

## Financial statements

The Department has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2024 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 2024

	Notes	2023-24 \$'000	2022-23 \$'000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	3.1.1	5,055,050	4,859,279
Supplies and services	3.3	1,166,738	1,072,645
Depreciation, amortisation and impairment expense	5.1.1, 5.2, 5.3.1, 5.4.1	297,995	261,755
Accommodation expenses	3.3	21,291	20,335
Grants and subsidies	3.2	34,823	40,175
Finance costs	7.4	50,956	48,578
Other expenses	3.3	40,013	8,173
<b>Total cost of services</b>		<b>6,666,866</b>	<b>6,310,940</b>
<b>Income</b>			
<b>Revenue</b>			
User contributions, charges and fees	4.2	133,174	125,373
Interest revenue	4.4	30,231	18,845
Other revenue	4.5	116,462	106,758
Australian Government grants and contributions	4.3	1,354,446	1,226,566
<b>Total revenue</b>		<b>1,634,313</b>	<b>1,477,542</b>
<b>NET COST OF SERVICES</b>		<b>5,032,553</b>	<b>4,833,398</b>
<b>Income from State Government</b>	4.1		
Service appropriation		4,953,640	4,858,771
Income from other public sector entities		31,493	27,365
Resources received free of charge		15,932	16,558
Royalties for Regions Fund		26,805	27,096
<b>Total income from State Government</b>		<b>5,027,870</b>	<b>4,929,790</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(4,683)</b>	<b>96,392</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not reclassified subsequently to profit or loss</b>			
Changes in asset revaluation surplus	9.12	1,758,372	2,053,113
<b>Total other comprehensive income</b>		<b>1,758,372</b>	<b>2,053,113</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>1,753,689</b>	<b>2,149,505</b>

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

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

## Statement of Financial Position

As at 30 June 2024

	Notes	2023-24 \$'000	2022-23 Reclassified* \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7.5.1	543,885	514,977
Restricted cash and cash equivalents	7.5.2	64,411	44,794
Amounts receivable for services	6.2	20,177	22,397
Inventories	6.4	6,700	9,250
Receivables	6.1	92,964	96,633
Other current assets	6.3	69,837	27,944
Non-current assets classified as assets held for sale	9.11	3,360	2,988
<b>Total Current Assets</b>		<b>801,334</b>	<b>718,983</b>
<b>Non-Current Assets</b>			
Receivables	6.1	454,221	439,822
Amounts receivable for services	6.2	4,211,132	3,902,834
Property, plant and equipment	5.1	18,062,657	16,005,491
Service concession assets	5.4	40,442	37,684
Right-of-use assets	5.2	411,744	375,808
Intangible assets	5.3	-	-
<b>Total Non-Current Assets</b>		<b>23,180,196</b>	<b>20,761,639</b>
<b>TOTAL ASSETS</b>		<b>23,981,530</b>	<b>21,480,622</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	6.5	255,588	170,564
Borrowings	7.1	43,773	41,364
Lease liabilities	7.2	44,864	34,952
Employee related provisions	3.1.2	805,270	716,458
Other provisions	6.6	2,951	4,212
Other current liabilities	6.7	32,856	45,975
<b>Total Current Liabilities</b>		<b>1,185,302</b>	<b>1,013,525</b>
<b>Non-Current Liabilities</b>			
Payables	6.5	3,157	2,635
Borrowings	7.1	356,268	356,645
Lease liabilities	7.2	364,292	361,529
Employee related provisions	3.1.2	279,940	264,404
Other provisions	6.6	5,137	3,755
<b>Total Non-Current Liabilities</b>		<b>1,008,794</b>	<b>988,968</b>
<b>TOTAL LIABILITIES</b>		<b>2,194,096</b>	<b>2,002,493</b>
<b>NET ASSETS</b>		<b>21,787,434</b>	<b>19,478,129</b>
<b>EQUITY</b>			
Contributed equity	9.12	16,298,232	15,742,616
Reserves	9.12	5,560,484	3,802,112
Accumulated surplus/(deficit)	9.12	(71,282)	(66,599)
<b>TOTAL EQUITY</b>		<b>21,787,434</b>	<b>19,478,129</b>

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 9.4 for details regarding the reclassification of comparatives.

## Statement of Changes in Equity

For the year ended 30 June 2024

	Notes	Contributed equity \$'000	Reserves \$'000	Accumulated surplus/(deficit) \$'000	Total equity \$'000
<b>Balance at 1 July 2022</b>	9.12	<b>15,277,971</b>	<b>1,748,999</b>	<b>(162,991)</b>	<b>16,863,979</b>
Surplus/(deficit)		-	-	96,392	96,392
Other comprehensive income		-	2,053,113	-	2,053,113
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>2,053,113</b>	<b>96,392</b>	<b>2,149,505</b>
<b>Transactions with owners in their capacity as owners:</b>					
Capital appropriations		474,952	-	-	474,952
Transfer of net assets from other agencies		5,660	-	-	5,660
Other contributions by owners		7,033	-	-	7,033
Distribution to owners		(23,000)	-	-	(23,000)
<b>Total</b>		<b>464,645</b>	<b>-</b>	<b>-</b>	<b>464,645</b>
<b>Balance at 30 June 2023</b>		<b>15,742,616</b>	<b>3,802,112</b>	<b>(66,599)</b>	<b>19,478,129</b>
<b>Balance at 1 July 2023</b>					
<b>Balance at 1 July 2023</b>	9.12	<b>15,742,616</b>	<b>3,802,112</b>	<b>(66,599)</b>	<b>19,478,129</b>
Surplus/(deficit)		-	-	(4,683)	(4,683)
Other comprehensive income		-	1,758,372	-	1,758,372
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>1,758,372</b>	<b>(4,683)</b>	<b>1,753,689</b>
<b>Transactions with owners in their capacity as owners:</b>					
Capital appropriations		540,655	-	-	540,655
Other contributions by owners		15,303	-	-	15,303
Distribution to owners		(342)	-	-	(342)
<b>Total</b>		<b>555,616</b>	<b>-</b>	<b>-</b>	<b>555,616</b>
<b>Balance at 30 June 2024</b>		<b>16,298,232</b>	<b>5,560,484</b>	<b>(71,282)</b>	<b>21,787,434</b>

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

## Statement of Cash Flows

For the year ended 30 June 2024

	Notes	2023-24 \$'000	2022-23 Reclassified* \$'000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		4,629,095	4,549,307
Capital contribution		540,655	474,952
Holding account draw downs		18,467	22,529
Royalties for Regions Fund		42,107	34,129
Funds from other public sector entities		30,282	28,291
<b>Net cash provided by State Government</b>		<b>5,260,606</b>	<b>5,109,208</b>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits expense		(4,899,668)	(4,835,512)
Supplies and services		(1,148,888)	(1,054,902)
Accommodation expenses		(20,947)	(19,197)
Grants and subsidies		(33,822)	(41,183)
Finance costs		(38,335)	(33,847)
GST payments on purchases		(172,318)	(158,812)
Loans advanced to non-government schools		(43,633)	(48,408)
Other payments		(8,005)	(234)
<b>Receipts</b>			
User contributions, charges and fees		127,329	121,321
Australian Government grants and contributions		1,299,824	1,221,487
Interest received		25,935	18,278
GST receipts on revenue		6,753	5,406
GST receipts from taxation authority		166,411	152,881
Repayments of loans by non-government schools		41,601	38,967
Other receipts		121,130	99,114
<b>Net cash used in operating activities</b>	7.5.3	<b>(4,576,633)</b>	<b>(4,534,641)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchases of non-current physical assets		(566,809)	(513,419)
<b>Receipts</b>			
Receipts from sale of non-current physical assets		701	411
<b>Net cash provided by/(used in) investing activities</b>		<b>(566,108)</b>	<b>(513,008)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Repayment of lease liabilities		(52,421)	(46,766)
Repayment of borrowings		(41,601)	(38,967)
Payment to accrued salaries account		(18,951)	(17,122)
<b>Receipts</b>			
Proceeds from borrowings		43,633	48,408
<b>Net cash used in financing activities</b>		<b>(69,340)</b>	<b>(54,447)</b>
Net increase/(decrease) in cash and cash equivalents		48,525	7,112
Cash and cash equivalents at the beginning of the period		559,771	552,659
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	7.5.3	<b>608,296</b>	<b>559,771</b>

\* See also Note 9.4 for details regarding the reclassification of comparatives.

## Administered Schedules

### Administered income and expenses by service

	Regulation and Non-Government Sector Assistance <sup>(a)</sup>		COVID-19 Rapid Antigen Test Kits Distribution <sup>(b)</sup>		Western Australian Student Assistance Payment <sup>(c)</sup>		Total	
	2023-24 \$'000	2022-23 \$'000	2023-24 \$'000	2022-23 \$'000	2023-24 \$'000	2022-23 \$'000	2023-24 \$'000	2022-23 \$'000
<b>Income</b>								
Service appropriation	469,467	449,088	-	-	94,350	-	563,817	449,088
Resources received free of charge	-	-	-	70,169	-	-	-	70,169
<b>Total administered Income</b>	<b>469,467</b>	<b>449,088</b>	<b>-</b>	<b>70,169</b>	<b>94,350</b>	<b>-</b>	<b>563,817</b>	<b>519,257</b>
<b>Expenses</b>								
Grants to individuals, and charitable and other public bodies	459,796	440,939	-	-	75,186	-	534,982	440,939
Resources distributed free of charge	-	-	-	70,169	-	-	-	70,169
Superannuation – higher education institutions	2,576	2,632	-	-	-	-	2,576	2,632
Schools of Special Educational Needs: Medical and Mental Health and Sensory	6,768	5,529	-	-	-	-	6,768	5,529
<b>Total administered expenses</b>	<b>469,140</b>	<b>449,100</b>	<b>-</b>	<b>70,169</b>	<b>75,186</b>	<b>-</b>	<b>544,326</b>	<b>519,269</b>

- (a) 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.
- (b) The Department received Rapid Antigen Test (RAT) kits free of charge to distribute to critical workers and parents or carers of students of public and non-government schools as part of the State Government's response to COVID-19.
- (c) The Department is responsible for transfer of one-off payments to Western Australian families to meet out of pocket schooling expenses for enrolled students in Western Australian registered schools. The Department does not control amounts for transfer but acts only as an agent.

### Administered assets and liabilities

	2023-24 \$'000	2022-23 \$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	14,832	14,505
Restricted cash and cash equivalents	21,888	-
<b>Total administered current assets</b>	<b>36,720</b>	<b>14,505</b>
<b>TOTAL ADMINISTERED ASSETS</b>	<b>36,720</b>	<b>14,505</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payables	2,724	-
<b>Total administered current liabilities</b>	<b>2,724</b>	<b>-</b>
<b>TOTAL ADMINISTERED LIABILITIES</b>	<b>2,724</b>	<b>-</b>

# Notes to the financial statements

For the year ended 30 June 2024

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## 1. Basis of preparation

The Department is a Government not-for-profit entity controlled by the State of Western Australia, which is the ultimate parent.

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 28 August 2024.

### Statement of compliance

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AAS), the Framework, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) as applied by Treasurer's instructions (TIs). Several of these are modified by TIs to vary application, disclosure, format and wording.

The *Financial Management Act 2006 (WA)* (The Act) and the TIs are legislative provisions governing the preparation of financial statements and take precedence over AAS, the Framework, the Statement of Accounting Concepts and other authoritative pronouncements of the AASB. Where modification is required and has had a material or significant financial effect upon the reported results, details 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.

The School Curriculum and Standards Authority continued as a statutory authority under the *School Curriculum and Standards Authority Act 1997 (WA)*. The Teacher Registration Board of Western Australia also continued as a statutory entity.

### Amalgamation of accounts

Financial information from 831 educational sites including 815 schools is amalgamated into the financial statements. Schools provide data generally drawn from accounts prepared on a cash basis with appropriate accrual information. 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 the 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.

## 1. Basis of preparation (continued)

### Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- a. amount of GST incurred by the Agency as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- b. receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### 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.

### Administered items

The Department administers, but does not control, certain activities and functions for and on behalf of Government that do not contribute to the Department's services or objectives. It does not have discretion over how it utilises the transactions in pursuing its own objectives.

Transactions relating to the administered activities are not recognised as the Department's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered income and expenses', and 'Administered assets and liabilities'.

The accrual basis of accounting and applicable AAS has been adopted.

## 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:

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### 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 4 years and 6 months to 11 years and 6 months.

#### Service 2: Public Secondary Education

This service provides access to education in public schools for persons aged generally from 11 years and 6 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)*.

## 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	
	2023-24 \$'000	2022-23 \$'000	2023-24 \$'000	2022-23 \$'000	2023-24 \$'000	2022-23 \$'000	2023-24 \$'000	2022-23 \$'000	2023-24 \$'000	2022-23 \$'000
<b>COST OF SERVICES</b>										
<b>Expenses</b>										
Employee benefits expense	3,002,581	2,876,787	1,990,846	1,925,699	27,342	25,429	34,281	31,364	5,055,050	4,859,279
Supplies and services	640,510	587,857	500,507	453,284	17,596	24,269	8,125	7,235	1,166,738	1,072,645
Depreciation and amortisation expense	164,969	147,665	132,237	113,445	748	606	41	39	297,995	261,755
Accommodation expenses	11,398	10,834	6,847	6,508	449	478	2,597	2,515	21,291	20,335
Grants and subsidies	6,459	14,469	7,098	8,780	20,994	16,686	272	240	34,823	40,175
Finance costs	15,633	13,784	10,873	9,603	24,448	25,189	2	2	50,956	48,578
Other expenses	21,248	1,808	18,147	6,173	484	191	134	1	40,013	8,173
<b>Total cost of services</b>	<b>3,862,798</b>	<b>3,653,204</b>	<b>2,666,555</b>	<b>2,523,492</b>	<b>92,061</b>	<b>92,848</b>	<b>45,452</b>	<b>41,396</b>	<b>6,666,866</b>	<b>6,310,940</b>
<b>Income</b>										
<b>Revenue</b>										
User contributions, charges and fees	36,409	35,750	87,485	81,114	9,274	8,503	6	6	133,174	125,373
Interest revenue	7,552	3,981	7,362	3,589	15,317	11,275	-	-	30,231	18,845
Other revenue	68,284	63,851	37,570	39,233	7,320	752	3,288	2,922	116,462	106,758
Australian Government grants and contributions	856,077	768,044	480,382	434,965	17,987	23,557	-	-	1,354,446	1,226,566
<b>Total revenue</b>	<b>968,322</b>	<b>871,626</b>	<b>612,799</b>	<b>558,901</b>	<b>49,898</b>	<b>44,087</b>	<b>3,294</b>	<b>2,928</b>	<b>1,634,313</b>	<b>1,477,542</b>
<b>NET COST OF SERVICES</b>	<b>2,894,476</b>	<b>2,781,578</b>	<b>2,053,756</b>	<b>1,964,591</b>	<b>42,163</b>	<b>48,761</b>	<b>42,158</b>	<b>38,468</b>	<b>5,032,553</b>	<b>4,833,398</b>
<b>Income from State Government</b>										
Service appropriation	2,841,722	2,791,173	2,024,923	1,979,101	44,995	49,741	42,000	38,756	4,953,640	4,858,771
Income from other public sector entities	13,566	7,990	16,296	16,460	1,629	2,914	2	1	31,493	27,365
Resources received free of charge	9,758	10,125	6,116	6,374	58	59	-	-	15,932	16,558
Royalties for Regions Fund	13,671	14,130	11,808	11,311	1,326	1,655	-	-	26,805	27,096
<b>Total income from State Government</b>	<b>2,878,717</b>	<b>2,823,418</b>	<b>2,059,143</b>	<b>2,013,246</b>	<b>48,008</b>	<b>54,369</b>	<b>42,002</b>	<b>38,757</b>	<b>5,027,870</b>	<b>4,929,790</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>(15,759)</b>	<b>41,840</b>	<b>5,387</b>	<b>48,655</b>	<b>5,845</b>	<b>5,608</b>	<b>(156)</b>	<b>289</b>	<b>(4,683)</b>	<b>96,392</b>

