	-	25,542	25,542	25,542	-	-	-	-
Loans to non-government schools and UNDA ^(a)	4.42	355,535	355,535	-	-	355,535	-	9,244	28,652	147,744	169,895
Amounts receivable for services		3,337,896	-	-	3,337,896	3,337,896	2,082	3,470	13,391	75,772	3,243,181
		4,432,299	471,282	291,301	3,669,716	4,432,299	710,324	12,714	56,172	240,013	3,413,076
<u>Financial Liabilities</u> ^(b)											
Payables		141,304	-	-	141,304	141,304	139,742	-	-	-	1,562
Lease liabilities	6.21	348,835	348,835	-	-	348,835	2,622	5,954	17,552	39,490	283,217
WATC loans	2.56	380,697	380,697	-	-	380,697	-	9,244	28,652	150,914	191,887
Other liabilities		18,227	-	-	18,227	18,227	18,227	-	-	-	-
		889,063	729,532	-	159,531	889,063	160,591	15,198	46,204	190,404	476,666

(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable).

(b) The amounts disclosed are the calculated undiscounted cash flow of each class of financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

8.1 Financial risk management (continued)

(e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Department's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount \$'000	-100 basis points		+100 basis points	
		Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
2019–20					
<u>Financial assets</u>					
Schools cash balances	232,537	(2,325)	(2,325)	2,325	2,325
Special purpose account - TRBWA	9,547	(95)	(95)	95	95
Special purpose account - Residential Colleges Fund	-	-	-	-	-
Total increase/(decrease)		(2,421)	(2,421)	2,421	2,421
2020–21					
<u>Financial assets</u>					
Schools cash balances	281,289	(2,813)	(2,813)	2,813	2,813
Special purpose account - TRBWA	8,880	(89)	(89)	89	89
Special purpose account - Residential Colleges Fund	1,266	(13)	(13)	13	13
Total increase/(decrease)		(2,914)	(2,914)	2,914	2,914

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

8.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

The Department had no contingent assets as at 30 June 2021.

8.2.1 Contingent liabilities

The following contingent liabilities are additional to the liabilities included in the financial statements:

Litigation in progress

The Department is involved in a number of litigation proceedings either covered by the Insurance Commission of Western Australia, Government Insurance Division, eligible for recoup from the Department of Treasury's Special Purpose Fund, or of a nature that will not have a significant impact on the Department's financial position.

Contaminated sites

The Department currently has 68 sites that are owned by the Department and registered with Department of Water and Environmental Regulation under the *Contaminated Sites Act 2003* (WA). Of these, 30 do not require any further action and 38 are still subject to investigation or require on-going management. Where a school or school site is identified as possibly contaminated, an investigation is carried out by a qualified environmental health consultant. In addition to a visual inspection, analytical techniques, such as material, water and soil testing are used to confirm the nature and extent of the contamination. Upon completion of their investigation, the consultant submits a report to the Department of Education, which is then forwarded to the Department of Water and Environmental Regulation for classification according to the Contaminated Sites Act.

Casual employee's entitlement to long service leave

In September 2019, the Department of Mines, Industry Regulation and Safety – Government Sector Labour Relations (GSLR) informed public sector agencies that the *Long Service Leave Act 1958* (LSL Act) applies to casual public sector employees. Since then public sector industrial agreements have been progressively renegotiated so that casual employees will accrue long service leave entitlements under their applicable award or agreement from the date it is registered. In February 2021, GSLR issued a Guidance Note on the transitional arrangements for long service leave entitlements of current casual employees from the LSL Act to the applicable industrial instruments. The Department has determined that the liabilities associated with long service leave entitlements for both current casual employees and those who have left employment are unable to be measured with sufficient reliability at reporting date due to following factors:

- Difficulties in obtaining relevant underlying data for affected casual employees, particularly for those periods of service where the LSL Act applied.
- Determining continuous employment for casual employees under the LSL Act is unclear, particularly in identifying breaks in service for individual casual employees and whether any interruption in service impacts entitlement to long service leave.

The Department is liaising with Treasury and GSLR on the development of a methodology acceptable to the Government in calculating the entitlements under the LSL Act that will also enable the application of a consistent approach across government. Therefore, a provision has not been recognised in the financial statements for the long service leave entitlements as they are unable to be measured with sufficient reliability at reporting date.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

8.3 Fair value measurements

	Level 1	Level 2	Level 3	Fair value at end of period
	\$'000	\$'000	\$'000	\$'000
Assets measured at fair value				
2020–21				
Non-current assets classified as held for sale (Note 9.12)	-	-	25,686	25,686
Land (Note 5.1)	-	-	3,684,532	3,684,532
Land improvements (Note 5.1)	-	-	1,667,930	1,667,930
Buildings (Note 5.1)	-	-	6,179,722	6,179,722
Service concession land (Note 5.4)	-	-	9,311	9,311
Service concession land improvements (Note 5.4)	-	-	3,703	3,703
Service concession buildings (Note 5.4)	-	-	15,668	15,668
	-	-	11,586,552	11,586,552
Assets measured at fair value				
2019–20				
Non-current assets classified as held for sale (Note 9.12)	-	-	3,499	3,499
Land (Note 5.1)	-	-	3,694,138	3,694,138
Buildings (Note 5.1) ^(a)	-	-	7,147,130	7,147,130
Service concession land (Note 5.4)	-	-	9,311	9,311
Service concession buildings (Note 5.4)	-	-	18,300	18,300
	-	-	10,872,378	10,872,378

(a) Included within buildings in 2019–20 is school land improvements totalling \$1.51 billion. There were no transfers between Levels 1, 2 or 3 during the period

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

8.3 Fair value measurements (continued)

Fair value measurements using significant unobservable inputs (Level 3)

2020–21

	Land	Land improvements	Buildings	Service concession land	Service concession buildings	Service concession land improvements
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair Value at start of period	3,694,138	-	7,147,130	9,311	18,300	-
Adjustment for change in accounting classification - Land improvements & transportables/demountables	-	1,507,373	(1,806,313)	-	(3,978)	3,369
Restated fair value at start of period	3,694,138	1,507,373	5,340,817	9,311	14,322	3,369
Contribution to owner	-	-	-	-	-	-
Additions	-	-	39,558	-	-	-
Transfer from Work in Progress	19,879	682	303,976	-	-	-
Transfers to/from held for distribution (within Level 3)	(22,186)	-	-	-	-	-
Disposals	(4,526)	-	-	-	-	-
Revaluation increase/(decrease)	461	193,274	601,700	-	1,842	440
Depreciation expense	-	(33,399)	(106,351)	-	(494)	(108)
Impairment loss	(3,233)	-	-	-	-	-
Transfers/adjustments	(1)	-	22	-	(2)	2
Fair Value at end of period	3,684,532	1,667,930	6,179,722	9,311	15,668	3,703
Net loss on disposal of non-current assets under 'Carrying amount of disposal of non-current assets' in Note 3.4	4,526	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

