

FINANCIAL HIGHLIGHTS

Operating result

The increase in net assets for operating activities for the year ended 30 June 1999 was \$31 million. This compares to \$84 million for the previous year.

The operating statement reflects a combination of cash and accrual accounting. This means that appropriations are made on a cash basis to meet expenditure commitments (including capital commitments) and do not provide funding for items of expense such as depreciation.

Accounting practices

Accounts have been expressed on an accrual basis since the start of the 1996–97 financial year, as part of a whole-of-government initiative. Accordingly, capital expenditures are accounted for as assets rather than as operating expenses. Time series are limited to three years.

From 1999–2000, accounts will be grouped by output rather than by program.

Expenses

Education Queensland's total expenses for 1998–99 were \$3.646 billion, an increase of \$265 million (or 7.8%) on the previous year.

This increase was due to increased student enrolments, pay rises for staff subject to industrial awards, and new government initiatives such as information technology in schools, literacy and numeracy, and support for students with disabilities.

Figure 8: Net cost of services by program 1998–99

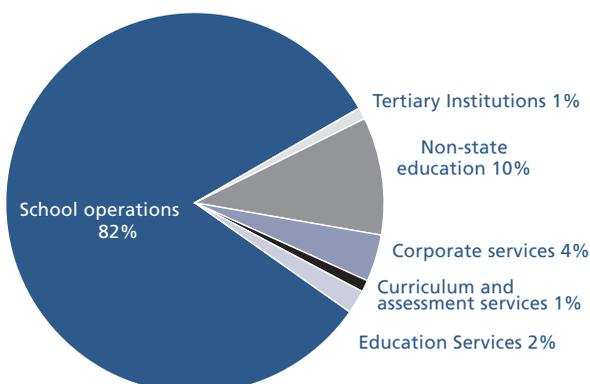


Figure 9: Net cost of services by school operations sub-program — three-year comparison

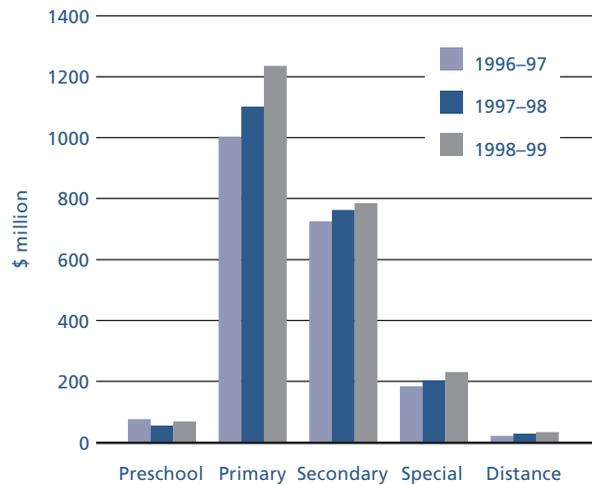


Figure 10: Expenses by major type — three-year comparison

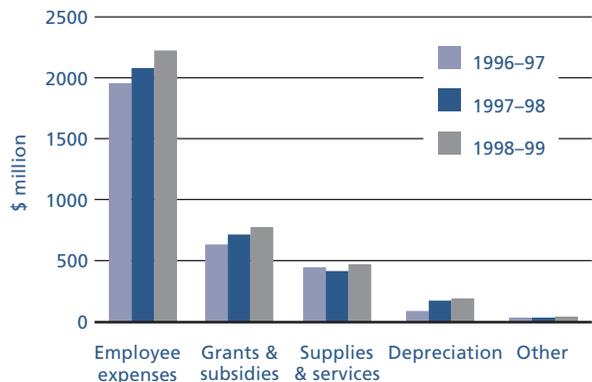
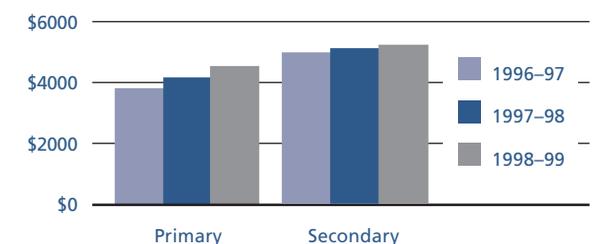


Figure 11: Net cost of services per student (by program) — three-year comparison



HIGHLIGHTS

Over 80 per cent of net costs were spent on state school operations, with another 6 per cent on corporate and educational support services.

The net cost per student in government schools averaged \$4563 in primary schools and \$5128 in secondary schools, with considerable variation between schools. This was an increase of 10 per cent and 1 per cent respectively on the previous year. These increases were due to the factors mentioned above.

Education is a labor-intensive industry. Salaries and related costs of staff, mainly teachers, accounted for 60.7 per cent of expenses.

Revenue

The department does not charge students (except overseas students) for tuition. The great majority of funds (95%) came from the State and Commonwealth Governments. The remaining 5 per cent came from:

- donations and contributions, mainly from school parents (\$101 million)
- goods and services provided by other government departments (\$62 million)
- other fees and charges (\$7 million).

Capital acquisitions

Capital works allocations were fully spent, with \$209 million spent on capital acquisitions. The majority of this was spent on new buildings and capital improvements to existing buildings, and on plant and equipment (particularly computers). Total capital acquisitions decreased by 24 per cent on the previous year, due to the impact of the accelerated capital works program conducted in 1997–98.

Assets and liabilities

Total assets (predominantly school land and buildings) increased by 0.7 per cent to \$5.402 billion.

Total liabilities increased to \$473 million, an increase of 7 per cent. Liabilities were mainly staff leave entitlements and salaries, and grants to non-state schools, crèches and kindergartens for 1998–99 (which were paid in July 1999).



Outlook

Under new Accrual Output Budgeting arrangements, the government has allocated \$3.924 billion to the department for 1999–2000, an increase of \$585 million over the comparable budget for 1998–99. The increase includes \$329 million for a new equity return on assets to government and \$140 million for pay rises due under enterprise bargaining, extra costs from increasing student enrolments and service improvements.

Changes to Commonwealth funding, which increase grants to non-state schools and adjust grants to State Governments to reflect reductions in the proportion of students attending state schools, are expected to impact on the department's finances in future years.