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

### 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	
	2023-24 \$'000	2022-23 \$'000	2023-24 \$'000	2022-23 \$'000	2023-24 \$'000	2022-23 \$'000	2023-24 \$'000	2022-23 \$'000	2023-24 \$'000	2022-23 \$'000
<b>ASSETS</b>										
Current assets	402,196	350,958	325,547	310,121	73,158	57,282	433	622	801,334	718,983
Non-current assets	13,122,335	11,539,203	9,686,028	8,849,828	371,255	372,051	578	557	23,180,196	20,761,639
<b>Total assets</b>	<b>13,524,531</b>	<b>11,890,161</b>	<b>10,011,575</b>	<b>9,159,949</b>	<b>444,413</b>	<b>429,333</b>	<b>1,011</b>	<b>1,179</b>	<b>23,981,530</b>	<b>21,480,622</b>
<b>LIABILITIES</b>										
Current liabilities	687,774	587,886	436,042	365,642	59,090	57,994	2,396	2,003	1,185,302	1,013,525
Non-current liabilities	271,198	255,728	379,095	374,740	357,372	357,426	1,129	1,074	1,008,794	988,968
<b>Total liabilities</b>	<b>958,972</b>	<b>843,614</b>	<b>815,137</b>	<b>740,382</b>	<b>416,462</b>	<b>415,420</b>	<b>3,525</b>	<b>3,077</b>	<b>2,194,096</b>	<b>2,002,493</b>
<b>NET ASSETS</b>	<b>12,565,559</b>	<b>11,046,547</b>	<b>9,196,438</b>	<b>8,419,567</b>	<b>27,951</b>	<b>13,913</b>	<b>(2,514)</b>	<b>(1,898)</b>	<b>21,787,434</b>	<b>19,478,129</b>

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

### 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:

	Note
Employee benefits expense	3.1.1
Employee related provisions	3.1.2
Grants and subsidies	3.2
Other expenditure	3.3
Net loss on disposal of non-current assets	3.4

#### 3.1.1 Employee benefits expense

	2023-24 \$'000	2022-23 \$'000
Salaries and allowances	4,475,590	4,328,455
Termination benefits	92	219
Superannuation - defined contribution plans <sup>(a)</sup>	504,707	466,802
Other employee-related expense <sup>(b)</sup>	74,661	63,803
<b>Total employee benefits expense</b>	<b>5,055,050</b>	<b>4,859,279</b>
Add: AASB 16 Non-monetary benefits not included in employee benefits expense	38,198	32,322
Less: Employee rental contributions from subletting GROH houses (note 4.5)	(20,309)	(19,324)
<b>Net employee benefits</b>	<b>5,072,939</b>	<b>4,872,277</b>

(a) Defined contribution plans include GESB Super and GESB West State (\$399.34 million), GESB Gold State (\$19.08 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 Expenditure'.

#### Employee benefits

Includes wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits recognised under accounting standards other than AASB 16 (such as medical care, housing, cars and free or subsidised goods or services) for 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 Gold State Super (GSS) with concurrent contributions, the West State Super (WSS), the Government Employees Superannuation Board (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.

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 predominantly relating to the provision of vehicle and housing benefits that are recognised under AASB 16 which are excluded from the employee benefits expense.

#### 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

	2023-24 \$'000	2022-23 \$'000
<b>Current</b>		
<i>Employee related provisions</i>		
Annual leave liabilities	41,763	40,004
Entitlement to payment during student vacation	368,633	301,328
Long service liabilities	355,311	335,525
Deferred salary scheme liabilities	32,357	32,193
Remote teaching service	7,206	7,408
	<b>805,270</b>	<b>716,458</b>
<b>Non-current</b>		
<i>Employee related provisions</i>		
Long service leave	278,360	262,922
Remote teaching service	1,580	1,482
	<b>279,940</b>	<b>264,404</b>
<b>Total employee related provisions</b>	<b>1,085,210</b>	<b>980,862</b>

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.

#### Annual leave liabilities

Annual leave liabilities are classified as current, as there is no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2023-24 \$'000	2022-23 \$'000
Within 12 months of the end of the reporting period	30,748	29,297
More than 12 months after the end of the reporting period	11,015	10,707
	<b>41,763</b>	<b>40,004</b>

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 be applied at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, and 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.

#### Entitlement to payment during student vacation

	2023-24 \$'000	2022-23 \$'000
Within 12 months of the end of the reporting period	368,633	301,328
	<b>368,633</b>	<b>301,328</b>

Entitlement to payment during student vacation is paid during the student vacation period for most school-based staff employed under the Teachers (Public Sector Primary and Secondary Education) Award 1993, the Teachers' Aides' Award 1979 and the Education Department Ministerial Officers Salaries Allowances and Conditions Award 1983 No. 5 of 1983, 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.

#### Long service liabilities

	2023-24 \$'000	2022-23 \$'000
Within 12 months of the end of the reporting period	152,388	143,633
More than 12 months after the end of the reporting period	481,283	454,814
	<b>633,671</b>	<b>598,447</b>

A liability for long service leave is recognised across all employees, including casual 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).

#### Deferred salary scheme liabilities

	2023-24 \$'000	2022-23 \$'000
Within 12 months of the end of the reporting period	7,456	7,418
More than 12 months after the end of the reporting period	24,901	24,775
	<b>32,357</b>	<b>32,193</b>

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.

### 3.1.2 Employee related provisions (continued)

#### Remote teaching service

	2023-24 \$'000	2022-23 \$'000
Within 12 months of the end of the reporting period	3,680	3,853
More than 12 months after the end of the reporting period	5,106	5,037
	<b>8,786</b>	<b>8,890</b>

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 3 years are entitled to an additional 10 weeks paid leave and those who remain in the same remote location continuously for 4 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.

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 Note 3.3 'Other expenditures' 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 reporting period.

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

- expected future salary rates
- discount rates
- employee retention rates
- 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

	2023-24 \$'000	2022-23 \$'000
<u>Recurrent</u>		
Parents from public schools	2,091	1,988
Non-government schools and other organisations	32,732	38,187
<b>Total grants and subsidies</b>	<b>34,823</b>	<b>40,175</b>

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 or subsidy expenses'. These payments or transfers are recognised at fair value at the time of the transaction and are recognised as an expense in the reporting period in which they are paid. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, and other transfer payments made to public sector agencies, local governments, non-government schools, and community groups.

### 3.3 Other expenditure

	2023-24 \$'000	2022-23 Reclassified* \$'000
<b>Supplies and services</b>		
Communication services	23,990	25,556
Consumables - utilities	83,829	78,765
Consumables - other	3,929	3,546
Equipment purchases (less than \$5,000)	5,749	4,937
Insurance	105,053	97,330
Minor works <sup>(a)</sup>	53,140	62,385
PPP - School maintenance costs	14,816	12,648
Repairs and maintenance	176,129	150,911
Service and contracts - property	22,271	18,513
Service and contracts <sup>(b)</sup>	252,034	222,485
Staff-related expense	4,592	4,954
Travel	16,193	13,875
Schools expenses	396,374	369,576
Other	8,639	7,164
<b>Total supplies and services expenses</b>	<b>1,166,738</b>	<b>1,072,645</b>
<b>Accommodation expenses</b>		
Office rental	16,823	16,398
Other accommodation expenses	4,468	3,937
<b>Total accommodation expenses</b>	<b>21,291</b>	<b>20,335</b>

\* See also Note 9.4 for details regarding the reclassification of comparatives.

(a) Minor works are small, low risk works that improve the function, safety and appearance of a building or infrastructure.

(b) Included within service and contracts are short-term and low value leases of up to \$5,000 when new. 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.

### 3.3 Other expenditure (continued)

#### 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-costs

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.

#### Other

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

#### Office rental

Office rental is expensed as incurred because significant substitution rights are contained in Memorandum of Understanding Agreements between the Department and the Department of Finance for the leasing of office accommodation.

	2023-24 \$'000	2022-23 \$'000
<b>Other expenses</b>		
Loss on disposal of non-current assets <sup>(a)</sup>	298	1,692
Refund of prior period revenue	157	264
Expected credit losses expense <sup>(b)</sup>	6,512	6,217
Insurance performance adjustments	33,046	-
<b>Total other expenses</b>	<b>40,013</b>	<b>8,173</b>
<b>Total other expenditure</b>	<b>1,206,751</b>	<b>1,080,818</b>

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

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

#### Expected credit losses expense

Expected credit losses is recognised for movement in allowance for impairment of trade receivables. Please refer to Note 6.1.1. 'Movement in the allowance for impairment of trade receivables' for details.

#### Insurance Performance adjustments

Insurance performance adjustments relate to the insurance premiums that RiskCover charged in previous years. The adjustments are the result of consideration of the latest forecast claims costs, claims administration expenses, reinsurance expenses and net investment income, and they can be both favourable and unfavourable.

Prior year performance adjustments are considered changes in accounting estimates. As such, they are recognised prospectively in profit or loss in the period of the change.

### 3.4 Net loss on disposal of non-current assets

	Notes	2023-24 \$'000	2022-23 \$'000
<u>Carrying amount of disposal of non-current assets</u>			
Land	5.1	155	42
Plant and equipment	5.1	451	1,433
Motor vehicles	5.1	-	-
Buses	5.1	98	39
Computers	5.1	8	90
Communication equipment	5.1	10	13
Office equipment	5.1	244	165
Miscellaneous assets	5.1	56	320
		<b>1,022</b>	<b>2,102</b>
<u>Proceeds from disposal of non-current assets</u>			
Land		343	-
Plant and equipment		92	74
Motor vehicles		110	-
Buses		37	191
Computers		4	43
Communication equipment		4	6
Office equipment		91	73
Miscellaneous assets		43	23
		<b>724</b>	<b>410</b>
<b>Net loss on disposal of non-current assets</b>		<b>298</b>	<b>1,692</b>

#### Gains and losses on the disposal of non-current assets

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the Statement of Comprehensive Income.

## 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:

	Note
Income from State Government	4.1
User contributions, charges and fees	4.2
Australian Government grants and contributions	4.3
Interest revenue	4.4
Other revenue	4.5

### 4.1 Income from State Government

	2023-24 \$'000	2022-23 \$'000
<u>Appropriation received during the period:</u>		
Service appropriation	4,953,640	4,858,771
<b>Total service appropriation received</b>	<b>4,953,640</b>	<b>4,858,771</b>
<u>Income received from other public sector entities during the period:</u>		
Department of Communities	1,388	2,585
Department of Fire and Emergency Services	70	129
Department of Health	183	-
Department of Jobs, Tourism, Science and Innovation	289	400
Department of Local Government, Sport and Cultural Industries	453	-
Department of Planning, Lands and Heritage	36	-
Department of the Premier and Cabinet	275	84
Department of Primary Industries and Regional Development	44	-
Department of Training and Workforce Development	13,575	6,270
Department of Treasury	2,806	7,345
Department of Water and Environmental Regulation	64	57
Horizon Power	509	1,000
Healthway	98	185
Insurance Commission of Western Australia	6,840	3,471
Mental Health Commission	2,224	2,326
Western Australia Police Force	1,897	1,810
Other	742	1,703
<b>Total income from other public sector entities</b>	<b>31,493</b>	<b>27,365</b>

	2023-24 \$'000	2022-23 \$'000
<u>Resources received from other public sector entities during the period</u>		
Resources received free of charge		
Department of Communities - family centre operating costs	16	22
State Solicitor's Office	878	1,188
Department of Finance - government accommodation and COVID RAT kits	271	204
Department of Health - curriculum support materials and funded teacher training	538	538
Department of Primary Industries and Regional Development - digital downloads	1	-
Landgate - valuation services and land information data	215	211
Western Australian Electoral Commission	206	139
Child and Adolescent Health Service - school health services	13,807	14,256
<b>Total resources received</b>	<b>15,932</b>	<b>16,558</b>
<u>Royalties for Regions Fund:</u>		
Regional Community Services Fund	26,805	22,354
Regional Reform Fund	-	4,742
<b>Total Royalties for Regions Fund</b>	<b>26,805</b>	<b>27,096</b>
<b>Total Income from State Government</b>	<b>5,027,870</b>	<b>4,929,790</b>

**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** is 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** is recognised as income equivalent to the fair value of assets received or the fair value of services received 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 overarching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in regional WA areas and are recognised as income when the Department receives the funds. The Department has assessed Royalties for Regions agreements and concluded that they are not within the scope of AASB 15 as they do not meet the 'sufficiently specific performance obligation' criterion.

## 4.1 Income from State Government (continued)

### Summary of consolidated account appropriations

	2023-24 Budget \$'000	2023-24 Section 25 Transfers \$'000	2023-24 Additional Funding* \$'000	2023-24 Revised Budget \$'000	2023-24 Actual \$'000	2023-24 Variance \$'000
<b>DELIVERY OF SERVICES</b>						
Item 57 Net amount appropriated to deliver services	4,842,345	1,236	108,096	4,951,677	4,951,677	-
Amount authorised by other statutes						
<i>Salaries and Allowances Act 1975 (WA)</i>	1,914	-	49	1,963	1,963	-
<b>Total appropriations provided to deliver services</b>	<b>4,844,259</b>	<b>1,236</b>	<b>108,145</b>	<b>4,953,640</b>	<b>4,953,640</b>	<b>-</b>
<b>CAPITAL</b>						
Item 132 Capital appropriations	564,515	40,300	(64,160)	540,655	540,655	-
<b>ADMINISTERED TRANSACTIONS</b>						
Item 58 Amount provided for Administered Grants, Subsidies and Other Transfer Payments	462,240	-	101,577	563,817	563,817	-
<b>TOTAL CONSOLIDATED ACCOUNT APPROPRIATIONS</b>	<b>5,871,014</b>	<b>41,536</b>	<b>145,562</b>	<b>6,058,112</b>	<b>6,058,112</b>	<b>-</b>

\* Additional funding includes supplementary funding and new funding authorised under section 27 of the Act and amendments to standing appropriations.

## 4.2 User contributions, charges and fees

	2023-24 \$'000	2022-23 \$'000
<u>Schools</u>		
Contributions, charges and fees	112,566	106,147
	<b>112,566</b>	<b>106,147</b>
<u>Central Office</u>		
Agricultural schools fees	3,952	3,836
Other charges and fees	16,656	15,390
	<b>20,608</b>	<b>19,226</b>
<b>Total user contributions, charges and fees</b>	<b>133,174</b>	<b>125,373</b>

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:

### 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 in line with AASB 15 requirements.

### 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 2023-24 Budget Statements, the Department retained \$1,788.98 million in 2023-24 (\$1,657.54 million in 2022-23) 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
- Other departmental revenue.