8.3 Fair value measurements (continued)

Fair value measurements using significant unobservable inputs (Level 3)

	Land	Buildings	Service concession land	Service concession buildings
	\$'000	\$'000	\$'000	\$'000
2019-20				
Fair Value at start of period	3,673,952	6,930,269	-	-
Adjustment for change in accounting policy - AASB 16				
Adjustment for change in accounting policy - AASB 1059	(9,311)	(18,705)	9,311	18,705
Restated fair value at start of period	3,664,641	6,911,564	9,311	18,705
Contribution to owner	-	-	-	-
Additions	-	48,749	-	-
Transfer from Work in Progress	29,572	373,862	-	-
Transfers to/from held for distribution (within Level 3)	48	-	-	-
Disposals	(110)	(392)	-	-
Depreciation expense	-	(168,468)	-	(414)
Impairment loss	-	(18,282)	-	-
Transfers/adjustments	(13)	97	-	9
Fair Value at end of period	3,694,138	7,147,130	9,311	18,300
Net loss on disposal of non-current assets under 'Carrying amount of disposal of non-current assets' in Note 3.4	110	392	-	-

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

8.3 Fair value measurements (continued)

Valuation processes

Land, buildings and land improvements are measured at fair value on a cyclical basis, consistent with TI 954 Revaluation of Non-Current Physical Assets, issued by the Department of Treasury. The last revaluation for land, buildings and school land improvements was effective for the year ended 30 June 2019, carried out by the Western Australian Land Information Authority (Landgate).

Effective 1 July 2019, the Department reviewed the frequency to revalue land, buildings and school land improvements annually to every three years. Any interim revaluations are determined by applying relevant industry indices to determine if fair values adjustments are required. Refer to Note 5.1 for further information.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for distribution as Treasurer's Instructions require valuations of land, buildings and land improvements to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Fair value for existing use specialised buildings including building sub classes

Fair value for existing use specialised buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market-observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

Fair value for restricted use land

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuation Services) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Significant Level 3 inputs used by the Department are derived and evaluated as follows:

Effective age

The effective age is determined by the Valuation Services for buildings and by the Department's valuer for the building sub classes, after taking into account factors such as planned routine maintenance, building improvements and upgrades.

Selection of land with restricted utility

Fair value for restricted use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by Valuation Services.

Percentage rate of add-on cost - buildings and land improvements

Valuation Services has determined that the costs relating to contingencies, headworks and demolitions costs are inherent in the building valuations and therefore should not be added to its valuations. This also applies to the land improvements.

Average installation costs - transportables

The cost of transportation and connection of services determined by the Quantity Surveyor.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

NOTE 9. OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or other pronouncements for the understanding of this financial report.

	Notes
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9.1 Events occurring after the end of the reporting period

There have been no material events occurring after 30 June 2021.

9.2 Initial application of Australian Accounting Standards

AASB 1059 Service Concession Arrangements: Grantors

The Department has adopted AASB 1059 from 1 July 2019. AASB 1059 addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided.

Service Concession Arrangements: Grantors, AASB 1059 is applied to service concession arrangement which involve an operator:

- providing public services related to a service concession asset on behalf of a grantor; and
- managing at least some of those services under its own discretion, rather than at the direction of the grantor.

The grantor shall recognise an asset provided by the operator and an upgrade to or a major component replacement for an existing asset of the grantor as a service concession asset if the grantor controls the asset. The grantor controls the asset if, and only if:

- the grantor controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price; and
- the grantor controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the term of the arrangement.

The grant of right to operator (GORTO) should be applicable.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.2 Initial application of Australian Accounting Standards (continued)

Where the grantor does not have a contractual obligation to pay cash (or another financial asset) to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and instead grants the operator the right to earn revenue from third-party users or access to another revenue-generating asset, the grantor shall account for the liability as the unearned portion of the revenue arising from the exchange of assets between the grantor and the operator. It is noted that unearned revenue is not a financial liability. The grantor shall recognise revenue, and thus reduce the liability, according to the economic substance of the service concession arrangement.

The initial application of Australian Accounting Standards has resulted in the restatement of the comparatives (refer to Note 9.5) for 2019–20 consistent with the current year, to make them more meaningful to all users.

9.3 Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. Where applicable, the Department plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 17	<p><i>Insurance Contracts</i></p> <p>This Standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts.</p> <p>The Department has not assessed the impact of the Standard.</p>	1 Jan 2023
AASB 1060	<p><i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i></p> <p>This Standard sets out a new, separate disclosure standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053.</p> <p>These is no financial impact.</p>	1 Jul 2021
AASB 2020-1	<p><i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i></p> <p>This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.</p> <p>These is no financial impact.</p>	1 Jan 2023
AASB 2020-3	<p><i>Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments</i></p> <p>This Standard amends: (a) AASB 1 to simplify the application of AASB 1; (b) AASB 3 to update a reference to the Conceptual Framework for Financial Reporting; (c) AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; (d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; (e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and (f) AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value.</p> <p>There is no financial impact.</p>	1 Jan 2022
AASB 2020-5	<p><i>Amendments to Australian Accounting Standards – Insurance Contracts</i></p> <p>This Standard amends AASB 17 to reduce the costs of applying AASB 17 by simplifying some of its requirements.</p> <p>The Department has not assessed the impact of the Standard.</p>	1 Jan 2021

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.3 Future impact of Australian Accounting Standards not yet operative (continued)

AASB 2020-6	<p><i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i></p> <p>This Standard amends AASB 101 to defer requirements for the presentation of liabilities in the statement of financial position as current or non-current that were added to AASB 101 in AASB 2020-1.</p> <p>There is no financial impact.</p>	1 Jan 2022
AASB 2020-7	<p><i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures</i></p> <p>This Standard adds new disclosure requirements to AASB 1060.</p> <p>There is no financial impact.</p>	1 Jul 2021
AASB 2021-1	<p><i>Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities</i></p> <p>This Standard amends AASB 1060 to provide not-for-profit entities with optional relief from presenting comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous general purpose financial statements.</p> <p>There is no financial impact.</p>	1 Jul 2021
AASB 2021-2	<p><i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i></p> <p>This Standard amends: (a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; (b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; (d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and (e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p> <p>There is no financial impact.</p>	1 Jan 2023
AASB 2021-3	<p><i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021</i></p> <p>This Standard amends AASB 16 to extend by one year the application period of the practical expedient added to AASB 16 by AASB 2020-4.</p> <p>There is no financial impact.</p>	1 Apr 2021

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.4 Change in accounting policy

Library collections less than \$5,000 will no longer be aggregated or recorded in school assets register effective 1 July 2019. Library collection for items less than \$5,000 will be expensed. The intent of the change is driven by the evolving change in delivery of the curriculum and the nature of use of the library collection. The change in accounting policy has resulted in the restatement of the comparatives (refer to Note 9.5) for 2019–20 consistent with the current year, to make them more meaningful to all users.

