



PUBLIC
EDUCATION
ENDOWMENT
TRUST

2019-20 ANNUAL REPORT



Statement of Compliance

HON SUE ELLERY MLC
MINISTER FOR EDUCATION AND TRAINING

In accordance with Section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Public Education Endowment Trust for the year ended 30 June 2020.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and Section 14 of the *Public Education Endowment Act 1909-81*.



Ms Lisa Rodgers
Director General, Department of Education
Trustee
Public Education Endowment Trust



Hon Sue Ellery MLC
Minister for Education and Training
Chairperson and Trustee
Public Education Endowment Trust

3 August 2020

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The report conforms to state government requirements for ease in downloading and can be viewed in Microsoft® Word or PDF format. Alternative formats (such as large font and translated) are available on request.

We hope that you will enjoy reading the annual report and find it informative and useful.

SECTION 1: OVERVIEW OF AGENCY



Overview

Operational Structure

Enabling Legislation

The Public Education Endowment Trust (the Trust) was created in 1909 under the provisions of the *Public Education Endowment Act 1909* (the Act).

The Governor of the day vested in the Trust various parcels of land throughout the State to enable the Trustees acting within the provision of the Act to sell or lease land and utilise the proceeds for education purposes.

Responsible Minister

The Trust is independent of direction or control by the State or any Minister or officer of the State in performing its functions. However, the relevant Minister may give direction to the Trust on administration and financial administration matters. In this context the Minister responsible for the Trust in the year under review is the Hon Sue Ellery MLC, Minister for Education and Training.

Mission

To support educational initiatives that will lead to long-term benefits for Western Australian school students.

Objectives and Functions

In accordance with the Act, the Trustees have the power to:

- oversee and manage all real and personal property at any time vested in or acquired by the Trust (section 6 of the Act)
- grant leases of any lands granted or demised to the Trust, or to sell any land vested in the Trust - within the provision of the Act and with the approval of the Governor (sections 7, and 9A of the Act)
- dispose of any real or personal property acquired by gift, devise or bequest and subject only to the express trusts of any deed, will or instrument under which the property was acquired (section 8 of the Act)
- maintain and invest funds received from rents, issues, profits and proceeds of sale of all real and personal property vested in or acquired by the Trustees, and utilize the proceeds for education purposes (section 9 of the Act).

The Trust generates revenue from interest on investments. The proceeds from investments are made available, through a grants funding scheme, to organisations and educational institutions for the purpose of education based research projects relevant to the current needs of Western Australian school students, teachers, schools and their communities.

In line with the former Government's decision to cease the activities of the Trust, no operational activities occurred during 2019-20.

On 14 August 2019, the Trustees agreed to sell the Land holdings vested in the Trust to LandCorp free of the Land Use Condition provided that the sale of the Land is paid to the Trust. The Minister for Education, on behalf of the Trustees, has requested a Land Use Regulation through the Minister of Lands to free the Land of the Land Use Condition. The Minister of Lands has acknowledged this request and work has commenced on drafting the Land Use Regulation.

Administrative Structure

The Trust membership, in accordance with the provisions of section 2 of the Act, consists of the Minister charged with the administration of the *School Education Act 1999*, Trustees are appointed by the Governor.

The membership of the Trust for the reporting period comprised:

- Hon Sue Ellery, Minister for Education and Training
- Ms Lisa Rodgers – Director General, Department of Education (appointed 17 September 2019)
- Ms Philippa Beamish Burton
- Mr Jay Peckitt
- Ms Joanne Harris

The Trust was supported in the administration of its responsibilities by the Department of Education (DOE). DOE provides administrative and financial support to assist the Board in the management of its land holdings and investment accounts and the allocation of grant funding.

Section 14 of the Act provides for the requirement that the provisions of the *Financial Management Act 2006* and the *Auditor General Act 2006* apply to and in respect of the Trustees and their operations.

Under the *Financial Management Act 2006* section 57, the Trust is required to designate a Chief Finance Officer (CFO). DOE has provided an officer to fulfil the duties of a CFO. It is the responsibility of the CFO to ensure that the Board has a financial management system that complies with the requirements prescribed by the *Financial Management Act 2006* and the Treasurer's Instructions.

Although DOE was the department enabling the Trust in the administration of its duties, full accountability remains with the Board of Trustees.

Legislation impacting on the Trust's Activities

In performance of its functions, the Trust complies with the following relevant written laws:

- *Auditor General Act 2006*
- *Contaminated Sites Act 2003*
- *Disability Services Act 1993*
- *Electoral Act 1907*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Industrial Relations Act 1979*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*
- *State Supply Commission Act 1991.*

Performance Management Framework

Outcome Based Management Structure

The Outcome Based Management (OBM) structure was developed in conjunction with the Department of Treasury and the Office of the Auditor General. The Trust's Outcome Based Management Framework did not change during 2019-20.