## 4.3 Australian Government grants and contributions

	2023-24 \$'000	2022-23 \$'000
<u>Central office</u>		
Australian Government grants - recurrent	1,326,675	1,224,880
Australian Government grants - capital	26,761	1,022
	<b>1,353,436</b>	<b>1,225,902</b>
<u>Schools</u>		
Australian Government grants - recurrent	965	646
Australian Government grants - capital	45	18
	<b>1,010</b>	<b>664</b>
<b>Total Australian Government grants and contributions</b>	<b>1,354,446</b>	<b>1,226,566</b>

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

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the Department is recognised when the Agency satisfies its obligations under the transfer. The Agency satisfies the obligations under the transfer over time as the non-financial assets are being constructed. The Agency typically satisfies the obligations under the transfer when it achieves milestones specified in the grant agreement and amounts received in advance of obligation satisfaction are reported at Note 6.7.

#### 4.4 Interest revenue

	2023-24 \$'000	2022-23 \$'000
Interest revenue	15,387	7,810
Loan interest revenue	14,844	11,035
<b>Total interest revenue</b>	<b>30,231</b>	<b>18,845</b>

Loan interest revenue amount reflects the interest charged and receivable from low interest loans to non-government schools and the University of Notre Dame Australia (UNDA). In 2023-24 loans to the value of \$43.63 million (\$48.41 million in 2022-23) were advanced to non-government schools. Interest has been calculated using the effective interest rate method in compliance with AASB 9. Participating institutions pay 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.

#### 4.5 Other revenue

	2023-24 \$'000	2022-23 \$'000
<u>Schools</u>		
Bookshops and canteens	5,286	4,922
Donations to schools	23,986	21,940
Hire of facilities	1,515	1,944
Lease income	15,273	12,509
Other revenue	14,516	11,457
<b>Total other revenue - Schools</b>	<b>60,576</b>	<b>52,772</b>
<u>Capital contributions and recoveries</u>		
Developer contributions	7,849	10,455
	<b>7,849</b>	<b>10,455</b>
<u>Other</u>		
Recoveries and refunds	8,564	7,913
Sale of goods and services	17,297	13,251
Employee rental contributions*	20,309	19,324
Other miscellaneous revenue	1,867	3,043
	<b>48,037</b>	<b>43,531</b>
<b>Total other revenue - Central office</b>	<b>55,886</b>	<b>53,986</b>
<b>Total other revenue</b>	<b>116,462</b>	<b>106,758</b>

\* The Department leases a number of right-of-use assets from the Government Regional Officer Housing (GROH) Program, which it sub-leases to employees at a subsidised rate. Information on the Department's leasing arrangements with the GROH Program in Note 3.11.

#### Other revenue

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

## 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:

	Note
Property, plant and equipment	5.1
Right-of-use assets	5.2
Intangible assets	5.3
Service concession assets	5.4

## 5.1 Property, plant and equipment

	Land \$'000	Land improvements \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Buses \$'000	Computers \$'000	Communication equipment \$'000	Office equipment \$'000	Miscellaneous assets \$'000	Capital works in progress \$'000	Total \$'000
<b>1 Jul 2022</b>												
Gross carrying amount	4,053,559	2,127,963	6,921,163	436,437	6,503	25,356	24,439	6,014	23,183	10,964	314,587	13,950,168
Accumulated depreciation	-	(9,407)	(50,307)	(168,045)	(6,025)	(17,737)	(21,509)	(5,974)	(14,950)	(7,293)	-	(301,247)
<b>Carrying amount at start of period</b>	<b>4,053,559</b>	<b>2,118,556</b>	<b>6,870,856</b>	<b>268,392</b>	<b>478</b>	<b>7,619</b>	<b>2,930</b>	<b>40</b>	<b>8,233</b>	<b>3,671</b>	<b>314,587</b>	<b>13,648,921</b>
Additions	11,860	11,236	25,475	4,787	569	2,930	1,180	656	2,840	286	465,360	527,179
Disposals	(42)	-	-	(1,433)	-	(39)	(90)	(12)	(165)	(330)	-	(2,111)
Transferred to land & buildings held for distribution to owner <sup>(a)</sup>	(11)	-	-	-	-	-	-	-	-	-	-	(11)
Transferred from land & buildings held for distribution to owner	42	-	-	-	-	-	-	-	-	-	-	42
Transferred to/from works in progress	1,946	1,227	291,952	23,613	-	-	-	-	-	-	(318,738)	-
Revaluation increments/(decrements)	565,422	538,845	942,164	-	-	-	-	-	-	-	-	2,046,431
Impairment losses	-	-	(2,218)	-	-	-	-	-	-	-	-	(2,218)
Depreciation	-	(45,752)	(113,779)	(44,810)	(330)	(1,765)	(1,407)	(511)	(3,064)	(461)	-	(211,879)
Transfers/adjustments	(1)	895	537	1	-	(774)	23	(2)	(23)	(2)	(1,517)	(863)
<b>Carrying amount at 30 Jun 2023</b>	<b>4,632,775</b>	<b>2,625,007</b>	<b>8,014,987</b>	<b>250,550</b>	<b>717</b>	<b>7,971</b>	<b>2,636</b>	<b>171</b>	<b>7,821</b>	<b>3,164</b>	<b>459,692</b>	<b>16,005,491</b>
Gross carrying amount	4,632,775	2,634,541	8,064,547	460,725	7,000	25,832	23,460	6,069	22,720	10,412	459,692	16,347,773
Accumulated depreciation	-	(9,534)	(47,342)	(210,175)	(6,283)	(17,861)	(20,824)	(5,898)	(14,899)	(7,248)	-	(340,064)
Accumulated impairment loss	-	-	(2,218)	-	-	-	-	-	-	-	-	(2,218)

(a) 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.

Information on fair value measurements is provided in Note 8.3.

## 5.1 Property, plant and equipment (continued)

	Land \$'000	Land improvements \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Buses \$'000	Computers \$'000	Communication equipment \$'000	Office equipment \$'000	Miscellaneous assets \$'000	Capital works in progress \$'000	Total \$'000
<b>1 Jul 2023</b>												
Gross carrying amount	4,632,775	2,634,541	8,064,547	460,725	7,000	25,832	23,460	6,069	22,720	10,412	459,692	16,347,773
Accumulated depreciation	-	(9,534)	(47,342)	(210,175)	(6,283)	(17,861)	(20,824)	(5,898)	(14,899)	(7,248)	-	(340,064)
Accumulated impairment loss	-	-	(2,218)	-	-	-	-	-	-	-	-	(2,218)
<b>Carrying amount at start of period</b>	<b>4,632,775</b>	<b>2,625,007</b>	<b>8,014,987</b>	<b>250,550</b>	<b>717</b>	<b>7,971</b>	<b>2,636</b>	<b>171</b>	<b>7,821</b>	<b>3,164</b>	<b>459,692</b>	<b>16,005,491</b>
Additions	-	13,202	24,664	7,629	854	2,295	995	1,163	3,641	1,066	515,446	570,955
Disposals	(155)	-	-	(451)	-	(98)	(8)	(10)	(244)	(56)	-	(1,022)
Transferred to land & buildings held for distribution to owner <sup>(a)</sup>	(526)	-	-	-	-	-	-	-	-	-	-	(526)
Transferred from land & buildings held for distribution to owner	155	-	-	-	-	-	-	-	-	-	-	155
Transferred to/from works in progress	10,096	756	498,719	21,729	-	-	-	-	-	-	(531,300)	-
Revaluation increments/(decrements)	303,552	192,090	1,259,299	-	-	-	-	-	-	-	-	1,754,941
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(57,202)	(136,050)	(45,415)	(412)	(1,665)	(1,212)	(458)	(2,836)	(427)	-	(245,677)
Transfers/adjustments <sup>(b)</sup>	-	52	(52)	-	2	1	(53)	(7)	2	1	(21,606)	(21,660)
<b>Carrying amount at 30 Jun 2024</b>	<b>4,945,897</b>	<b>2,773,905</b>	<b>9,661,567</b>	<b>234,042</b>	<b>1,161</b>	<b>8,504</b>	<b>2,358</b>	<b>859</b>	<b>8,384</b>	<b>3,748</b>	<b>422,232</b>	<b>18,062,657</b>
Gross carrying amount	4,945,897	2,782,900	9,709,079	486,076	7,675	27,641	22,513	6,717	23,548	11,058	422,232	18,445,336
Accumulated depreciation	-	(8,995)	(47,512)	(252,034)	(6,514)	(19,137)	(20,155)	(5,858)	(15,164)	(7,310)	-	(382,679)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	-	-	-

(a) 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.

(b) Transfers include \$21.64 million of capital works in progress transferred to right-of-use assets, refer to note 5.2.

Information on fair value measurements is provided in Note 8.3.



## 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 and land improvements costing less than \$5,000 are immediately expensed to the Statement of Comprehensive Income.

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 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 every 3 years, 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 2024. The revaluation of land and buildings was conducted by the Western Australian Land Information Authority (Landgate). The revaluation of land improvements was conducted by an independent quantity surveyor.

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. 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.

For 2023–24 although the cumulative movement in indices was less than 15% since the last comprehensive revaluation in 2022–23, the Department revalued land, buildings and land improvements due to significant movements in valuations provided by Landgate and the independent quantity surveyor.

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

The most significant assumptions and judgements in estimating fair value are made when 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.

### 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; landscaping and improvements, and external services from an independent quantity surveyor as determined by the Department's valuer. Currently the value of roads, footpaths and paved areas, and landscaping and improvements are measured by applying the appropriate current rate per square metre. Boundary walls, fencing and gates are measured by applying the appropriate current rate per metre. External services area is measured by applying the appropriate current rate to buildings' gross floor area and, where appropriate, site area. The rate applied by the Department's quantity surveyor is benchmarked against recent project tender prices and are applied as of 1 July 2023 and adjusted for the ages and conditions based on straight line depreciation of each asset over time.

#### 5.1.1 Depreciation and impairment Depreciation charge for the period

	Notes	2023–24 \$'000	2022–23 \$'000
<u>Depreciation</u>			
Land Improvements	5.1	57,202	45,752
Buildings	5.1	136,050	113,779
Plant and equipment	5.1	45,415	44,810
Motor vehicles	5.1	412	330
Buses	5.1	1,665	1,765
Computers	5.1	1,212	1,407
Communication equipment	5.1	458	511
Office equipment	5.1	2,836	3,064
Miscellaneous assets	5.1	427	461
<b>Total depreciation</b>		<b>245,677</b>	<b>211,879</b>

#### Impairment charge for the period

	Notes	2023–24 \$'000	2022–23 \$'000
<u>Impairment</u>			
Buildings <sup>(a)</sup>	5.1	-	2,218
<b>Total impairment</b>		<b>-</b>	<b>2,218</b>

(a) The 2022–23 impairment reflects the impact of fire damage to a primary school.

### 5.1.1 Depreciation and impairment (continued)

#### 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 land improvements, 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:

Buildings	50 to 80 <sup>(a)</sup>	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	Years
Plant and equipment	8 to 25 <sup>(b)</sup>	Years
Software	4	Years

(a) School buildings have total useful life of 80 years and residential college buildings have a useful life of 50 years.

(b) Includes transportables and demountables with useful life of 25 years.

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 is increased to its recoverable amount. However, this reversal does 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.

### 5.2 Right-of-use assets

	Land \$'000	Buildings \$'000	Buildings PPP \$'000	Motor vehicles \$'000	Other \$'000	Total \$'000
<b>1 Jul 2022</b>						
Gross carrying amount	3,728	56,719	315,639	9,805	39,176	425,067
Accumulated depreciation	(1,237)	(21,157)	(12,862)	(5,468)	(23,679)	(64,403)
<b>Carrying amount at start of period</b>	<b>2,491</b>	<b>35,562</b>	<b>302,777</b>	<b>4,337</b>	<b>15,497</b>	<b>360,664</b>
Additions	-	9,906	17,945	2,003	11,128	40,982
Disposals	-	9	-	1	-	10
Lease reassessment	61	25,258	(4,528)	432	-	21,223
Transfers/adjustments	(1,561)	1,577	6	1	(1)	22
Depreciation	(189)	(32,652)	(4,052)	(2,218)	(7,982)	(47,093)
<b>Carrying amount at 30 June 2023</b>	<b>802</b>	<b>39,660</b>	<b>312,148</b>	<b>4,556</b>	<b>18,642</b>	<b>375,808</b>
Gross carrying amount	1,718	72,452	329,062	10,908	34,771	448,911
Accumulated depreciation	(916)	(32,792)	(16,914)	(6,352)	(16,129)	(73,103)

## 5.2 Right-of-use assets (continued)

	Land \$'000	Buildings \$'000	Buildings PPP \$'000	Motor vehicles \$'000	Other \$'000	Total \$'000
<b>1 Jul 2023</b>						
Gross carrying amount	1,718	72,452	329,062	10,908	34,771	448,911
Accumulated depreciation	(916)	(32,792)	(16,914)	(6,352)	(16,129)	(73,103)
<b>Carrying amount at start of period</b>	<b>802</b>	<b>39,660</b>	<b>312,148</b>	<b>4,556</b>	<b>18,642</b>	<b>375,808</b>
Additions	1,888	12,786	-	4,293	5,649	24,616
Disposals	-	25	-	(2)	-	23
Lease reassessment	72	40,821	-	355	-	41,248
Transfers/adjustments <sup>(a)</sup>	-	22	21,637	(2)	2	21,659
Depreciation	(568)	(37,808)	(4,194)	(2,428)	(6,612)	(51,610)
<b>Carrying amount at 30 June 2024</b>	<b>2,194</b>	<b>55,506</b>	<b>329,591</b>	<b>6,772</b>	<b>17,681</b>	<b>411,744</b>
Gross carrying amount	3,678	92,774	350,699	13,613	34,018	494,782
Accumulated depreciation	(1,484)	(37,268)	(21,108)	(6,841)	(16,337)	(83,038)

(a) Transfers include \$21.64 million of capital works in progress transferred to right-of-use assets, refer to note 5.1.

### Initial recognition

At the commencement date of the lease, the Department recognises right-of-use assets 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
- restoration costs, including dismantling and removing the underlying asset.

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

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

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

The residential accommodation leases are mostly on a fixed-term basis through the Government Regional Officer Housing (GROH) Program. These are included in Buildings. The Department also has open-ended leases via the GROH Program, 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 rise to specific rights and obligations, and they 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 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 when new). 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 remeasurement of leases.

### 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 is transferred 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 related to leases are recognised in the Statement of Comprehensive Income:

	Notes	2023-24 \$'000	2022-23 \$'000
<u>Depreciation</u>			
Land	5.2	568	189
Buildings	5.2	37,808	32,652
Buildings PPP	5.2	4,194	4,052
Vehicles	5.2	2,428	2,218
Other	5.2	6,612	7,982
<b>Total depreciation expense of right-of-use assets</b>		<b>51,610</b>	<b>47,093</b>
Lease interest expense		26,513	23,391
Low-value leases		21,661	17,641

The total cash outflow for leases in 2023-24 was \$100.65 million (2022-23: \$87.83 million). As at 30 June 2024, there were no indications of impairment to right-of-use assets.