9.5 Restatement of comparatives

The restatement of comparatives includes the change in accounting policy for library collections (refer to note 9.4 for more details) and initial application of AASB 1059 Service Concession Arrangements: Grantors (refer to note 9.2 for more details). For the restatement of comparatives changes for the initial application of AASB 1059 Service Concession Arrangements: Grantors, refer to the footnotes in the tables.

Statement of Comprehensive Income (extract)

	2019–20	Increase/ decrease	2019–20
	\$'000	\$'000	Restated \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	4,060,139	-	4,060,139
Supplies and services	961,522	6,389	967,911
Depreciation, amortisation and impairment expense	252,791	(9,824)	242,967
Grants and subsidies	31,545	-	31,545
Finance costs	31,225	-	31,225
Other expenses	21,895	(80)	21,815
Total cost of services	5,359,117	(3,515)	5,355,602
NET COST OF SERVICES	4,204,573	(3,515)	4,201,058
SURPLUS/(DEFICIT) FOR THE PERIOD	(82,904)	3,515	(79,389)

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.5 Restatement of comparatives (continued)

3.3 Other expenses (extract)

	2019–20	Increase/ decrease	2019–20
	\$'000	\$'000	Restated \$'000
Supplies and services			
Communication services	25,882	-	25,882
Consumables	4,178	-	4,178
Consumables - utilities	79,324	-	79,324
Equipment purchases (\$4,999 and below)	6,004	-	6,004
Insurance	67,694	-	67,694
Minor works	76,152	-	76,152
PPP - School maintenance costs	7,392	-	7,392
Repairs and maintenance	125,876	-	125,876
Service and contracts	171,133	-	171,133
Service and contracts - property	35,618	-	35,618
Staff-related expense	3,317	-	3,317
Travel	6,403	-	6,403
Schools expenses	345,943	6,389	352,332
Other	6,606	-	6,606
Total supplies and services expense	961,522	6,389	967,911

3.3 Other expenses (extract)

	2019–20	Increase/ decrease	2019–20
	\$'000	\$'000	Restated \$'000
Other expenditures			
Loss on disposal of non-current assets	1,087	(80)	1,007
Write-off of intangibles (work in progress)	13,100	-	13,100
Refund of prior period revenue	227	-	227
Asset revaluation decrement	-	-	-
Expected credit losses expense	7,447	-	7,447
Other expenditures	34	-	34
Total other expenditures	21,895	(80)	21,815

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.5 Restatement of comparatives (continued)

5.1.1 Depreciation and impairment (extract)

	2019–20	Increase/ decrease	2019–20
	\$'000	\$'000	Restated \$'000
<u>Depreciation</u>			
Land Improvements	-	-	-
Buildings*	168,882	(414)	168,468
Service concession buildings	-	-	-
Plant and equipment	4,518	-	4,518
Motor vehicles	519	-	519
Buses	941	-	941
Computers	3,296	-	3,296
Communication equipment	552	-	552
Office equipment	3,085	-	3,085
Library collections	9,824	(9,824)	-
Miscellaneous assets	592	-	592
Total depreciation	192,209	(10,238)	181,971

*Relates to service concession assets. See also note 5.4 for details.

5.4.1 Depreciation and impairment (extract)

	2019–20	Increase/ decrease	2019–20
	\$'000	\$'000	Restated \$'000
<u>Depreciation</u>			
Land improvements	-	-	-
Buildings*	-	414	414
Plant and equipment	-	-	-
Total depreciation	-	414	414

*Relates to service concession assets. See also note 5.4 for details.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.5 Restatement of comparatives (continued)

7.5.3 Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities (extract)

	2019–20	Increase/ decrease	2019–20
	\$'000	\$'000	Restated \$'000
Reconciliation of net cost of services to net cash flows used in operating activities			
Net cost of services	(4,204,573)	3,515	(4,201,058)
<u>Non-cash Items</u>			
Depreciation expense (note 5.1.1, 5.4.1 and 5.2)	233,416	(9,824)	223,592
Amortisation expense (note 5.3.1)	1,093	-	1,093
Impairment expense (note 5.1.1)	18,282	-	18,282
Resources received free of charge (note 4.1)	19,078	-	19,078
Expected credit losses expense (note 3.3)	7,447	-	7,447
Loss on disposal of non-current assets (note 3.3)	1,087	(80)	1,007
Write-off of intangible (work in progress) (note 3.3)	13,100	-	13,100
Asset revaluation increment (note 4.6)	-	-	-
Adjustment for other non-cash items	(1,080)	6,389	5,309
<u>(Increase)/decrease in assets</u>			
Current receivables	(13,680)	-	(13,680)
Current inventories	494	-	494
Other current assets	8,815	-	8,815
Non-current receivables	(18,779)	-	(18,779)
<u>Increase/(decrease) in liabilities</u>			
Provisions	46,326	-	46,326
Current payables and other liabilities	45,381	-	45,381
Non-current payables	831	-	831
Net GST receipts/(payments)	1,456	-	1,456
Change in GST in receivables and payables	1,315	-	1,315
Net cash used in operating activities	(3,839,991)	-	(3,839,991)

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.5 Restatement of comparatives (continued)

Statement of Financial Position (extract)

	2019–20	Increase/ decrease	2019–20
	\$'000	\$'000	Restated \$'000
Non-Current Assets			
Restricted cash and cash equivalents	61,323	-	61,323
Receivables	298,197	-	298,197
Amounts receivable for services	3,119,560	-	3,119,560
Property, plant and equipment*	11,117,503	(56,556)	11,060,947
Service concession assets*	-	27,611	27,611
Right-of-use assets	293,225	-	293,225
Intangible assets	4,733	-	4,733
Total Non-Current Assets	14,894,541	(28,945)	14,865,596
TOTAL ASSETS	15,605,676	(28,945)	15,576,731
NET ASSETS	13,935,220	(28,945)	13,906,275
EQUITY			
Contributed equity	14,557,656	-	14,557,656
Reserves	-	-	-
Accumulated surplus/(deficit)	(622,436)	(28,945)	(651,381)
TOTAL EQUITY	13,935,220	(28,945)	13,906,275

*Relates to service concession assets. See also note 5.4 for details.

9.12 Equity (extract)

	2019–20	Increase/ decrease	2019–20
	\$'000	\$'000	Restated \$'000
Accumulated surplus			
Balance at start of the year	(548,525)	-	(548,525)
Change in accounting policy	8,993	(32,460)	(23,467)
Result for the period	(82,904)	3,515	(79,389)
Balance at the end of the year	(622,436)	(28,945)	(651,381)
Total equity at end of the period	13,935,220	(28,945)	13,906,275

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.6 Key management personnel

The Department has determined that key management personnel include Ministers and senior officers of the Department. However, the Department is not obligated to compensate Ministers and therefore disclosures in relation to Ministers' compensation may be found in the Annual Report on State Finances.

Total compensation (total fees, salaries, superannuation, non-monetary and other benefits) for senior officers of the Department for the reporting period are presented within the following bands:

	2020-21	2019-20
Compensation band (\$)		
\$550,001 - \$560,000	-	1
\$530,001 - \$540,000	1	-
\$360,001 - \$370,000	-	1
\$340,001 - \$350,000	1	-
\$310,001 - \$320,000	1	-
\$300,001 - \$310,000	1	1
\$280,001 - \$290,000	1	-
\$260,001 - \$270,000	2	2 ^(a)
\$250,001 - \$260,000	-	1
\$240,001 - \$250,000	1	4
\$230,001 - \$240,000	2	1
\$220,001 - \$230,000	2	2
\$210,001 - \$220,000	-	2
\$200,001 - \$210,000	1	1
\$190,001 - \$200,000	1 ^(a)	1
\$180,001 - \$190,000	-	1 ^(a)
\$160,001 - \$170,000	1 ^(a)	1 ^(a)
\$150,001 - \$160,000	1 ^(a)	-
\$140,001 - \$150,000	2 ^(a)	-
\$130,001 - \$140,000	1 ^(a)	1 ^(a)
\$120,001 - \$130,000	1 ^(a)	-
\$110,001 - \$120,000	2 ^(a)	-
\$90,001 - \$100,000	3 ^(a)	1 ^(a)
\$60,001 - \$70,000	1 ^(a)	-
\$50,001 - \$60,000	1 ^(a)	1 ^(a)
\$40,001 - \$50,000	2 ^(a)	-
\$20,001 - \$30,000	-	1 ^(a)
\$0 - \$10,000	1 ^(a)	1 ^(a)

	2020-21 \$'000	2019-20 \$'000
Short term employee benefits	4,929	4,507
Post employment benefits	541	529
Other long term benefits	11	126
Total compensation of senior officers	5,481	5,162

(a) Includes senior officers where period of service is less than 12 months.

Total compensation includes the superannuation expense incurred by the Department in respect of senior officers.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.7 Related party transactions

The Department is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the Department is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to the State.

Related parties of the department include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements; and
- associates and joint ventures, that are included in the whole of government consolidated financial statements.

Significant transactions with government related entities

In conducting its activities, the Department is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- income from State Government (note 4.1);
- equity contributions (note 9.13);
- insurance payments to the Insurance Commission of Western Australia (note 3.3);
- GROH payments to the Department of Communities (note 3.1.1);
- borrowings and repayments from/to Western Australian Treasury Corporation (WATC) (note 7.1);
- building works, maintenance and leasing payments to the Department of Finance (note 3.3 and 5.2);
- land acquisition payments to the Department of Justice (note 5.1);
- services provided free of charge to other State government agencies (note 9.11);
- services received free of charge from other State government agencies (note 4.1);
- student health services payments to the Department of Health (note 3.1.1);
- student transportation service payments to the Public Transport Authority (note 3.3);
- remuneration for services provided by the Auditor General (note 9.10); and
- other payments to Department of Planning, Lands and Heritage, Water Corporation, Mental Health Commission, and Western Australia Police Force (note 3.1.1, 3.2 and 3.3).

Material transactions with related parties

During the reporting period, other than superannuation payments to GESB and general citizen transactions, there was one related party of a Minister that has provided consulting services to a range of schools to a total value of \$75,000 of which \$20,000 was outstanding at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.8 Affiliated and related bodies

The following are affiliated bodies that received operational support from the Department. They are not subject to operational control by the Department.

	2020–21 \$'000	2019–20 \$'000
Community Kindergartens	4,873	4,151
Non-Government Schools Planning Advisory Panel	4	3
Rural and Regional Education Advisory Council	152	157
School Curriculum and Standards Authority	36,865	30,935
Western Australian Higher Education Council	15	15
Total Affiliated bodies	41,909	35,261

The Department had nil related bodies during the financial year.

9.9 Special purpose accounts

Teacher Registration Board of Western Australia Account

The purpose of this account is to hold funds received under section 115(3) of the *Teacher Registration Act 2012* (WA) for the payment of costs and expenses incurred in the performance of the functions of the Teacher Registration Board of Western Australia (TRBWA).

The special purpose account was established pursuant to section 16(1)(b) of the *Financial Management Act 2006* (WA).

	2020–21 \$'000	2019–20 \$'000
Balance at start of period	9,547	10,261
Receipts	6,395	5,995
Payments	(7,062)	(6,709)
Balance at end of period	8,880	9,547

Student Residential Colleges Fund

The Student Residential Colleges Fund is a Department special purpose account under the *Financial Management Act 2006* (WA) section 16 (1)(b).

	2020–21 \$'000	2019–20 \$'000
Balance at start of period	(2,290)	5,353
Receipts	22,709	15,386
Payments	(19,153)	(23,029)
Balance at end of period ^(a)	1,266	(2,290)

- (a) The shortfall as at 30 June 2020 reflects an outstanding receipt from the Australian Government for capital improvements at Moora Residential College of \$3.48 million which were paid from the central office operating bank account.

Student scholarship accounts

The Department manages the following special purpose accounts in a trustee capacity. The funds are restricted in that they can only be used in accordance with the conditions of the accounts. These are not included in the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.9 Special purpose accounts (continued)

Special Purpose Account	2020-21				2019-20			
	Balance at start of period	Receipts	Payments	Balance at end of period	Balance at start of period	Receipts	Payments	Balance at end of period
	\$	\$	\$	\$	\$	\$	\$	\$
1 Olive A. Lewis Scholarship	4,736	25,000	24,500	5,236	4,736	25,000	25,000	4,736
2 Scholarship - Council of War Service Land Settlers Association	1,064	4	-	1,068	1,051	13	-	1,064
3 John Henry Kendall	1,183	4	-	1,187	1,168	15	-	1,183
4 Margueretta Wilson Scholarship	3,314	13	-	3,327	3,272	42	-	3,314
5 Perth Girls' Memorial Scholarship	86,314	313	17,000	69,627	91,660	1,654	7,000	86,314
6 Sir Thomas Coombe Scholarship	126,733	478	-	127,211	125,613	1,120	-	126,733
7 Margery Bennett Prize	1,425	5	-	1,430	1,407	18	-	1,425
8 W.J. Reid Memorial Prize	8,687	33	-	8,720	8,577	110	-	8,687
9 James and Rose Coombe Scholarships	250	32,000	32,000	250	1,250	30,000	31,000	250
10 Perth Boys' Memorial Scholarship	10,923	1,539	4,500	7,962	15,722	201	5,000	10,923
11 Roy Grace English Scholarship	-	1,000	1,000	-	-	-	-	-
12 James A. Heron Memorial Prize	12,362	46	1,000	11,408	14,181	181	2,000	12,362
13 Ernest Smith Memorial Prize for English	2,849	11	-	2,860	2,813	36	-	2,849
14 Bentley Senior High School Memorial Scholarship	16,379	61	1,000	15,440	20,122	257	4,000	16,379
15 Elaine Nora Walker Scholarships	99,511	372	4,000	95,883	101,219	1,292	3,000	99,511
16 William Samuel Bequest	1,718	6	100	1,624	1,796	22	100	1,718
17 Howard Porter Memorial Prize for Good Citizenship	2,446	9	100	2,355	2,514	32	100	2,446
18 Ian Bremner Memorial Scholarship	43,544	161	2,000	41,705	44,979	565	2,000	43,544
19 Catherine and Ernest Bennett Memorial Scholarship	30,187	113	500	29,800	29,806	381	-	30,187
20 Laurence Armstrong Scholarship	375,371	13,532	-	388,903	351,312	24,059	-	375,371
21 Rural Boarding Scholarship	24,055	91	-	24,146	23,752	303	-	24,055
Totals	853,051	74,791	87,700	840,142	846,950	85,301	79,200	853,051