### 5.3 Intangible assets

	Computer Software \$'000	Internally generated intangibles - work in progress \$'000	Total \$'000
<b>1 Jul 2022</b>			
Gross carrying amount	10,811	1,240	12,051
Accumulated amortisation	(10,810)	-	(10,810)
Accumulated impairment loss	-	(1,240)	(1,240)
<b>Carrying amount at start of period</b>	<b>1</b>	<b>-</b>	<b>1</b>
Write-off	-	(1,240)	(1,240)
Transfers/adjustments	-	1,240	1,240
Amortisation expense	(1)	-	(1)
<b>Carrying amount at 30 June 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gross carrying amount	10,802	-	10,802
Accumulated amortisation	(10,802)	-	(10,802)

	Computer Software \$'000	Internally generated intangibles - work in progress \$'000	Total \$'000
<b>1 Jul 2023</b>			
Gross carrying amount	10,802	-	10,802
Accumulated amortisation	(10,802)	-	(10,802)
<b>Carrying amount at start of period</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount at 30 June 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gross carrying amount	10,802	-	10,802
Accumulated amortisation	(10,802)	-	(10,802)

#### 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.

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.

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:

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

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

##### Amortisation charge for the period

	Notes	2023-24 \$'000	2022-23 \$'000
<u>Amortisation</u>			
Intangible assets	5.3	-	1
<b>Total amortisation</b>		<b>-</b>	<b>1</b>

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

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.

## 5.4 Service concession assets

	Land \$'000	Land improvements \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
<b>1 Jul 2022</b>					
Gross carrying amount	10,940	5,433	14,710	651	31,734
Accumulated depreciation	-	-	-	(195)	(195)
<b>Carrying amount at start of period</b>	<b>10,940</b>	<b>5,433</b>	<b>14,710</b>	<b>456</b>	<b>31,539</b>
Revaluation increments/(decrements)	1,150	1,443	4,088	-	6,681
Depreciation	-	(155)	(329)	(80)	(564)
Transfers/adjustments	-	1	27	-	28
<b>Carrying amount at 30 June 2023</b>	<b>12,090</b>	<b>6,722</b>	<b>18,496</b>	<b>376</b>	<b>37,684</b>
Gross carrying amount	12,090	6,722	18,496	651	37,959
Accumulated depreciation	-	-	-	(275)	(275)

Information on fair value measurements is provided in Note 8.3.

	Land \$'000	Land improvements \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
<b>1 Jul 2023</b>					
Gross carrying amount	12,090	6,722	18,496	651	37,959
Accumulated depreciation	-	-	-	(275)	(275)
<b>Carrying amount at start of period</b>	<b>12,090</b>	<b>6,722</b>	<b>18,496</b>	<b>376</b>	<b>37,684</b>
Additions	-	-	17	-	17
Revaluation increments/(decrements)	990	340	2,101	-	3,431
Depreciation	-	(198)	(430)	(80)	(708)
Transfers/adjustments	-	-	18	-	18
<b>Carrying amount at 30 June 2024</b>	<b>13,080</b>	<b>6,864</b>	<b>20,202</b>	<b>296</b>	<b>40,442</b>
Gross carrying amount	13,080	6,864	20,202	651	40,797
Accumulated depreciation	-	-	-	(355)	(355)

Information on fair value measurements is provided in Note 8.3.

### Initial measurement

Service concession assets are initially measured at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement.

The 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, other than plant and equipment, are subsequently measured by applying the revaluation model (refer to Note 5.1 Property, Plant and Equipment).

#### 5.4.1 Depreciation and impairment of service concession assets

	Notes	2023-24 \$'000	2022-23 \$'000
<u>Depreciation</u>			
Land improvements	5.4	198	155
Buildings	5.4	430	329
Plant and equipment	5.4	80	80
<b>Total depreciation</b>		<b>708</b>	<b>564</b>

#### 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. Any impairment recognised in accordance with AASB 136 Impairment of Assets (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 6 camp schools to Fairbridge Western Australia Inc for a period of 15 years (renewable for another 2 five-year lease terms) for a nominal cost, and Landsdale Farm to Strive Community Services Inc. for an initial period of 5 years (renewable for another 2 five-year lease terms) at an annual rental amount.

## 6. Other assets and liabilities

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
Receivables	6.1
Amounts receivable for services (Holding account)	6.2
Other current assets	6.3
Inventories	6.4
Payables	6.5
Other provisions	6.6
Other liabilities	6.7

### 6.1 Receivables

	2023-24 \$'000	2022-23 Reclassified* \$'000
<b>Current</b>		
Trade receivables	45,241	49,373
Loans to non-government schools and the UNDA	43,773	41,364
Allowance for impairment of receivables (Note 6.1.1)	(15,951)	(14,846)
GST receivable	19,901	20,742
<b>Total current</b>	<b>92,964</b>	<b>96,633</b>
<b>Non-current</b>		
Accrued Salaries account <sup>(a)</sup>	127,204	108,253
Loans to non-government schools and the UNDA	327,017	331,569
<b>Total non-current</b>	<b>454,221</b>	<b>439,822</b>
<b>Total receivables at end of period</b>	<b>547,185</b>	<b>536,455</b>

\* See also Note 9.4 for details regarding the reclassification of comparatives.

(a) Funds held in the special purpose account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current except for the year before the 27th pay year.

#### Trade receivables

Trade receivables are initially recognised at their transaction price or, for those receivables that contain a significant financing component, at fair value. The Department holds the receivables with the objective of collecting the contractual cash flows and therefore subsequently measures at amortised cost using the effective interest method, less an allowance for impairment.

The Department recognises a loss allowance for expected credit losses (ECLs) on a receivable not held at fair value through profit or loss. The ECLs represent the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate. Individual receivables are written off when the Department has no reasonable expectations of recovering the contractual cash flows.

For trade receivables, the Department recognises an allowance for ECLs measured at the lifetime expected credit losses at each reporting date. The Department has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to Note 3.3 for the amount of ECLs expensed in this reporting period.

#### Loans to non-government schools and the UNDA

The Department reports 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 granted at a subsidised average interest rate of 2.48% per annum. The Department meets the difference between the subsidised interest and the cost of borrowing through a government appropriation (refer to Note 4.4).

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 0.40% (2022-23: 0.31%).

#### Accrued salaries account

Accrued salaries account contains amounts paid annually into the Treasurer's special purpose account. It is restricted for meeting 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.

The account has been reclassified from 'Cash and cash equivalents' to 'Receivables' as it is considered that funds in the account are not cash but a right to receive the cash in future. Comparative amounts have also been reclassified. Refer to Note 9.4 for details.

#### 6.1.1 Movement in the allowance for impairment of trade receivables

	2023-24 \$'000	2022-23 \$'000
Reconciliation of changes in the allowance for impairment of trade receivables:		
Opening balance	14,846	13,811
Expected credit losses expense	6,512	6,217
Amounts written off during the period	(5,407)	(5,182)
<b>Allowance for impairment at end of period</b>	<b>15,951</b>	<b>14,846</b>

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.

The State Government's Low Interest Loan Scheme (LILS) lends public funds to the governing bodies of registered non-government schools and non-government school systems, as well as the University of Notre Dame Australia (UNDA). Although these loans are low-risk, comprehensive financial safeguards are in place to protect the recoverability of public funds provided through the scheme. This includes undertaking financial and other risk assessments of all governing bodies prior to lending the funds. Additionally, direct mechanisms are in place to permit the recovery of outstanding debts through the withholding of future recurrent funding provided by the State Government. In some instances, where a higher financial risk is present, collateral or other credit enhancements are held as security, including the registration of mortgages, to provide stronger protection for the recoverability of public funds.

## 6.2 Amounts receivable for services (Holding Account)

	2023-24 \$'000	2022-23 \$'000
Current	20,177	22,397
Non-current	4,211,132	3,902,834
<b>Total amounts receivable for services at end of period</b>	<b>4,231,309</b>	<b>3,925,231</b>

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.

The amounts receivable for services are financial assets at amortised cost and are not considered impaired (i.e. there is no expected credit loss of the holding accounts).

## 6.3 Other current assets

	2023-24 \$'000	2022-23 \$'000
<u>Current</u>		
Contract assets	48,014	7,470
Prepayments	21,823	20,474
<b>Total other current assets at end of period</b>	<b>69,837</b>	<b>27,944</b>

### Contract assets

Where the Department transfers either goods or services to a customer before the payment is due or before the customer pays for consideration, they are 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.

## 6.4 Inventories

	2023-24 \$'000	2022-23 \$'000
Inventories held for resale:		
School canteens, publications and bookshops stocks (at cost)	2,280	2,125
Livestock and farm produce (at cost)	4,420	7,125
<b>Total inventories at end of period</b>	<b>6,700</b>	<b>9,250</b>

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

	2023-24 \$'000	2022-23 \$'000
<u>Current</u>		
Trade and other payables - central office	4,914	673
Trade and other payables - schools	3,756	3,773
Accrued expenses	99,530	64,011
Accrued salaries	147,388	102,107
<b>Total current</b>	<b>255,588</b>	<b>170,564</b>
<u>Non-current</u>		
Trade and other payables - central office	3,157	2,635
<b>Total non-current</b>	<b>3,157</b>	<b>2,635</b>
<b>Total payables at end of period</b>	<b>258,745</b>	<b>173,199</b>

### 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 for the Department is generally within 15 to 20 days.

### Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period, including an accrual for backpay. Accrued salaries are normally 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.

## 6.6 Other provisions

	2023-24 \$'000	2022-23 \$'000
<u>Current</u>		
Make-good provision	154	149
Asbestos remediation provision	1,225	1,225
School ventilation program	1,572	2,838
<b>Total current</b>	<b>2,951</b>	<b>4,212</b>
<u>Non-current</u>		
Make-good provision	1,106	453
Cladding rectification provision	4,031	3,302
<b>Total non-current</b>	<b>5,137</b>	<b>3,755</b>
<b>Total other provisions at end of period</b>	<b>8,088</b>	<b>7,967</b>

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
- 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 3 years for make-good. 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.

### Asbestos remediation provision

The Department currently has contaminated sites registered with Department of Water and Environmental Regulation under the *Contaminated Sites Act 2003* (WA).

### School ventilation provision

The Department has committed and made pronouncements to optimise ventilation in schools in line with national and international guidelines. This will be achieved by using natural fresh air (opened windows) or through a range of mechanical means such as fans and air conditioning systems as well as air purifiers. Pursuant to the pronouncement, the Department commenced a ventilation program in schools and the provision is for the costs not yet paid for as at the end of the financial year. Schools were advised of the benefits of well-ventilated rooms and, although not mandatory, were recommended to continue the use of these practices where possible.

### 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, 3 buildings belonging to the Department have been identified in the Department of Energy, Mines, Industry Regulation and Safety report. Further investigations have been undertaken by Department of Finance on the behalf of the Department for 13 schools. This work has resulted in the identification of solutions for 11 schools, signage solutions for 2 schools and one school was found to require no work. The program is currently pending initiation and to commence in 2024-25, with works prioritised based on risk ratings to fit within the allocated budget. The timeline for delivery will be developed accordingly.

#### 6.6.1 Movement in provisions

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

	2023-24 \$'000	2022-23 \$'000
<u>Make-good provision</u>		
Carrying amount at start of period	602	574
Additional/(reversals of) provisions recognised	658	28
<b>Carrying amount at end of period</b>	<b>1,260</b>	<b>602</b>
<u>School ventilation program provision</u>		
Carrying amount at start of period	2,838	8,024
Additional/(reversals of) provisions recognised	(1,266)	(5,186)
<b>Carrying amount at end of period</b>	<b>1,572</b>	<b>2,838</b>
<u>Cladding rectification provision</u>		
Carrying amount at start of period	3,302	3,302
Additional/(reversals of) provisions recognised	729	-
<b>Carrying amount at end of period</b>	<b>4,031</b>	<b>3,302</b>
<u>Asbestos remediation provision</u>		
Carrying amount at start of period	1,225	-
Additional/(reversals of) provisions recognised	-	1,225
<b>Carrying amount at end of period</b>	<b>1,225</b>	<b>1,225</b>



## 6.7 Other liabilities

	2023-24 \$'000	2022-23 \$'000
<u>Current</u>		
Amounts held in schools suspense accounts	6,048	6,398
Accrued interest expense	12,708	8,660
Other	3,264	1,918
Contract liabilities	10,836	28,999
<b>Total current</b>	<b>32,856</b>	<b>45,975</b>
<b>Total other liabilities at end of period</b>	<b>32,856</b>	<b>45,975</b>

### 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

	2023-24 \$'000	2022-23 \$'000
<u>Reconciliation of changes in contract liabilities</u>		
Opening balance	28,999	28,121
Additions	11,610	25,800
Revenue recognised in the reporting period	(29,773)	(24,922)
<b>Balance at end of period</b>	<b>10,836</b>	<b>28,999</b>

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

## 7. Financing

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

	Note
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

### 7.1 Borrowings

	2023-24 \$'000	2022-23 \$'000
<u>Current</u>		
WATC loans	43,773	41,364
<b>Total current</b>	<b>43,773</b>	<b>41,364</b>
<u>Non-current</u>		
WATC loans	356,268	356,645
<b>Total non-current</b>	<b>356,268</b>	<b>356,645</b>
<b>Total borrowings at end of period</b>	<b>400,041</b>	<b>398,009</b>

Borrowings refer to interest bearing liabilities mainly raised through Western Australian Treasury Corporation.

Interest bearing financial liabilities are classified at amortised cost and initially recognised at fair value of the consideration received less directly attributable transactions costs.

Subsequent to initial recognition, the borrowings are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised or through the amortisation process.

The Department has not designated any financial liabilities as at fair value through profit or loss.

#### Western Australian Treasury Corporation (WATC) Low Interest Loans

The Department borrows from the WATC to finance loans provided under the Low Interest Loan Scheme (LILS), see also Note 6.1 'Receivables'. Loans are borrowed at an average rate of interest of 2.89% 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.

## 7.2 Leases

	2023-24 \$'000	2022-23 \$'000
Current	44,864	34,952
Non-current	364,292	361,529
	<b>409,156</b>	<b>396,481</b>

At the commencement date of the lease, the Department recognises lease liabilities measured at the present value of lease payments to be made over the lease term. 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 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 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 4 new primary schools and 4 secondary schools which opened between 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.

## 7.3 Assets pledged as security

	Notes	2023-24 \$'000	2022-23 \$'000
<u>Assets pledged as security</u>			
The carrying amounts of non-current assets pledged as security are:			
Right-of-use asset - Land	5.2	2,194	802
Right-of-use asset - Buildings	5.2	55,506	39,660
Right-of-use asset - Buildings PPP	5.2	329,591	312,148
Right-of-use asset - Motor vehicles	5.2	6,772	4,556
Right-of-use asset - Other	5.2	17,681	18,642
<b>Total assets pledged as security</b>		<b>411,744</b>	<b>375,808</b>

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

	2023-24 \$'000	2022-23 \$'000
Lease interest expense	26,513	23,391
Loan fair value expense <sup>(a)</sup>	12,515	14,551
Interest expensed <sup>(b)</sup>	11,928	10,636
<b>Total finance costs expensed</b>	<b>50,956</b>	<b>48,578</b>

(b) Represents the financial cost of the subsidised low interest loans (LILS) disbursed and, committed but not yet disbursed.