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.9 Special purpose accounts (continued)

PURPOSE OF SPECIAL PURPOSE ACCOUNTS

1. Olive A. Lewis Scholarship Trust Account

To hold funds received from the Trustees of the Olive A. Lewis Scholarship Trust pending payment of scholarships to students of ability whose further education might otherwise be restricted by virtue of financial need.

2. Scholarship - Council of War Service Land Settlers Association Trust Account

To hold funds for the purpose of providing an annual prize and runner-up award for the students of residential agricultural schools.

3. John Henry Kendall Trust Account

To hold and invest money bequeathed for the purpose of providing funds for the purchase and supply of books to the North Merredin Primary School library.

4. Margueretta Wilson Scholarship Trust Account

To hold the foundation money for the purpose of making available an annual scholarship to a Year 9 student at Collie Senior High School.

5. Perth Girls' Memorial Scholarship Trust Account

To hold money for the purpose of awarding scholarships to a girl or girls attending a public secondary school in the metropolitan area.

6. Sir Thomas Coombe Scholarship Trust Account

To hold the money bequeathed for the purpose of awarding scholarships to male students of ability who for financial reasons would otherwise be unable to carry on to attempt to achieve a Western Australian Certificate of Education.

7. Margery Bennett Prize Trust Account

To hold money for the purpose of awarding a cash prize on a biennial rotation basis to an Aboriginal tertiary student in a teacher education program or an Aboriginal Education Worker in Western Australia.

8. W. J. Reid Memorial Prize Trust Account

To hold and invest money donated for the purpose of awarding an annual prize to a student from Carine Senior High School who displays social maturity, confidence, poise, involvement in student and/or community affairs, and above average scholastic development.

9. James and Rose Coombe Scholarship Trust Account

To hold and invest money bequeathed for the purpose of awarding cash prizes for public country school students who are in need of financial assistance to complete a high school education.

10. Perth Boys' Memorial Scholarship Trust Account

To hold money for the purpose of awarding scholarships to a boy or boys attending a public secondary school in the metropolitan area.

11. Roy Grace English Scholarship Trust Account

To hold the foundation money for the purpose of making an annual cash award available to a student at the end of both Years 10 and 11 who is attending a public secondary school and who demonstrates exceptional ability in the area of English.

12. James A. Heron Memorial Prize Trust Account

To hold the foundation money for the purpose of awarding a cash prize to a student residing in the Fremantle district who is proceeding to take a Western Australian Certificate of Education course at any recognised high school.

13. Ernest Smith Memorial Prize for English Trust Account

To hold and invest money donated for the purpose of awarding an annual prize to the best student in English at North Perth Primary School.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.9 Special purpose accounts (continued)

14. Bentley Senior High School Memorial Scholarship

To hold and invest money for the purpose of awarding scholarships based on academic merit to students of Kent Street Senior High School, Como Secondary College or Cannington Community College.

15. Elaine Nora Walker Scholarship Trust Fund

To hold and invest money bequeathed for the purpose of providing annual scholarships to assist one male and one female student to continue their education in an institution governed by the Department of Education.

16. William Samuel Bequest Trust Account

To hold and invest the bequest money for the purpose of awarding a boy from White Gum Valley Primary School a cash prize based on all-round efficiency in sport and school work.

17. Howard Porter Memorial Prize for Good Citizenship Trust Account

To hold the bequest money for the purpose of awarding an annual prize for “good citizenship” to a female student at White Gum Valley Primary School.

18. Ian Bremner Memorial Scholarship Trust Account

To hold money for the purpose of providing an annual scholarship to the most successful student at Cowaramup Primary School.

19. Catherine and Ernest Bennett Memorial Scholarship Trust Account

To hold money for the purpose of providing an annual scholarship to the successful Year 10 student who is continuing on with Year 11 studies at Lake Grace District High School.

20. Laurence Armstrong Scholarship Trust Account

To hold and manage funds for the purpose of funding scholarships for students of the Northam Senior High School in accordance with terms and conditions of the Laurence Armstrong Will.

21. Rural Boarding Scholarship

To hold security money deposited by scholarship holders. On completion of a teaching qualification, the funds in the trust account will be refunded to the successful scholarship recipient.

9.10 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2020–21	2019–20
	\$'000	\$'000
Remuneration payable to the Auditor General in respect of the audit for the current financial year is as follows:		
Auditing the accounts, financial statements and key performance indicators	585	500

These amounts are due and payable in the next financial year.

The expenses for the 2020–21 audit of the financial statements is included in note 3.3 ‘Other Expenses’.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.11 Services provided free of charge

During the period the following services were provided to other agencies free of charge for functions outside the normal operations of the Department:

- Marketing and publications
- Delivery support systems - wide area network
- College management information systems support
- Accounting services
- Asset and building management services
- Industrial relations support
- Lease costs
- Outgoings
- School census information
- Administration support

	2020-21	2019-20
	\$'000	\$'000
Department of Finance	23	23
Department of Health	1,007	998
South Regional TAFE	96	140
North Regional TAFE	4	-
North Metropolitan TAFE	1	-
Department of the Premier and Cabinet	70	31
Department of Communities	14	15
Department of Justice	3	1
Public Sector Commission	-	1
Commissioner for Children and Young People	2	1
Office of the Inspector of Custodial Services	2	-
Trustees of the Public Education Endowment	21	16
School Curriculum and Standards Authority	36,865	30,935
	38,108	32,161

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.12 Non-current assets classified as held for sale

The following table represents a summary of assets held for sale:

	2020-21 \$'000	2019-20 \$'000
<u>Opening balance</u>		
Land and buildings	3,499	3,547
Write-down from cost to fair value less selling costs	-	-
	3,499	3,547
<u>Add: Assets reclassified as held for distribution</u>		
Land and buildings ^(a)	25,636	7
Write-down from cost to fair value less selling costs	-	-
	25,636	7
<u>Total assets classified as held for distribution</u>		
Land and buildings	29,135	3,554
Write-down from cost to fair value less selling costs	-	-
	29,135	3,554
<u>Less: Assets sold or distributed to owner</u>		
Land and buildings	3,449	55
Write-down from cost to fair value less selling costs	-	-
	3,449	55
<u>Closing balance</u>		
Land and buildings	25,686	3,499
Write-down from cost to fair value less selling costs	-	-
	25,686	3,499

(a) In 2020-21 the following listed land and buildings, surplus to the Department's requirements, and with a fair value of \$25.636 million were transferred to land and buildings held for distribution to owner:

- WA Foundation for Deaf Children, Cottesloe \$22.900 million
- Various other properties \$2.736 million.