The loans are provided to non-government schools and a total of \$43.63 million in new loans were disbursed in 2023-24 (2022-23: \$48.41 million).

(c) Represents the amounts charged for loans provided to the Department by the WATC for the operation of the LILS and special loan to the UNDA. Refer to Note 4.4 Interest Revenue and Note 6.1 Receivables for further details.

## 7.5 Cash and cash equivalents

### 7.5.1 Reconciliation of cash

	2023-24 \$'000	2022-23 \$'000
<u>Schools</u>		
Bank accounts	427,518	425,231
Cash on hand	79	95
	<b>427,597</b>	<b>425,326</b>
<u>Central office</u>		
Operating bank account	116,288	89,651
	<b>116,288</b>	<b>89,651</b>
<b>Total cash and cash equivalents at end of period</b>	<b>543,885</b>	<b>514,977</b>

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 3 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

	2023-24 \$'000	2022-23 Reclassified* \$'000
<u>Current</u>		
Grants accounts <sup>(a)</sup>	48,462	32,353
Royalties for Regions Fund	1,870	194
Paid Parental Leave	467	503
Special purpose account - TRBWA <sup>(b)</sup>	11,893	9,898
Special purpose account - Student Residential Colleges Fund <sup>(b)</sup>	1,719	1,846
	<b>64,411</b>	<b>44,794</b>
<b>Total restricted cash and cash equivalents at end of period</b>	<b>64,411</b>	<b>44,794</b>

\* See also Note 9.4 for details regarding the reclassification of comparatives.

(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 9.8 for further details.

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 3 months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

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

	Notes	2023-24 \$'000	2022-23 Reclassified* \$'000
Cash and cash equivalents	7.5.1	543,885	514,977
Restricted cash and cash equivalents	7.5.2	64,411	44,794
		<b>608,296</b>	<b>559,771</b>
<b>Reconciliation of net cost of services to net cash flows used in operating activities</b>			
Net cost of services		(5,032,553)	(4,833,398)
<u>Non-cash Items</u>			
Depreciation expense	5.1.1, 5.2, 5.4.1	297,995	259,536
Amortisation expense	5.3.1	-	1
Impairment expense	5.1.1, 5.3.1	-	2,218
Resources received free of charge	4.1	15,932	16,558
Expected credit losses expense	3.3	6,512	6,217
Loss on disposal of non-current assets	3.3	298	1,692
Adjustment for other non-cash items		8,619	(13,946)
<u>(Increase)/decrease in assets</u>			
Current receivables <sup>(a)</sup>		1,723	(3,023)
Current inventories		2,550	(660)
Other current assets		(41,893)	(4,426)
Non-current receivables		(14,399)	(3,772)
<u>Increase/(decrease) in liabilities</u>			
Provisions		104,469	43,687
Current payables and other liabilities <sup>(a)</sup>		71,905	(5,286)
Non-current payables		522	564
Net GST receipts/(payments) <sup>(b)</sup>		846	(525)
Change in GST in receivables and payables <sup>(c)</sup>		841	(78)
<b>Net cash used in operating activities</b>		<b>(4,576,633)</b>	<b>(4,534,641)</b>

\* See also Note 9.4 for details regarding the reclassification of comparatives.

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable for the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e. cash transactions.

(c) This reverses the GST in receivables and payables.

## 7.6 Commitments

### 7.6.1 Capital commitments

	2023-24 \$'000	2022-23 \$'000
<b>Capital expenditure commitments</b>		
<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	383,258	418,121
Later than 1 year and not later than 5 years	358,594	391,315
	<b>741,852</b>	<b>809,436</b>
<u>The capital commitments include amounts for:</u>		
Additional Stages at High Schools	92,038	3,090
Additions and Improvements to Agricultural Colleges	1,432	-
Additions and Improvements to High Schools	267,076	-
Additions and Improvements to Secondary Schools	-	53,378
Additions and Improvements to Residential Colleges	480	209
Additions and Improvements at Primary Schools	112,397	96,706
Additions and Improvements to District High School	2,317	172
COVID-19 Response - Capital	49,191	129,723
Election Commitments 2021	75,630	340,330
Fire Damage	5,470	26
Miscellaneous	22,982	13,002
Modular Buildings	13,740	27,161
New High Schools	336	-
New Secondary Schools	-	3,967
New Primary Schools	93,202	139,625
Other School Facilities	5,561	1,852
PPP Retained Funding	-	128
School funded project	-	2
Universal Access Program	-	65
	<b>741,852</b>	<b>809,436</b>

## 8. Risks and contingencies

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

	Note
Financial risk management	<b>8.1</b>
Contingent assets and liabilities	<b>8.2</b>
Fair value measurements	<b>8.3</b>

### 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). For receivables other than Government, the Department trades only with recognised, creditworthy third parties. 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 on time.

The Department is exposed to liquidity risk through its trading in the normal course of business. The Department has appropriate procedures in place 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 pose to 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 through interest rate changes primarily relates to its 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).

## 8.1 Financial risk management (continued)

### (b) Categories of financial instruments

At the end of the reporting period, the carrying amounts for the following financial assets and financial liabilities are as follows:

	Notes	2023-24 \$'000	2022-23 \$'000
<b>Financial assets</b>			
Cash and cash equivalents	7.5.1	543,885	514,977
Restricted cash and cash equivalents	7.5.2	64,411	44,794
Financial assets at amortised cost <sup>(a)</sup>	6.1, 6.2	4,631,389	4,332,691
<b>Total financial assets</b>		<b>5,239,685</b>	<b>4,892,462</b>
<b>Financial liabilities</b>			
Financial liabilities measured at amortised cost	7.1, 7.2, 6.5, 6.7	1,100,798	1,013,664
<b>Total financial liability</b>		<b>1,100,798</b>	<b>1,013,664</b>

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

### (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
<b>30 June 2024</b>					
<b>Central Office</b>					
Expected credit loss rate		1.00%	2.00%	5.00%	20.00%
Estimated total gross carrying amount at default	4,209	714	1,533	152	1,809
Expected credit losses	(407)	(7)	(31)	(8)	(362)
<b>Loans to non-government schools and UNDA<sup>(a)</sup></b>					
Expected credit loss rate		0.40%			
Estimated total gross carrying amount at default	370,790	370,790	-	-	-
Expected credit losses	(1,483)	(1,483)			
<b>Schools, Residential Colleges and other debtors<sup>(b)</sup></b>					
Estimated total gross carrying amount at default	168,237				
Expected credit losses	(14,061)				
<b>Total</b>					
Estimated total gross carrying amount at default <sup>(c)</sup>	543,235				
Expected credit losses	(15,951)				
<b>30 June 2023</b>					
<b>Central Office</b>					
Expected credit loss rate		1.00%	2.00%	5.00%	20.00%
Estimated total gross carrying amount at default	2,411	598	697	101	1,015
Expected credit losses	(228)	(6)	(14)	(5)	(203)
<b>Loans to non-government schools and UNDA<sup>(a)</sup></b>					
Expected credit loss rate		0.31%			
Estimated total gross carrying amount at default	372,933	372,933	-	-	-
Expected credit losses	(1,156)	(1,156)			
<b>Schools, Residential Colleges and other debtors<sup>(b)</sup></b>					
Estimated total gross carrying amount at default <sup>(d)</sup>	155,215				
Expected credit losses	(13,462)				
<b>Total</b>					
Estimated total gross carrying amount at default <sup>(c)</sup>	530,559				
Expected credit losses	(14,846)				

(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 \$30.30 million of this class of debtor (\$29.65 million 2022-23). The residual \$137.93 million (\$125.57 million 2022-23) 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).

(d) The estimated total gross carrying amount at default for 2022-23 has been restated to \$155.21 million (previously \$46.96 million) which is a \$108.25 million increase and due to reclassifying the 27th pay from restricted cash to receivables. Refer to Note 9.4 Reclassification of Comparatives for more details.

## 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 <sup>(c)</sup> \$'000	Maturity dates				
		Carrying Amount \$'000	Fixed Interest rate \$'000	Variable Interest rate \$'000	Non-Interest bearing \$'000		Up to 1 month \$'000	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
<b>2022-23</b>											
<u>Financial Assets</u>											
Schools cash balances	2.54	318,545	-	318,450	95	318,545	318,545	-	-	-	-
Schools term deposits	2.33	106,781	106,781	-	-	106,781	79,458	-	27,323	-	-
Central office cash balances		89,651	-	-	89,651	89,651	89,651	-	-	-	-
Restricted cash - TRBWA	2.63	9,898	-	9,898	-	9,898	9,898	-	-	-	-
Restricted cash - Residential Colleges Fund	3.01	1,846	-	1,845	1	1,846	1,715	-	131	-	-
Restricted cash balances - other <sup>(a)</sup>		33,050	-	-	33,050	33,050	33,050	-	-	-	-
Trade receivables <sup>(b)</sup>		142,780	-	-	142,780	142,780	34,527	-	-	108,253	-
Loans to non-government schools and UNDA <sup>(b)</sup>	4.17	372,933	372,933	-	-	465,865	-	12,540	39,327	194,961	219,037
Amounts receivable for services		3,925,231	-	-	3,925,231	3,925,231	2,092	4,230	16,075	89,588	3,813,246
		<b>5,000,715</b>	<b>479,714</b>	<b>330,193</b>	<b>4,190,808</b>	<b>5,093,647</b>	<b>568,936</b>	<b>16,770</b>	<b>82,856</b>	<b>392,802</b>	<b>4,032,283</b>
<u>Financial Liabilities</u>											
Payables		173,199	-	-	173,199	173,199	170,564	-	-	2,635	-
Lease liabilities	6.01	396,481	396,481	-	-	756,001	3,803	13,450	41,156	142,219	555,373
WATC loans <sup>(d)</sup>	2.64	398,009	398,009	-	-	481,510	2,725	13,114	36,960	200,850	227,861
Other liabilities		45,975	-	-	45,975	45,975	45,975	-	-	-	-
		<b>1,013,664</b>	<b>794,490</b>	<b>-</b>	<b>219,174</b>	<b>1,456,685</b>	<b>223,067</b>	<b>26,564</b>	<b>78,116</b>	<b>345,704</b>	<b>783,234</b>

(a) Restricted cash balances - other for 2022-23 has been restated to \$33.05 million (previously \$141.30 million) which is a \$108.25 million decrease and due to reclassifying the 27th pay from restricted cash to receivables. Refer to Note 9.4 Reclassification of Comparatives for more details.

(b) Carrying amount approximates fair value and excludes GST recoverable from the ATO (statutory receivable). Receivables other than loans for 2022-23 has been restated to \$142.78 million (previously \$34.53 million) which is a \$108.25 million increase and due to reclassifying the 27th pay from restricted cash to receivables. Refer to Note 9.4 Reclassification of Comparatives for more details.

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

(d) The fair value of WATC loans was \$398.01 million.

## 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 <sup>(b)</sup> \$'000	Maturity dates				
		Carrying Amount \$'000	Fixed Interest rate \$'000	Variable Interest rate \$'000	Non-Interest bearing \$'000		Up to 1 month \$'000	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
<b>2023-24</b>											
<u>Financial Assets</u>											
Schools cash balances	3.09	324,277	-	324,198	79	324,277	324,277	-	-	-	-
Schools term deposits	3.33	103,320	103,320	-	-	103,320	90,514	4,766	8,040	-	-
Central office cash balances		116,288	-	-	116,288	116,288	116,288	-	-	-	-
Restricted cash - TRBWA	3.99	11,893	-	11,893	-	11,893	11,893	-	-	-	-
Restricted cash - Residential Colleges Fund	3.78	1,719	-	1,719	-	1,719	1,582	-	137	-	-
Restricted cash balances - other		50,799	-	-	50,799	50,799	50,799	-	-	-	-
Trade receivables <sup>(a)</sup>		156,494	-	-	156,494	156,494	29,290	-	-	127,204	-
Loans to non-government schools and UNDA <sup>(a)</sup>	4.28	370,790	370,790	-	-	466,131	-	13,415	40,556	201,053	211,107
Amounts receivable for services		4,231,309	-	-	4,231,309	4,231,309	46	4,630	15,501	80,708	4,130,424
		<b>5,366,889</b>	<b>474,110</b>	<b>337,810</b>	<b>4,554,969</b>	<b>5,462,230</b>	<b>624,689</b>	<b>22,811</b>	<b>64,234</b>	<b>408,965</b>	<b>4,341,531</b>
<u>Financial Liabilities</u>											
Payables		258,745	-	-	258,745	258,745	255,588	-	-	-	3,157
Lease liabilities	6.58	409,156	409,156	-	-	748,463	4,624	15,037	49,378	153,015	526,409
WATC loans <sup>(c)</sup>	2.89	400,041	400,041	-	-	490,066	2,978	14,089	39,035	210,742	223,222
Other liabilities		32,856	-	-	32,856	32,856	32,856	-	-	-	-
		<b>1,100,798</b>	<b>809,197</b>	<b>-</b>	<b>291,601</b>	<b>1,530,130</b>	<b>296,046</b>	<b>29,126</b>	<b>88,413</b>	<b>363,757</b>	<b>752,788</b>

(a) Carrying amount approximates fair value and excludes GST recoverable from the ATO (statutory receivable).

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

(c) The fair value of WATC loans was \$400.04 million.

## 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
<b>2022-23</b>					
<i>Financial assets</i>					
Schools cash balances	318,545	(3,185)	(3,185)	3,185	3,185
Special purpose account - TRBWA	9,898	(99)	(99)	99	99
Special purpose account - Residential Colleges Fund	1,846	(18)	(18)	18	18
<b>Total increase/(decrease)</b>		<b>(3,303)</b>	<b>(3,303)</b>	<b>3,303</b>	<b>3,303</b>
<b>2023-24</b>					
<i>Financial assets</i>					
Schools cash balances	324,277	(3,243)	(3,243)	3,243	3,243
Special purpose account - TRBWA	11,893	(119)	(119)	119	119
Special purpose account - Residential Colleges Fund	1,719	(17)	(17)	17	17
<b>Total increase/(decrease)</b>		<b>(3,379)</b>	<b>(3,379)</b>	<b>3,379</b>	<b>3,379</b>

## 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 2024. GST receivable or payable respectively.

### 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 several 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

Currently, 77 sites are owned by the Department and registered with Department of Water and Environmental Regulation under the Contaminated Sites Act. Of these, 44 do not require any further action or have a site management plan in place, and 33 are still subject to investigation or require ongoing 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 submitted 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 Western Australian *Long Service Leave Act 1958* (WA) (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 (LSL) 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 LSL entitlements of current casual employees from the LSL Act to the applicable industrial instruments.

In June 2024, the State Government endorsed an interim framework to remediate long service leave for entitled employees who have been engaged purely on a casual basis. The Department will acquit its liability owed to these employees in 2024-25, with the remediated amount to be treated as an employee related provision as at 30 June 2024.