Non-current assets (or disposal groups) held for sale/ distribution to owner are recognised at the lower of carrying amount and fair value less costs to sell, and are disclosed separately from other assets in the Statement of Financial Position. Assets classified as held for distribution are not depreciated or amortised.

Non-current assets held for distribution comprise surplus Crown and freehold land 'held for sale' and buildings to be disposed of by the Department as a distribution to owner. All Crown land holdings are vested in the Department by the Government. The Department of Planning, Lands and Heritage (DPLH) is the only agency with the power to sell Crown land. The Department transfers the Crown land and any attached buildings to DPLH when the land becomes available for sale.

The Department has the power to sell freehold land, however cannot retain revenues derived from the sale unless specifically approved for retention by the Treasurer.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.13 Equity

	2020–21	2019–20
	\$'000	Restated* \$'000
Contributed equity		
Balance at start of period	14,557,656	14,196,703
<u>Contributions by owners</u>		
Capital appropriation	319,821	316,737
Transfer of net assets from other agencies:		
Pilbara TAFE to Karratha Senior High School	-	174
Department of Communities	-	1,235
	-	1,409
<u>Other contributions by owners</u>		
Royalties for Regions Fund	12,810	42,917
Total contributions by owners	14,890,287	14,557,766
<u>Distributions to owners</u>		
Transfer of net assets to Government:		
Crown land transferred to Department of Planning, Lands and Heritage	(1,076)	(110)
Sale of land proceeds transferred to Department of Treasury	(2,860)	-
Transfer of ICT intangibles asset to School Curriculum and Standards Authority	(2,558)	-
Total distributions to owner	(6,494)	(110)
Balance at end of period	14,883,793	14,557,656
Reserves		
<u>Asset revaluation surplus/(deficit)</u>		
Balance at start of period	-	-
Net revaluation increment/(decrement)		
Land held for sale	461	-
Buildings and land improvements	315,577	-
Total net revaluation increment/(decrement)	316,038	-
Balance at end of period	316,038	-
Accumulated surplus		
Balance at start of the year	(651,381)	(548,525)
Change in accounting policy ^(a)	-	(23,467)
Result for the period	492,272	(79,389)
Balance at the end of the year	(159,109)	(651,381)
Total equity at end of the period	15,040,722	13,906,275

(a) In 2019–20, the change in accounting policy for library collections and initial application of adopting AASB 15 and AASB 1058.

* See also Note 9.5 for details regarding the restatement of comparatives.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.14 Supplementary financial information

	2020–21 \$'000	2019–20 \$'000
Write-offs		
Accounts Receivable		
During the financial year, \$4,924,990 (2019–20: \$3,370,834) of Accounts Receivable was written off under the authority of:		
Accountable Authority	4,925	3,371
The Minister	-	-
Executive Council	-	-
	4,925	3,371
Asset Register		
During the financial year, \$0 (2019–20: \$87,819) was written off the Department's asset register under the authority of:		
The Accountable Authority	-	88
The Minister	-	-
Executive Council	-	-
	-	88
Losses through theft, defaults and other causes		
Losses of public money and other property through theft or default	74	17
Amounts recovered	-	-
	74	17

The dollar amount allocated to "Losses of public money and other property through theft or default" is an estimate as some of the cases are still under investigation and/or the actual loss incurred is not able to be quantified.

Gifts of public property

There were no gifts of public property provided by the Department during the current and previous period.

9.15 Explanatory statement

All variances between annual estimates (original budget) and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances which are greater than 10% and 1% of Total Cost of Services for the Statement of Comprehensive Income and Statement of Cash Flows, and are greater than 10% and 1% of Total Assets for the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.15 Explanatory statement (continued)

Statement of Comprehensive Income

	Estimate 2020–21	Actual 2020–21	Actual Restated* 2019–20	Variance						
				Variance between estimate and actual			Variance between actual results for 2021 and 2020			
				\$'000	%	Note	\$'000	%	Note	
COST OF SERVICES										
Expenses										
Employee benefits expense	4,078,314	4,261,996	4,060,139	183,682	5%		201,857	5%		
Supplies and services	1,104,205	1,020,651	967,911	(83,554)	(8%)		52,740	5%		
Depreciation and amortisation expense	217,819	231,621	242,967	13,802	6%		(11,346)	(5%)		
Grants and subsidies	25,514	50,668	31,545	25,154	99%		19,123	61%		
Finance costs	36,158	32,207	31,225	(3,951)	(11%)		982	3%		
Other expenses	4,857	6,178	21,815	1,321	27%		(15,637)	(72%)		
Total cost of services	5,466,867	5,603,321	5,355,602	136,454	2%		247,719	5%		
Income										
Revenue										
User contributions, charges and fees	149,465	116,451	115,927	(33,014)	(22%)		524	0%		
Other revenue	104,473	114,492	110,763	10,019	10%		3,729	3%		
Australian Government grants and contributions	985,293	995,831	904,957	10,538	1%		90,874	10%	A	
Interest revenue	22,355	16,543	22,897	(5,812)	(26%)		(6,354)	(28%)		
Total Revenue	1,261,586	1,243,317	1,154,544	(18,269)	(1%)		88,773	8%		
Gains										
Other gains	-	481,679	-	481,679	100%	1	481,679	100%		B
Total gains	-	481,679	-	481,679	100%		481,679	100%		
Total income other than income from State Government	1,261,586	1,724,996	1,154,544	463,410	37%		570,452	49%		
NET COST OF SERVICES	4,205,281	3,878,325	4,201,058	(326,956)	(8%)		(322,733)	(8%)		
Income from State Government										
Service appropriation	4,257,021	4,305,387	4,066,784	48,366	1%		238,603	6%		
Income from other public sector entities	5,194	22,407	9,415	17,213	331%		12,992	138%		
Services received free of charge	15,597	17,167	19,078	1,570	10%		(1,911)	(10%)		
Royalties for Regions Fund	26,963	25,636	26,392	(1,327)	(5%)		(756)	(3%)		
Total income from State Government	4,304,775	4,370,597	4,121,669	65,822	2%		248,928	6%		
SURPLUS/(DEFICIT) FOR THE PERIOD	99,494	492,272	(79,389)	392,778	395%		571,661	(720%)		
OTHER COMPREHENSIVE INCOME										
Items not reclassified subsequently to profit or loss										
Changes in asset revaluation surplus	-	316,038	-	316,038	100%	2	316,038	100%		C
Total other comprehensive income	-	316,038	-	316,038	100%		316,038	100%		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	99,494	808,310	(79,389)	708,816	712%		887,699	1118%		

* See also Note 9.5 for details regarding the restatement of comparatives

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.15 Explanatory statement (continued) – Statement of Financial Position

	Estimate 2020–21 \$'000	Actual 2020–21 \$'000	Actual Restated* 2019–20 \$'000	Variance					
				Variance between estimate and actual			Variance between actual results for 2021 and 2020		
				\$'000	%	Note	\$'000	%	Note
ASSETS									
Current Assets									
Cash and cash equivalents	541,833	607,803	558,952	65,970	12%		48,851	9%	
Restricted cash and cash equivalents	24,171	26,102	30,247	1,931	8%		(4,145)	(14%)	
Amounts receivable for services	18,943	18,943	19,674	-	0%		(731)	(4%)	
Inventories	6,442	7,552	6,442	1,110	17%		1,110	17%	
Receivables	74,047	80,430	81,558	6,383	9%		(1,128)	(1%)	
Other current assets	12,612	13,091	10,763	479	4%		2,328	22%	
Non-current assets classified as assets held for sale	3,499	25,686	3,499	22,187	634%		22,187	634%	
Total Current Assets	681,547	779,607	711,135	98,060	14%		68,472	10%	
Non-Current Assets									
Restricted cash and cash equivalents	78,164	79,569	61,323	1,405	2%		18,246	30%	
Receivables	317,947	317,639	298,197	(308)	(0%)		19,442	7%	
Amounts receivable for services	3,318,472	3,318,953	3,119,560	481	0%		199,393	6%	
Property, plant and equipment	11,376,987	11,994,070	11,060,947	617,083	5%		933,123	8%	
Service concession assets	-	29,218	27,611	29,218	100%		1,607	6%	
Right-of-use assets	299,708	313,153	293,225	13,445	4%		19,928	7%	
Intangible assets	4,624	1,346	4,733	(3,278)	(71%)		(3,387)	(72%)	
Total Non-Current Assets	15,395,902	16,053,948	14,865,596	658,046	4%		1,188,352	8%	
TOTAL ASSETS	16,077,449	16,833,555	15,576,731	756,106	5%		1,256,824	8%	
LIABILITIES									
Current Liabilities									
Payables	150,158	139,742	134,530	(10,416)	(7%)		5,212	4%	
Borrowings	38,306	37,896	34,876	(410)	(1%)		3,020	9%	
Lease liabilities	29,296	26,128	32,668	(3,168)	(11%)		(6,540)	(20%)	
Employee related provisions	589,440	653,916	589,440	64,476	11%		64,476	11%	
Other provisions	-	19	-	19	100%		19	0%	
Other current liabilities	10,641	18,227	11,481	7,586	71%		6,746	59%	
Total Current Liabilities	817,841	875,928	802,995	58,087	7%		72,933	9%	
Non-Current Liabilities									
Payables	1,004	1,562	1,004	558	56%		558	56%	
Borrowings	346,897	342,801	328,849	(4,096)	(1%)		13,952	4%	
Lease liabilities	313,006	322,707	305,151	9,701	3%		17,556	6%	
Employee related provisions	232,268	246,444	232,268	14,176	6%		14,176	6%	
Other provisions	189	3,391	189	3,202	1694%		3,202	1694%	
Other current liabilities	172	-	-	(172)	(100%)		-	0%	
Total Non-Current Liabilities	893,536	916,905	867,461	23,369	3%		49,444	6%	
TOTAL LIABILITIES	1,711,377	1,792,833	1,670,456	81,456	5%		122,377	7%	
NET ASSETS	14,366,072	15,040,722	13,906,275	674,650	5%		1,134,447	8%	
EQUITY									
Contributed equity	14,888,620	14,883,793	14,557,656	(4,827)	(0%)		326,137	2%	
Reserves	-	316,038	-	316,038	100%		316,038	100%	
Accumulated surplus/(deficit)	(522,548)	(159,109)	(651,381)	363,439	(70%)		492,272	(76%)	
TOTAL EQUITY	14,366,072	15,040,722	13,906,275	674,650	5%		1,134,447	8%	

* See also Note 9.5 for details regarding the restatement of comparatives

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.15 Explanatory statement (continued) – Statement of Cash Flows

	Estimate 2020–21	Actual 2020–21	Actual 2019–20	Variance						
				Variance between estimate and actual			Variance between actual results for 2021 and 2020			
				\$'000	%	Note	\$'000	%	Note	
CASH FLOWS FROM STATE GOVERNMENT										
Service Appropriation	4,039,202	4,087,086	3,849,508	47,884	1%		237,578	6%		
Capital Contribution	320,461	319,821	316,737	(640)	(0%)		3,084	1%		
Holding Account Draw Downs	19,638	19,638	19,637	-	0%		1	0%		
Royalties for Regions Fund	49,436	38,445	69,309	(10,991)	(22%)		(30,864)	(45%)		
Funds from other public sector entities	6,107	19,528	9,600	13,421	220%		9,928	103%		
Net cash provided by State Government	4,434,844	4,484,518	4,264,791	49,674	1%		219,727	5%		
Utilised as follows:										
CASH FLOWS FROM OPERATING ACTIVITIES										
Payments										
Employees benefits	(4,061,660)	(4,179,192)	(3,952,490)	(117,532)	3%		(226,702)	6%		
Supplies and services	(1,088,583)	(1,007,308)	(937,350)	81,275	(7%)		(69,958)	7%		
Grants and subsidies	(25,514)	(48,252)	(31,732)	(22,738)	89%		(16,520)	52%		
Finance costs	(33,266)	(31,779)	(24,882)	1,487	(4%)		(6,897)	28%		
GST payments on purchases	(152,091)	(139,922)	(134,857)	12,169	(8%)		(5,065)	4%		
Loans advanced to non-government schools	(57,100)	(38,807)	(51,406)	18,293	(32%)		12,599	(25%)		
Other payments	(329)	(970)	(261)	(641)	195%		(709)	272%		
Receipts										
User contributions, charges and fees	149,426	115,528	109,066	(33,898)	(23%)		6,462	6%		
Australian Governments grants and contributions	991,101	1,007,412	906,521	16,311	2%		100,891	11%	D	
Interest received	17,810	11,236	13,586	(6,574)	(37%)		(2,350)	(17%)		
GST receipts on revenue	-	5,163	4,204	5,163	100%		959	23%		
GST receipts from taxation authority	151,992	134,378	132,110	(17,614)	(12%)		2,268	2%		
Repayments of loans by non-government schools	35,622	21,725	37,318	(13,897)	(39%)		(15,593)	(42%)		
Other receipts	103,776	113,799	90,182	10,023	10%		23,617	26%		
Net cash used in operating activities	(3,968,816)	(4,036,989)	(3,839,991)	(68,173)	2%		(196,998)	5%		
CASH FLOW FROM INVESTING ACTIVITIES										
Payments										
Purchase of non-current assets	(456,230)	(366,758)	(428,202)	89,472	(20%)	3	61,444	(14%)	E	
Receipts										
Receipts from sale of non-current physical assets	-	2,984	211	2,984	100%		2,773	1314%		
Net cash used in investing activities	(456,230)	(363,774)	(427,991)	92,456	(20%)		64,217	(15%)		
CASH FLOW FROM FINANCING ACTIVITIES										
Payments										
Payment lease liabilities	(40,767)	(37,775)	(43,529)	2,992	(7%)		5,754	(13%)		
Repayment of borrowings	(73,420)	(21,725)	(37,702)	51,695	(70%)		15,977	(42%)		
Receipts										
Proceeds from borrowings	94,889	38,697	51,406	(56,192)	(59%)	4	(12,709)	(25%)		
Net cash used in financing activities	(19,298)	(20,803)	(29,825)	(1,505)	8%		9,022	(30%)		
Net increase/(decrease) in cash and cash equivalents	(9,500)	62,952	(33,016)	72,452	(763%)		95,968	(291%)		
Cash and cash equivalents at the beginning of the period	653,668	650,522	683,538	(3,146)	(0%)		(33,016)	(5%)		
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	644,168	713,474	650,522	69,306	11%		62,952	10%		