As at 30 June 2024, the whole-of-government framework to calculate the LSL entitlement for the mixed mode cohort (being employees who have worked across a mix of casual, fixed term and permanent employment) has not yet been issued by GSLR. As a result, the Department is unable to measure with sufficient reliability the LSL entitlement for the mixed mode cohort at the reporting date.

## 8.3 Fair value measurements

Assets measured at fair value	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair value at end of period \$'000
<b>2023-24</b>					
Non-current assets classified as held for sale	9.11	-	-	3,360	3,360
Land	5.1	-	-	4,945,897	4,945,897
Land improvements	5.1	-	-	2,773,905	2,773,905
Buildings	5.1	-	-	9,661,567	9,661,567
Service concession land	5.4	-	-	13,080	13,080
Service concession land improvements	5.4	-	-	6,864	6,864
Service concession buildings	5.4	-	-	20,202	20,202
		-	-	<b>17,424,875</b>	<b>17,424,875</b>
<b>2022-23</b>					
Non-current assets classified as held for sale	9.11	-	-	2,988	2,988
Land	5.1	-	-	4,632,775	4,632,775
Land improvements	5.1	-	-	2,625,007	2,625,007
Buildings	5.1	-	-	8,014,987	8,014,987
Service concession land	5.4	-	-	12,090	12,090
Service concession land improvements	5.4	-	-	6,722	6,722
Service concession buildings	5.4	-	-	18,496	18,496
		-	-	<b>15,313,065</b>	<b>15,313,065</b>

There were no transfers between Levels 1, 2 or 3 during the period.



### 8.3 Fair value measurements (continued)

#### Fair value measurements using significant unobservable inputs (Level 3)

	Non-current assets classified as held for sale \$'000	Land \$'000	Land improvements \$'000	Buildings \$'000	Service concession land \$'000	Service concession buildings \$'000	Service concession land improvements \$'000
<b>2023-24</b>							
Fair Value at start of period	2,988	4,632,775	2,625,007	8,014,987	12,090	18,496	6,722
Additions	-	-	13,202	24,664	-	17	-
Transfer from Work in Progress	-	10,096	756	498,719	-	-	-
Transfers to/from held for distribution (within Level 3)	527	(371)	-	-	-	-	-
Disposals	(155)	(155)	-	-	-	-	-
Revaluation increase/(decrease)	-	303,552	192,090	1,259,299	990	2,101	340
Depreciation expense	-	-	(57,202)	(136,050)	-	(430)	(198)
Transfers/adjustments	-	-	52	(52)	-	18	-
<b>Fair Value at end of period</b>	<b>3,360</b>	<b>4,945,897</b>	<b>2,773,905</b>	<b>9,661,567</b>	<b>13,080</b>	<b>20,202</b>	<b>6,864</b>
<b>Total gains or (losses) for the period included in profit or loss in Note 3.4</b>	<b>-</b>	<b>188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2022-23</b>							
Fair Value at start of period	26,019	4,053,559	2,118,556	6,870,856	10,940	14,710	5,433
Additions	-	11,860	11,236	25,475	-	-	-
Transfer from Work in Progress	-	1,946	1,227	291,952	-	-	-
Transfers to/from held for distribution (within Level 3)	11	31	-	-	-	-	-
Disposals	(23,042)	(42)	-	-	-	-	-
Revaluation increase/(decrease)	-	565,422	538,845	942,164	1,150	4,088	1,443
Depreciation expense	-	-	(45,752)	(113,779)	-	(329)	(155)
Impairment loss	-	-	-	(2,218)	-	-	-
Transfers/adjustments	-	(1)	895	537	-	27	1
<b>Fair Value at end of period</b>	<b>2,988</b>	<b>4,632,775</b>	<b>2,625,007</b>	<b>8,014,987</b>	<b>12,090</b>	<b>18,496</b>	<b>6,722</b>
<b>Total gains or (losses) for the period included in profit or loss in Note 3.4</b>	<b>-</b>	<b>(42)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 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 2024. The revaluation of land and buildings was conducted by the Western Australian Land Information Authority (Landgate). The revaluation of school land improvements was conducted by an independent quantity surveyor.

Effective 1 July 2019, the Department reviewed the frequency to revalue land, buildings and school land improvements from annually to every 3 years. Any interim revaluations are determined by applying relevant industry indices to determine if fair value adjustments are required. Refer to Note 5.1 for further information.

For 2023–24, although the cumulative movement in indices was less than 15% since the last comprehensive revaluation in 2022–23, the Department revalued land, buildings and land improvements due to significant movements in valuations provided by Landgate and the independent quantity surveyor.

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 subclasses

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 Landgate (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 subclasses, 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 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.

#### Project and professional fees

Project and professional fees which are directly attributable to bringing the asset to the location and condition for use as intended.

## 9. Other disclosures

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

	Note
Events occurring after the end of the reporting period	9.1
Initial application of Australian Accounting Standards	9.2
Future impact of Australian standards not yet operative	9.3
Reclassification of comparatives	9.4
Key management personnel	9.5
Related party transactions	9.6
Affiliated and related bodies	9.7
Special purpose accounts	9.8
Remuneration of auditors	9.9
Services provided free of charge	9.10
Non-current assets classified as held for sale	9.11
Equity	9.12
Supplementary financial information	9.13
Indian Ocean Territories	9.14

### 9.1 Events occurring after the end of the reporting period

The financial statements have been prepared based on 2.5% increase to the School Education Act Employees' (Teachers and Administrators) General Agreement 2023 (Agreement). On 5 July 2024, the WA State Government announced agreement of its Enterprise Bargaining Agreement offer that included a 5% per annum wage increase in the first year of the Agreement effective from 6 December 2023, with subsequent increase of 4.0% and 3.0% increases in the second and third year respectively.

The financial statements include an accrual for the back payment of salaries under the new Agreement based on the previous funded parameter of a 2.5% salary increase for the period 6 December 2023 to 30 June 2024. At the end of the reporting period, the Agreement had not yet been registered with the Industrial Relations Commission, therefore the additional 2.5% back payment of salaries has not been included in the financial statements.

### 9.2 Initial application of Australian Accounting Standards

There were no new Australian Accounting Standards effective for the year 2023–24 that applied to the Department.

### 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 1 Jan 2024

<b>AASB 2020-1</b>	<b>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</b> This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. There is no financial impact.
<b>AASB 2022-5</b>	<b>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</b> This Standard amends AASB 16 to add measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 to be accounted for as a sale. There is no financial impact.
<b>AASB 2022-6</b>	<b>Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants</b> This Standard amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The Standard also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure. There is no financial impact.
<b>AASB 2022-10</b>	<b>Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.</b> This Standard amends AASB 13 for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. Specifically, it provides guidance on how the cost approach is to be applied to measure the asset's fair value, including guidance on the nature of costs to include in the replacement cost of a reference asset. The financial impact has not been assessed.
<b>AASB 2023-1</b>	<b>Amendments to Australian Accounting Standards – Supplier Finance Arrangements</b> This Standard amends: (a) AASB 107; and (b) AASB 7 as a consequence of the issuance of International Financial Reporting Standard Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) by the International Accounting Standards Board in May 2023. There is no financial impact.

#### Operative for reporting periods beginning on/after 1 Jan 2025

<b>AASB 2014-10</b>	<b>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</b> This Standard amends AASB 10 and AASB 128 to address an inconsistency between the two standards. There is no financial impact.
<b>AASB 2021-7C</b>	<b>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</b> This Standard further defers (to 1 January 2025) the amendments to AASB 10 and AASB 128 relating to the sale or contribution of assets between an investor and its associate or joint venture. The standard also includes editorial corrections. There is no financial impact.
<b>AASB 2023-5</b>	<b>Amendments to Australia Accounting Standards – Lack of Exchangeability</b> This Standard amends AASB 121 and AASB 1 to require entities to apply a consistent approach to determining whether a currency is exchangeable into another currency and the spot exchange rate to use when it is not exchangeable. There is no financial impact.

#### Operative for reporting periods beginning on/after 1 Jan 2026

<b>AASB 2022-9</b>	<b>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</b> This Standard amends AASB 17 and AASB 1050 to include modifications with respect to the application of AASB 17 by public sector entities. This Standard also amends the following Standards to remove the temporary consequential amendments set out in AASB 2022-8 since AASB 4 and AASB 1023 do not apply to public sector entities for periods beginning on or after 1 July 2026: (a) AASB 1; (b) AASB 3; (c) AASB 5; (d) AASB 7; (e) AASB 9; (f) AASB 15; (g) AASB 119; (h) AASB 132; (i) AASB 136; (j) AASB 137; (k) AASB 138; (l) AASB 1057; and (m) AASB 1058. There is no financial impact.
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## 9.4 Reclassification of comparatives

The reclassification of comparatives includes the following adjustments:

Reference to tables below	From account	To account	Explanation	Basis of reclassification	Statement of Financial Position Reclassified (\$'000)	Statement of Cash Flows Reclassified (\$'000)	Statement of Comprehensive Income Reclassified (\$'000)
(a)	Restricted cash and cash equivalents	Receivables	To account for the 27th pay as receivables as it is considered that funds in the account are not cash but a right to receive the cash in future. The 27th pay are amounts paid annually into the Treasurer's special purpose account for the purpose of additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26.	New Treasury Requirement released on the 20 November 2023 and applied retrospectively. Provides more reliable and relevant information, aligned to whole-of-government reporting classification.	108,253	108,253	-
(b)	Supplies and services - school expenses	Supplies and services - services and contracts	Reclassify chaplaincy contract expenditure of \$17.531 million from school expenses to services and contracts under supplies and services.	Provides more reliable and relevant information, aligned to whole-of-government reporting classification.	-	-	-

## 9.4 Reclassification of comparatives (continued)

### Statement of financial position (extract)

	2022-23 \$'000	Reclassification		2022-23 Reclassified \$'000
		(a) \$'000	(b) \$'000	
<b>Non-Current Assets</b>				
Restricted cash and cash equivalents	108,253	(108,253)	-	-
Receivables	331,569	108,253	-	439,822
Amounts receivable for services	3,902,834	-	-	3,902,834
Property, plant and equipment	16,005,491	-	-	16,005,491
Service concession assets	37,684	-	-	37,684
Right-of-use assets	375,808	-	-	375,808
Intangible assets	-	-	-	-
<b>Total Non-Current Assets</b>	<b>20,761,639</b>	<b>-</b>	<b>-</b>	<b>20,761,639</b>
<b>TOTAL ASSETS</b>	<b>21,480,622</b>	<b>-</b>	<b>-</b>	<b>21,480,622</b>

### Statement of Cash Flows (extract)

	2022-23 \$'000	Reclassification		2022-23 Reclassified \$'000
		(a) \$'000	(b) \$'000	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
<b>Payments</b>				
Repayment of lease liabilities	(46,766)	-	-	(46,766)
Repayment of borrowings	(38,967)	-	-	(38,967)
Payment to accrued salaries account	-	(17,122)	-	(17,122)
<b>Receipts</b>				
Proceeds from borrowings	48,408	-	-	48,408
<b>Net cash used in financing activities</b>	<b>(37,325)</b>	<b>(17,122)</b>	<b>-</b>	<b>(54,447)</b>
Net increase/(decrease) in cash and cash equivalents	24,234	(17,122)	-	7,112
Cash and cash equivalents at the beginning of the period	643,790	(91,131)	-	552,659
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>668,024</b>	<b>(108,253)</b>	<b>-</b>	<b>559,771</b>

### Note 6.1: Receivables (extract)

	2022-23 \$'000	Reclassification		2022-23 Reclassified \$'000
		(a) \$'000	(b) \$'000	
<b>Non-current</b>				
Accrued Salaries account	-	108,253	-	108,253
Loans to non-government schools and the UNDA	331,569	-	-	331,569
<b>Total non-current</b>	<b>331,569</b>	<b>108,253</b>	<b>-</b>	<b>439,822</b>
<b>Total receivables at end of period</b>	<b>428,202</b>	<b>108,253</b>	<b>-</b>	<b>536,455</b>

### Note 7.5.2: Restricted cash and cash equivalents (extract)

	2022-23 \$'000	Reclassification		2022-23 Reclassified \$'000
		(a) \$'000	(b) \$'000	
<b>Non-current</b>				
Accrued salaries suspense account (27th pay)	108,253	(108,253)	-	-
	108,253	(108,253)	-	-
<b>Total restricted cash and cash equivalents at end of period</b>	<b>153,047</b>	<b>(108,253)</b>	<b>-</b>	<b>44,794</b>

### Note 3.3 Other Expenditure (extract)

	2022-23 \$'000	Reclassification		2022-23 Reclassified \$'000
		(a) \$'000	(b) \$'000	
<b>Supplies and services</b>				
Communication services	25,556	-	-	25,556
Consumables - utilities	78,765	-	-	78,765
Consumables - other	3,546	-	-	3,546
Equipment purchases (less than \$5,000)	4,937	-	-	4,937
Insurance	97,330	-	-	97,330
Minor works	62,385	-	-	62,385
PPP - School maintenance costs	12,648	-	-	12,648
Repairs and maintenance	150,911	-	-	150,911
Service and contracts - property	18,513	-	-	18,513
Service and contracts	204,954	-	17,531	222,485
Staff-related expense	4,954	-	-	4,954
Travel	13,875	-	-	13,875
School's expenses	387,107	-	(17,531)	369,576
Other	7,164	-	-	7,164
<b>Total supplies and services expenses</b>	<b>1,072,645</b>	<b>-</b>	<b>-</b>	<b>1,072,645</b>

## 9.5 Key management personnel

The Department has determined key management personnel to include Cabinet Ministers and senior officers of the Department. The Department does not incur expenditures to compensate Ministers and those disclosures may be found in the Annual Report on State Finances.

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

Compensation band (\$)	2023-24	2022-23
Compensation band (\$)		
\$550,001 - \$600,000	1	-
\$500,001 - \$550,000	-	1
\$350,001 - \$400,000	2	2
\$300,001 - \$350,000	1	1
\$250,001 - \$300,000	4 <sup>(a)</sup>	5
\$200,001 - \$250,000	8	7 <sup>(a)</sup>
\$150,001 - \$200,000	4 <sup>(a)</sup>	4 <sup>(a)</sup>
\$100,001 - \$150,000	3 <sup>(a)</sup>	1 <sup>(a)</sup>
\$50,001 - \$100,000	3 <sup>(a)</sup>	1 <sup>(a)</sup>
\$0 - \$50,000	1 <sup>(a)</sup>	2 <sup>(a)</sup>
	<b>2023-24</b>	<b>2022-23</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	5,202	4,929
Post employment benefits	530	549
Other long-term benefits	92	139
<b>Total compensation of senior officers</b>	<b>5,824</b>	<b>5,617</b>

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

Total compensation includes the superannuation expense incurred by the Department for senior officers.

## 9.6 Related party transactions

The Department is a wholly owned and controlled entity of the State of Western Australia.

Related parties of the Department include:

- all Cabinet 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
- associates and joint ventures, that are included in the whole-of-government consolidated financial statements
- the Government Employees Superannuation Board (GESB).

### 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.

Significant transactions include:

- income from State Government (note 4.1)
- equity contributions (note 9.12)
- insurance payments to the Insurance Commission of Western Australia and Risk Cover Fund (note 3.3)
- GROH Program payments to the Department of Communities (note 3.1.1)
- superannuation contributions to GESB (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 9.10)
- 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 9.9)
- other payments to Water Corporation, Department of Fire and Emergency Services, Department of Planning, Lands and Heritage and Western Australia Police Force (notes 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 were no material related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

## 9.7 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.

	2023-24 \$'000	2022-23 \$'000
Community kindergartens	4,665	4,686
Non-Government Schools Planning Advisory Panel	3	1
Rural and Remote Education Advisory Council <sup>(a)</sup>	73	73
School Curriculum and Standards Authority	41,894	38,567
Western Australian Higher Education Council <sup>(a)</sup>	10	10
<b>Total Affiliated bodies</b>	<b>46,645</b>	<b>43,337</b>

(a) Rural and Remote Education Advisory Council and Western Australian Higher Education Council for 2022-23 has been restated to \$0.07 million (previously \$0.009 million) and \$0.01 million (previously \$0) respectively.

The Department had nil related bodies during the reporting period.

## 9.8 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).

	2023-24 \$'000	2022-23 \$'000
Balance at start of period	9,898	8,556
Receipts	8,092	7,089
Payments	(6,097)	(5,747)
Balance at end of period	<b>11,893</b>	<b>9,898</b>

### Student Residential Colleges Fund

The purpose of this account is to hold funds received under section 213Y(3) of the *School Education Act 1999* for the payment of costs and expenses incurred in the performance of the functions of the student residential colleges.

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

	2023-24 \$'000	2022-23 \$'000
Balance at start of period	1,846	1,343
Receipts	22,511	21,584
Payments	(22,638)	(21,081)
Balance at end of period	<b>1,719</b>	<b>1,846</b>

### Western Australian Student Assistance Payment (Administered)

The purpose of this account is to hold funds to be used to support Western Australian families with a one-off payment in 2024 to meet out of pocket schooling expenses for enrolled students in Western Australian registered schools.

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

	2023-24 \$'000	2022-23 \$'000
Balance at start of period	-	-
Receipts	94,350	-
Payments	(72,462)	-
Balance at end of period	<b>21,888</b>	-

## 9.8 Special purpose accounts (continued)

### 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.

Special Purpose Account	2023-24				2022-23			
	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	4,757	26,000	26,000	4,757	4,736	26,121	26,100	4,757
2 Scholarship - Council of War Service Land Settlers Association	1,093	42	-	1,135	1,072	21	-	1,093
3 John Henry Kendall	1,214	47	-	1,261	1,191	23	-	1,214
4 Margueretta Wilson Scholarship	3,403	131	-	3,534	3,339	64	-	3,403
5 Perth Girls Memorial Scholarship	50,941	1,961	3,000	49,902	55,872	1,069	6,000	50,941
6 Sir Thomas Coombe Scholarship	130,110	5,009	-	135,119	127,668	2,442	-	130,110
7 Margery Bennett Prize	1,462	56	-	1,518	1,435	27	-	1,462
8 W J Reid Memorial Prize	8,918	343	-	9,261	8,751	167	-	8,918
9 James and Rose Coombe Scholarships	251	19,800	19,800	251	250	19,501	19,500	251
10 Perth Boys Memorial Scholarship	4,075	157	1,000	3,232	4,980	95	1,000	4,075
11 Roy Grace English Scholarship	-	2,000	2,000	-	-	2,000	2,000	-
12 James A Heron Memorial Prize	10,648	410	1,000	10,058	10,448	200	-	10,648
13 Ernest Smith Memorial Prize for English	2,925	113	-	3,038	2,870	55	-	2,925
14 Bentley Senior High School Memorial Scholarship	13,771	530	-	14,301	14,494	277	1,000	13,771
15 Elaine Nora Walker Scholarships	83,987	3,233	9,500	77,720	92,223	1,764	10,000	83,987
16 William Samuel Bequest	1,458	54	100	1,412	1,530	28	100	1,458
17 Howard Porter Memorial Prize for Good Citizenship	2,205	183	200	2,188	2,263	42	100	2,205
18 Ian Bremner Memorial Scholarship	38,589	1,441	2,000	38,030	39,851	738	2,000	38,589
19 Catherine and Ernest Bennett Memorial Scholarship	28,453	1,089	1,000	28,542	28,907	546	1,000	28,453
20 Laurence Armstrong Scholarship	998,606	38,444	-	1,037,050	409,286	589,320	-	998,606
21 Rural Boarding Scholarship	24,697	951	-	25,648	24,233	464	-	24,697
<b>Totals</b>	<b>1,411,563</b>	<b>101,994</b>	<b>65,600</b>	<b>1,447,957</b>	<b>835,399</b>	<b>644,964</b>	<b>68,800</b>	<b>1,411,563</b>

### 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 may be restricted due to 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 moneys 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 moneys 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 attempting to achieve a Western Australian Certificate of Education.

#### 7. Margery Bennett Prize Trust Account

To hold moneys 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 moneys 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.



## 9.8 Special purpose accounts (continued)

### 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 moneys 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 moneys donated for the purpose of awarding an annual prize to the best student in English at North Perth Primary School.

### 14. Bentley Senior High School Memorial Scholarship

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

### 9.8.1 Special purpose accounts opened during the financial period

The Western Australian Student Assistance Payment special purpose account was created during the reporting period.

### 9.8.2 Special purpose accounts closed during the financial period

There are no special purpose accounts closed during the financial period.

## 9.9 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the reporting period is as follows:

	2023-24 \$'000	2022-23 \$'000
Auditing the accounts, financial statements, controls, and key performance indicators	769	680

## 9.10 Services provided free of charge

During the reporting 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.

	2023-24 \$'000	2022-23 \$'000
Department of Finance	21	21
Department of Health	1,316	1,193
South Regional TAFE	96	-
Department of Communities	285	159
Department of Justice	-	2
Commissioner for Children and Young People	-	1
Office of the Inspector of Custodial Services	-	1
Trustees of the Public Education Endowment	19	15
School Curriculum and Standards Authority	41,894	38,567
	<b>43,631</b>	<b>39,959</b>

## 9.11 Non-current assets classified as held for sale

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

	2023-24 \$'000	2022-23 \$'000
<u>Opening balance</u>		
Land and buildings	2,988	26,019
Less write-down from cost to fair value less selling costs	-	-
	<b>2,988</b>	<b>26,019</b>
<u>Add: Assets reclassified as held for distribution</u>		
Land and buildings <sup>(a)</sup>	527	11
Less write-down from cost to fair value less selling costs	-	-
	<b>527</b>	<b>11</b>
<u>Total assets classified as held for distribution</u>		
Land and buildings	3,515	26,030
Less write-down from cost to fair value less selling costs	-	-
	<b>3,515</b>	<b>26,030</b>
<u>Less: Assets sold or distributed to owner</u>		
Land and buildings	155	23,042
Less write-down from cost to fair value less selling costs	-	-
	<b>155</b>	<b>23,042</b>
<u>Closing balance</u>		
Land and buildings	3,360	2,988
Less write-down from cost to fair value less selling costs	-	-
<b>Total non-current assets classified as assets held for sale at end of period</b>	<b>3,360</b>	<b>2,988</b>

(a) In 2023-24 land and buildings, surplus to the Department's requirements with a fair value of \$0.53 million (2022-23: \$0.01 million) comprising a portion of land at Lesmurdie Primary School that was transferred to land and buildings held for distribution to owner.

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 it cannot retain revenues derived from the sale unless specifically approved for retention by the Treasurer.

## 9.12 Equity

	2023-24 \$'000	2022-23 \$'000
<b>Contributed equity</b>		
Balance at start of period	15,742,616	15,277,971
<u>Contributions by owners</u>		
Capital appropriation	540,655	474,952
Transfer of net assets from other agencies: Land from the Department of Communities	-	5,660
	-	5,660
<u>Other contributions by owners</u>		
Royalties for Regions Fund	15,303	7,033
<b>Total contributions by owners</b>	<b>16,298,574</b>	<b>15,765,616</b>
<u>Distributions to owners</u>		
Transfer of net assets to Government: Crown land transferred to Department of Planning, Lands and Heritage Sale of land proceeds transferred to Department of Treasury	-	(23,000)
	(342)	-
<b>Total distributions to owner</b>	<b>(342)</b>	<b>(23,000)</b>
<b>Total contributed equity at end of period</b>	<b>16,298,232</b>	<b>15,742,616</b>
<b>Reserves</b>		
Balance at start of period	3,802,112	1,748,999
<u>Changes in asset revaluation surplus</u>		
Land	304,542	566,573
Buildings and land improvements	1,453,830	1,486,540
<b>Total of changes in asset revaluation surplus</b>	<b>1,758,372</b>	<b>2,053,113</b>
<b>Total reserves at end of period</b>	<b>5,560,484</b>	<b>3,802,112</b>
<b>Accumulated surplus</b>		
Balance at start of the year	(66,599)	(162,991)
Result for the period	(4,683)	96,392
<b>Total accumulated surplus at end of period</b>	<b>(71,282)</b>	<b>(66,599)</b>
<b>Total equity at end of the period</b>	<b>21,787,434</b>	<b>19,478,129</b>

### 9.13 Supplementary financial information

	2023-24 \$'000	2022-23 \$'000
<b>Write-offs</b>		
<u>Accounts Receivable</u>		
During the reporting period, \$5,407,356 (2022-23: \$5,182,389) of Accounts Receivable was written off under the authority of:		
Accountable Authority	5,407	5,182
The Minister	-	-
The Treasurer	-	-
	<b>5,407</b>	<b>5,182</b>
<u>Asset Register</u>		
During the reporting period, \$2,223,141 (2022-23: \$1,297,532) was written off the Department's asset register under the authority of:		
The Accountable Authority	5	1,298
The Minister	-	-
The Treasurer	2,218	-
	<b>2,223</b>	<b>1,298</b>
<u>Resource register</u>		
During the reporting period, \$287,866 (2022-23: \$449,073) was written off the Department's resource register under the authority of:		
The Accountable Authority	220	449
The Minister	-	-
The Treasurer	68	-
	<b>288</b>	<b>449</b>
<b>Losses through theft, defaults and other causes</b>		
Losses of public money and other property through theft or default	13	48
Amounts recovered	-	-
	<b>13</b>	<b>48</b>

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

### 9.14 Indian Ocean Territories

	2023-24 \$'000	2022-23 \$'000
<u>Reconciliation of Australian Government funds received and expended for the Indian Ocean Territories</u>		
<b>Balance at start of period</b>	(625)	1,922
Receipts	17,762	14,809
Payments	(18,397)	(17,356)
<b>Balance at end of period</b>	<b>(1,260)</b>	<b>(625)</b>

The 2022-23 balance at the end of the period was offset by Commonwealth funding paid in 2023-24. The 2023-24 balance at the end of the period will be offset by Commonwealth funding due in the next financial year.

## 10. Explanatory statements

This section explains variations in the financial performance of the Department against the original budget presented to Parliament. The Department's budget presented to Parliament is not necessarily classified consistently with actual results prepared in accordance with Australian Accounting Standards. Whilst recognition and measurement changes of the original budget is not required under AASB 1055 *Budgetary Reporting*, the Department reclassifies budget lines so that they are comparable with actual results.

	Note
Explanatory statement for controlled operations	10.1
Explanatory statement for administered items	10.2

### 10.1 Explanatory statement for controlled operations

This explanatory section explains variations in the financial performance of the Department undertaking transactions under its own control, as represented by the primary financial statements.

All variances between annual estimates (original budget) and actual results for 2024, and between the actual results for 2024 and 2023 are shown below. Narratives are provided for major variances which are more than 10% of the comparative and which are also more than 1% of the following (as appropriate):

- Estimate and actuals for the current year
  - Total Cost of Services of the annual estimates for the Statements of Comprehensive Income and Statement of Cash Flows (i.e. \$64.25 million being 1% of \$6,425.06 million), and
  - Total Assets of the annual estimate for the Statement of Financial Position (i.e. \$200.98 million being 1% of \$20,098.33 million).
- Actual results between the current year and the previous year actual
  - Total Cost of Services of the previous year for the Statements of Comprehensive Income and Statement of Cash Flows (i.e. \$63.11 million being 1% of \$6,310.94 million), and
  - Total Assets of the previous year for the Statement of Financial Position (i.e. \$214.81 million being 1% of \$21,480.62 million).

### 10.1.1 Statement of comprehensive income variances

	Estimate* 2023-24 \$'000	Actual 2023-24 \$'000	Actual 2022-23 \$'000	Variance					
				Variance between estimate and actual			Variance between actual results for 2023 and 2024		
				\$'000	%	Note	\$'000	%	Note
<b>COST OF SERVICES</b>									
<b>Expenses</b>									
Employee benefits expense	4,985,223	5,055,050	4,859,279	69,827	1%		195,771	4%	
Supplies and services	1,054,794	1,166,738	1,072,645	111,944	11%	1	94,093	9%	
Depreciation and amortisation expense	288,675	297,995	261,755	9,320	3%		36,240	14%	
Accommodation expenses	18,559	21,291	20,335	2,732	15%		956	5%	
Grants and subsidies	31,647	34,823	40,175	3,176	10%		(5,352)	(13%)	
Finance costs	38,099	50,956	48,578	12,857	34%		2,378	5%	
Other expenses	8,061	40,013	8,173	31,952	396%		31,840	390%	
<b>Total cost of services</b>	<b>6,425,058</b>	<b>6,666,866</b>	<b>6,310,940</b>	<b>241,808</b>	<b>4%</b>		<b>355,926</b>	<b>6%</b>	
<b>Income</b>									
<b>Revenue</b>									
User contributions, charges and fees	145,666	133,174	125,373	(12,492)	(9%)		7,801	6%	
Other revenue	93,105	116,462	106,758	23,357	25%		9,704	9%	
Australian Government grants and contributions	1,295,638	1,354,446	1,226,566	58,808	5%		127,880	10%	A
Interest revenue	17,624	30,231	18,845	12,607	72%		11,386	60%	
<b>Total Revenue</b>	<b>1,552,033</b>	<b>1,634,313</b>	<b>1,477,542</b>	<b>82,280</b>	<b>5%</b>		<b>156,771</b>	<b>11%</b>	
<b>NET COST OF SERVICES</b>	<b>4,873,025</b>	<b>5,032,553</b>	<b>4,833,398</b>	<b>159,528</b>	<b>3%</b>		<b>199,155</b>	<b>4%</b>	
<b>Income from State Government</b>									
Service appropriation	4,844,259	4,953,640	4,858,771	109,381	2%		94,869	2%	
Income from other public sector entities	22,045	31,493	27,365	9,448	43%		4,128	15%	
Services received free of charge	15,597	15,932	16,558	335	2%		(626)	(4%)	
Royalties for Regions Fund	27,648	26,805	27,096	(843)	(3%)		(291)	(1%)	
<b>Total income from State Government</b>	<b>4,909,549</b>	<b>5,027,870</b>	<b>4,929,790</b>	<b>118,321</b>	<b>2%</b>		<b>98,080</b>	<b>2%</b>	
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>36,524</b>	<b>(4,683)</b>	<b>96,392</b>	<b>(41,207)</b>	<b>(113%)</b>		<b>(101,075)</b>	<b>(105%)</b>	
<b>OTHER COMPREHENSIVE INCOME</b>									
<b>Items not reclassified subsequently to profit or loss</b>									
Changes in asset revaluation surplus	-	1,758,372	2,053,113	1,758,372	100%		(294,741)	(14%)	
<b>Total other comprehensive income</b>	<b>-</b>	<b>1,758,372</b>	<b>2,053,113</b>	<b>1,758,372</b>	<b>100%</b>		<b>(294,741)</b>	<b>(14%)</b>	
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>36,524</b>	<b>1,753,689</b>	<b>2,149,505</b>	<b>1,717,165</b>	<b>4701%</b>		<b>(395,816)</b>	<b>(18%)</b>	

\* These estimates are published in the State Budget 2023-24, Budget Papers No.2 'Budget Statements'.