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.15 Explanatory statement (continued)

Major Variance Narratives

Variations between estimate and actual

Statement of Comprehensive Income

- 1 Refer to Note 4.6 “Other gains” of the financial statements.
- 2 Refer to Note 9.13 “Equity” of the financial statements.

Statement of Cash Flows

- 3 The purchase of non-current assets was \$89.50 million (20%) lower than the 2020–21 Estimate due to timing variations in infrastructure projects payments and a reduced level of asset purchases by schools compared to prior year expenditure levels upon which the estimate was set.
- 4 Proceeds from borrowings were \$56.20 million (59%) lower than the 2020–21 Estimate due to differences in the accounting treatment for the recognition of long-term debt in the State Budget Papers.

Variations between actual results for 2020–21 and 2019–20

Statement of Comprehensive Income

- A Australian grants and contributions were \$90.90 million (10%) higher than the 2019–20 Actual, mainly due to additional Quality Schools funding under the National School Reform Agreement.
- B Refer to Note 4.6 “Other gains” of the financial statements.
- C Refer to Note 9.13 “Equity” of the financial statements.

Statement of Cash Flows

- D Receipts from Australian grants and contributions were \$100.90 million (11%) higher than the 2019–20 Actual, mainly due to additional Quality Schools funding under the National School Reform Agreement.
- E Purchases of non-current assets was \$61.40 million (14%) lower than the 2019–20 Actual primarily due to timing variations in infrastructure project payments and a lower level of capital purchasing undertaken by schools in 2020–21 compared to the previous year.

9.16 Indian Ocean Territories

	2020–21 \$'000	2019–20 \$'000
Reconciliation of Australian Government funds received and expended for the Indian Ocean Territories		
Balance at start of period	925	(68)
Receipts	16,029	15,812
Payments	(15,527)	(14,819)
Balance at end of period	1,427	925

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.17 Disclosure of administered income and expenses

	2020-21 \$'000	2019-20 \$'000
Income		
Transfer revenue	460,764	451,873
Total administered Income	460,764	451,873
Expenses		
Transfer payments	454,578	455,469
Total administered expenses	454,578	455,469

Notes to the schedule of administered items

(i) Transfer revenues

	2020-21 \$'000	2019-20 \$'000
Financial assistance for non-government schools	451,716	442,590
Other grants and subsidies	1,304	1,304
Other revenue	4,910	5,009
Subsidies for unfunded superannuation liabilities of higher education institutions	2,834	2,970
Total	460,764	451,873

(ii) Transfer payments

The Department is responsible for transfers of appropriations to eligible beneficiaries consistent with the requirements of the *School Education Act 1999 (WA)*, the *School Education Regulations 2000 (WA)* and the applicable Government Gazettes. The Department does not control amounts for transfer but acts only as an agent. Except for the funding received for the unfunded superannuation liabilities of higher education institutions of \$2.83 million, other miscellaneous grants and subsidies of \$1.30 million, and other revenue of \$4.91 million, the remaining \$451.72 million relates primarily to per capita funding.

The Department of Treasury provides for per capita grants funding based on enrolment growth and indexation. The State Government's funding commitment to non-government schools is underpinned by the Bilateral Agreement entered into with the Australian Government in 2018. The National School Reform Agreement (NSRA) stipulates the State Government's required minimum funding contributions, which are expressed as a percentage of the Schooling Resource Standard (SRS). The SRS is an estimate of how much total public funding a school needs to meet the educational needs of its students. The State Government has agreed to a transition to 20% of the SRS by 2023.

	2020-21 \$'000	2019-20 \$'000
Financial assistance for non-government schools	445,530	446,186
Other grants and subsidies	1,304	1,304
Other expenses	4,910	5,009
Subsidies for unfunded superannuation liabilities of higher education institutions	2,834	2,970
Total	454,578	455,469

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2021

9.18 Explanatory statement for administered items

All variances between annual estimates and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances, which are generally greater than 10% and 1% of Total Administered Income (being the lower of the estimate or the prior period actual).

	Estimate 2020–21	Actual 2020–21	Actual 2019–20	Variance					
				Variance between estimate and actual			Variance between actual results for 2020 and 2021		
				\$'000	%	Note	\$'000	%	Note
Income									
Transfer revenue	449,968	460,764	451,873	10,796	2%		8,891	2%	
Total administered Income	449,968	460,764	451,873	10,796	0%		8,891	2%	
Expenses									
Transfer payments	445,846	454,578	455,469	8,732	2%		(891)	(0%)	
Total administered expenses	445,846	454,578	455,469	8,732	2%		(891)	(0%)	
Net income from administered items	4,122	6,186	(3,596)	2,064	50%		9,782	(272%)	

9.19 Administered assets and liabilities

	2020–21 \$'000	2019–20 \$'000
Assets		
Current		
Cash and cash equivalents	13,758	7,572
Total administered current assets	13,758	7,572
Net administered assets	13,758	7,572