## 10.1.2 Statement of financial position variances

	Estimate* 2023-24 \$'000	Actual 2023-24 \$'000	Actual 2022-23 \$'000	Variance				
				Variance between estimate and actual			Variance between actual results for 2023 and 2024	
				\$'000	%	Note	\$'000	%
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	463,707	543,885	514,977	80,178	17%		28,908	6%
Restricted cash and cash equivalents	17,063	64,411	44,794	47,348	277%		19,617	44%
Amounts receivable for services	18,793	20,177	22,397	1,384	7%		(2,220)	(10%)
Inventories	8,590	6,700	9,250	(1,890)	(22%)		(2,550)	(28%)
Receivables	99,440	92,964	96,633	(6,476)	(7%)		(3,669)	(4%)
Other current assets	25,829	69,837	27,944	44,008	170%		41,893	150%
Non-current assets classified as assets held for sale	-	3,360	2,988	3,360	100%		372	12%
<b>Total Current Assets</b>	<b>633,422</b>	<b>801,334</b>	<b>718,983</b>	<b>167,912</b>	<b>27%</b>		<b>82,351</b>	<b>11%</b>
<b>Non-Current Assets</b>								
Receivables	482,003	454,221	439,822	(27,782)	(6%)		14,399	3%
Amounts receivable for services	4,208,586	4,211,132	3,902,834	2,546	0%		308,298	8%
Property, plant and equipment	14,365,276	18,062,657	16,005,491	3,697,381	26%	2	2,057,166	13% B
Service concession assets	30,289	40,442	37,684	10,153	34%		2,758	7%
Right-of-use assets	376,745	411,744	375,808	34,999	9%		35,936	10%
Intangible assets	2,010	-	-	(2,010)	(100%)		-	0%
<b>Total Non-Current Assets</b>	<b>19,464,909</b>	<b>23,180,196</b>	<b>20,761,639</b>	<b>3,715,287</b>	<b>19%</b>		<b>2,418,557</b>	<b>12%</b>
<b>TOTAL ASSETS</b>	<b>20,098,331</b>	<b>23,981,530</b>	<b>21,480,622</b>	<b>3,883,199</b>	<b>19%</b>		<b>2,500,908</b>	<b>12%</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Payables	164,804	255,588	170,564	90,784	55%		85,024	50%
Borrowings	44,887	43,773	41,364	(1,114)	(2%)		2,409	6%
Lease liabilities	45,738	44,864	34,952	(874)	(2%)		9,912	28%
Employee related provisions	748,459	805,270	716,458	56,811	8%		88,812	12%
Other provisions	-	2,951	4,212	2,951	100%		(1,261)	(30%)
Other current liabilities	34,646	32,856	45,975	(1,790)	(5%)		(13,119)	(29%)
<b>Total Current Liabilities</b>	<b>1,038,534</b>	<b>1,185,302</b>	<b>1,013,525</b>	<b>146,768</b>	<b>14%</b>		<b>171,777</b>	<b>17%</b>
<b>Non-Current Liabilities</b>								
Payables	2,071	3,157	2,635	1,086	52%		522	20%
Borrowings	375,290	356,268	356,645	(19,022)	(5%)		(377)	(0%)
Lease liabilities	346,449	364,292	361,529	17,843	5%		2,763	1%
Employee related provisions	270,887	279,940	264,404	9,053	3%		15,536	6%
Other provisions	3,680	5,137	3,755	1,457	40%		1,382	37%
<b>Total Non-Current Liabilities</b>	<b>998,377</b>	<b>1,008,794</b>	<b>988,968</b>	<b>10,417</b>	<b>1%</b>		<b>19,826</b>	<b>2%</b>
<b>TOTAL LIABILITIES</b>	<b>2,036,911</b>	<b>2,194,096</b>	<b>2,002,493</b>	<b>157,185</b>	<b>8%</b>		<b>191,603</b>	<b>10%</b>
<b>NET ASSETS</b>	<b>18,061,420</b>	<b>21,787,434</b>	<b>19,478,129</b>	<b>3,726,014</b>	<b>21%</b>		<b>2,309,305</b>	<b>12%</b>
<b>EQUITY</b>								
Contributed equity	16,356,123	16,298,232	15,742,616	(57,891)	(0%)		555,616	4%
Reserves	1,749,001	5,560,484	3,802,112	3,811,483	218%	3	1,758,372	46% C
Accumulated surplus/(deficit)	(43,704)	(71,282)	(66,599)	(27,578)	63%		(4,683)	7%
<b>TOTAL EQUITY</b>	<b>18,061,420</b>	<b>21,787,434</b>	<b>19,478,129</b>	<b>3,726,014</b>	<b>21%</b>		<b>2,309,305</b>	<b>12%</b>

\* These estimates are published in the State Budget 2023-24, Budget Papers No.2 'Budget Statements'.

### 10.1.3 Statement of cash flows variances

	Estimate* 2023-24 \$'000	Actual 2023-24 \$'000	Actual 2022-23 \$'000	Variance				
				Variance between estimate and actual			Variance between actual results for 2023 and 2024	
				\$'000	%	Note	\$'000	%
<b>CASH FLOWS FROM STATE GOVERNMENT</b>								
Service Appropriation	4,519,714	4,629,095	4,549,307	109,381	2%		79,788	2%
Capital Contribution	564,515	540,655	474,952	(23,860)	(4%)		65,703	14% D
Holding Account Draw Downs	22,397	18,467	22,529	(3,930)	(18%)		(4,062)	(18%)
Royalties for Regions Fund	56,318	42,107	34,129	(14,211)	(25%)		7,978	23%
Funds from other public sector entities	24,045	30,282	28,291	6,237	26%		1,991	7%
<b>Net cash provided by State Government</b>	<b>5,186,989</b>	<b>5,260,606</b>	<b>5,109,208</b>	<b>73,617</b>	<b>1%</b>		<b>151,398</b>	<b>3%</b>
Utilised as follows:								
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
<b>Payments</b>								
Employees benefits	(4,945,119)	(4,899,668)	(4,835,512)	45,451	(1%)		(64,156)	1%
Supplies and services	(1,039,216)	(1,148,888)	(1,054,902)	(109,672)	11%	4	(93,986)	9%
Accommodation expenses	(18,559)	(20,947)	(19,197)	(2,388)	13%		(1,750)	9%
Grants and subsidies	(31,647)	(33,822)	(41,183)	(2,175)	7%		7,361	(18%)
Finance costs	(33,456)	(38,335)	(33,847)	(4,879)	15%		(4,488)	13%
GST payments on purchases	(151,193)	(172,318)	(158,812)	(21,125)	14%		(13,506)	9%
Loans advanced to non-government schools	(57,100)	(43,633)	(48,408)	13,467	(24%)		4,775	(10%)
Other payments	-	(8,005)	(234)	(8,005)	(100%)		(7,771)	3321%
<b>Receipts</b>								
User contributions, charges and fees	142,095	127,329	121,321	(14,766)	(10%)		6,008	5%
Australian Government grants and contributions	1,291,091	1,299,824	1,221,487	8,733	1%		78,337	6%
Interest received	17,623	25,935	18,278	8,312	47%		7,657	42%
GST receipts on revenue	-	6,753	5,406	6,753	100%		1,347	25%
GST receipts from taxation authority	151,094	166,411	152,881	15,317	10%		13,530	9%
Repayments of loans by non-government schools	43,011	41,601	38,967	(1,410)	(3%)		2,634	7%
Other receipts	92,519	121,130	99,114	28,611	31%		22,016	22%
<b>Net cash used in operating activities</b>	<b>(4,538,857)</b>	<b>(4,576,633)</b>	<b>(4,534,641)</b>	<b>(37,776)</b>	<b>1%</b>		<b>(41,992)</b>	<b>1%</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>								
<b>Payments</b>								
Purchase of non-current assets	(626,779)	(566,809)	(513,419)	59,970	(10%)		(53,390)	10%
<b>Receipts</b>								
Receipts from sale of non-current physical assets	-	701	411	701	100%		290	71%
<b>Net cash used in investing activities</b>	<b>(626,779)</b>	<b>(566,108)</b>	<b>(513,008)</b>	<b>60,671</b>	<b>(10%)</b>		<b>(53,100)</b>	<b>10%</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>								
<b>Payments</b>								
Payment lease liabilities	(49,236)	(52,421)	(46,766)	(3,185)	6%		(5,655)	12%
Repayment of borrowings	(78,443)	(41,601)	(38,967)	36,842	(47%)		(2,634)	7%
Payment to accrued salaries account	-	(18,951)	(17,122)	(18,951)	(100%)		(1,829)	11%
<b>Receipts</b>								
Proceeds from borrowings	92,532	43,633	48,408	(48,899)	(53%)		(4,775)	(10%)
<b>Net cash used in financing activities</b>	<b>(35,147)</b>	<b>(69,340)</b>	<b>(54,447)</b>	<b>(34,193)</b>	<b>97%</b>		<b>(14,893)</b>	<b>27%</b>
Net increase/(decrease) in cash and cash equivalents	(13,794)	48,525	7,112	62,319	(452%)		41,413	582%
Cash and cash equivalents at the beginning of the period	630,425	559,771	552,659	(70,654)	(11%)		7,112	1%
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>616,631</b>	<b>608,296</b>	<b>559,771</b>	<b>(8,335)</b>	<b>(1%)</b>		<b>48,525</b>	<b>9%</b>

\* These estimates are published in the State Budget 2023-24, Budget Papers No.2 'Budget Statements'.

### 10.1.4 Major Variance Narrative

#### Variances between estimate and actual

##### Statement of Comprehensive Income

- Supplies and services expense was \$111.9 million (or 11%) above the 2023–24 Estimate primarily due to higher than expected repairs and maintenance costs and increased direct school expenses with schools spending more of their flexible budget allocation on supplies and services than previously forecast. The increase in repairs and maintenance costs was driven by inflationary pressures and market conditions, with additional funding approved during 2023–24 to meet the estimated increase in these unavoidable costs.

##### Statement of Financial Position

- Property, plant and equipment was \$3.7 billion (or 26%) higher than the 2023–24 Budget as a result of the cumulative impact of the revaluation of land, land improvements and buildings in 2022–23 and 2023–24.
- Refer to 2.

##### Statement of Cash Flows

- Refer to 1.

#### Variances between actual results for 2023–24 and 2022–23

##### Statement of Comprehensive Income

- Commonwealth Government grants and contributions were \$127.9 million (or 10%) higher than the 2022–23 Actual largely due to an increase in the Quality Schools funding (\$100.5 million) and an increase in the Schools Upgrade Fund (\$26.7 million).

##### Statement of Financial Position

- Property, plant and equipment was \$2.1 billion (or 13%) higher than the 2022–23 Actual primarily due to a \$1.8 billion revaluation of land, land improvements and buildings in 2023–24.
- Refer to B.

##### Statement of Cash Flows

- Capital contribution from the state government was \$65.7 million (or 14%) higher than the 2022–23 actual reflecting increased investment to address demand pressures from a growing student population and critical infrastructure requirements across educational facilities.

## 10.2 Explanatory statement for administered items

This explanatory section explains variations in the financial performance of the Department undertaking transactions that it does not control but has responsibility to the government for, as detailed in the administered schedules.

All variances between annual estimates and actual results for 2024, and between the actual results for 2024 and 2023 are shown below. Narratives are provided for key major variances which vary more than 10% from their comparative and that the variation is more than 1% of the following variance analyses for the:

- Estimate and actuals for the current year
  - Total Administered Income of the estimate (i.e. \$4.62 million being 1% of \$462.24 million)
- Actual results for the current year and prior year actual
  - Total Administered Income for the previous year (i.e. \$5.19 million being 1% of \$519.26 million)

	Estimate* 2023–24 \$'000	Actual 2023–24 \$'000	Actual 2022–23 \$'000	Variance					
				Variance between estimate and actual			Variance between actual results for 2023 and 2024		
				\$'000	%	Note	\$'000	%	Note
<b>Income</b>									
Service appropriation	462,240	563,817	449,088	101,577	22%	1	114,729	26%	A
Resources received free of charge	-	-	70,169	-	0%		(70,169)	(100%)	B
<b>Total administered income</b>	<b>462,240</b>	<b>563,817</b>	<b>519,257</b>	<b>101,577</b>	<b>22%</b>		<b>44,560</b>	<b>9%</b>	
<b>Expenses</b>									
Grants to individuals, and charitable and other public bodies	453,878	534,982	440,939	81,104	18%	2	94,043	21%	C
Resources distributed free of charge	-	-	70,169	-	0%		(70,169)	(100%)	D
Superannuation – higher education institutions	3,500	2,576	2,632	(924)	(26%)		(56)	(2%)	
Schools of Special Educational Needs: Medical and Mental Health and Sensory	4,862	6,768	5,529	1,906	39%		1,239	22%	
<b>Total administered expenses</b>	<b>462,240</b>	<b>544,326</b>	<b>519,269</b>	<b>82,086</b>	<b>18%</b>		<b>25,057</b>	<b>5%</b>	

\* These estimates are published in the State Budget 2023–24, Budget Papers No.2 'Budget Statements'.

### Major Variance Narratives

#### 1 and A

Administered service appropriation in 2023–24 was \$101.58 million (22%) higher than the 2023–24 Estimate and \$114.73 million (26%) higher than the 2022–23 Actual. These variances are primarily due to the additional appropriation for the Western Australian Student Assistance Payment (\$94.35 million), which was approved in early 2024 and provided one-off payments to Western Australian families in 2024 to meet out of pocket schooling expenses for enrolled students in Western Australian registered schools.

#### 2

Administered grants to individuals, and charitable and other public bodies in 2023–24 was \$81.10 million (18%) higher than the 2023–24 Estimate mainly due to the Western Australian Student Assistance Payment grants (\$75.19 million), which was approved in early 2024.

#### C

Administered grants to individuals, and charitable and other public bodies in 2023–24 was \$94.04 million (21%) higher than the 2022–23 Actual. This variance is mainly due to the Western Australian Student Assistance Payment grants (\$75.19 million) paid in 2024 as well as 2024 funding increases for cost and enrolment growth in the non-government school sector.

#### B and D

Administered services received free of charge was nil in 2023–24 and \$70.17 million in 2022–23. This variance reflects the return to pre-pandemic conditions in 2023–24, with public and non-government schools and other educational facilities no longer distributing rapid antigen test kits to the Western Australian community. In 2022–23, rapid antigen test kits supplied by the Department of Health (\$69.41 million) and the Department of Finance (\$0.76 million) were distributed by schools and other educational facilities as part of public health measures implemented by the State Government in response to the COVID 19 pandemic.