Government Goal	Agency Level Government Desired Outcome	Service
Outcomes Based Service Delivery: Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	Enhancement of the public education of Western Australian students.	Grants – providing grants for public education purposes, for projects that will benefit the education of Western Australian students.

The Trust's key effectiveness indicators provide information on the extent to which the outcome has been achieved through the delivery of the agreed service. The Trust's efficiency indicator demonstrates the efficiency with which the Trust delivers the agreed service. Performance against key effectiveness and efficiency indicators is detailed on pages 30-31.

Shared Responsibility with Other Agencies

The Trust did not share any responsibilities with other agencies in 2019-20.

SECTION 2: REPORT ON OPERATIONS



Report on Operations

Performance

Land Holdings

Freehold land vested in the Trust as at 30 June 2020 totals 3.0152 hectares and has a fair value of \$6,815,905. This land can be described as FREMANTLE - Reserve No.11384; Lots 1186-1192, 1197-1200, 1207-1208, 1213-1215, and 1725. The land was leased to BP Australia Ltd until 31 May 2005. The land is currently unoccupied.

Trust Income

Leasing of Trust Land

The Trust did not receive any income from the Fremantle land for the period ending 30 June 2020. The land has been unoccupied since March 2006.

Investment of Trust Funds

The Trust has one account at the Commonwealth Bank of Australia (CBA), which combines the Trust's Investment and Operating accounts.

Funds held within the CBA account are invested by the Department of Treasury through the Western Australian Treasury Corporation and received interest of \$nil for the period ending 30 June 2020.

Utilisation of Trust Finance

Expenditure of \$47,081 was authorised during the financial year to fund administration expenses.

Grant Funding

During the reporting period 2019-20, the future use of the Trust's resources was under consideration. No new grants were made by the Trust during the reporting period.

Grant Payments Made

No grant payments were made during 2019-20.

Financial Targets

	2019–20 Target ⁽¹⁾ \$	2019–20 Actual \$	Variance ^(a) \$
Total cost of services	-	47,081	(47,081)
Net cost of services	-	(47,081)	47,081
Total equity	-	20,008,422	(20,008,422)
Net increase / (decrease) in cash held	-	(34,047)	34,047
Approved full time equivalent (FTE) staff level	-	-	-

1. No targets were prepared in anticipation of the wind up for the Trust activities in 2019-20.

(a) The variance is due to the fact that no estimates were prepared in anticipation of the wind up of the Trust activities in 2019-20. However, the Trust is currently in 'care taker' mode and expenditure exists only for administrative purposes.

SECTION 3: SIGNIFICANT ISSUES



Significant Issues and Trends

In line with the former Government's decision to cease the activities of the Trust, no operational activities occurred during 2019-20.

The Trust owns a parcel of land in Fremantle which for a number of years was leased as a bunkering facility. In May 2007, the land was classified as 'Contaminated - remediation required' under the *Contaminated Sites Act 2003* (WA). An appeal against the classification by the long term lessee of the site was not successful. The site was reclassified as 'Remediated for restricted use' by the Department of Environment Regulation. This was approved by the Department of Health on the 22 August 2016.

On 14 August 2019, the Trustees agreed to sell the Land holdings vested in the Trust to LandCorp free of the Land Use Condition provided that the sale of the Land is paid to the Trust. The Minister for Education, on behalf of the Trustees, has requested a Land Use Regulation through the Minister of Lands to free the Land of the Land Use Condition. The Minister of Lands has acknowledged this request and work has commenced on drafting the Land Use Regulation.

In accordance with Section 35 (1) (b) of the *Public Sector Management Act 1994*, the Department of Education Services was amalgamated with the Department of Education from 1 July 2017. Administrative support from this date has been provided by the Department of Education.

SECTION 4: DISCLOSURES AND LEGAL COMPLIANCE



Disclosures and Legal Compliance

Financial Statements

Certification of Financial Statements **For the year ended 30 June 2020**

The accompanying financial statements of the Public Education Endowment Trust have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2020 and the financial position as at 30 June 2020.

At the date of signing we are not aware of any circumstances, which would render any particulars included in the financial statements misleading or inaccurate.

A blue ink signature of Mr Jay Peckitt.

Mr Jay Peckitt
Chief Finance Officer
Public Education Endowment Trust

3 August 2020

A blue ink signature of Hon. Sue Ellery MLC.

Hon. Sue Ellery MLC
Minister for Education and Training
Chairperson and Trustee Public Education
Endowment Trust

A blue ink signature of Ms Lisa Rodgers.

Ms Lisa Rodgers
Director General, Department of Education
Trustee
Public Education Endowment Trust



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

TRUSTEES OF PUBLIC EDUCATION ENDOWMENT

Report on the financial statements

Opinion

I have audited the financial statements of the Trustees of Public Education Endowment which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Trustees of Public Education Endowment for the year ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Trust in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Trust for the financial statements

The Trust is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Trust determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trust is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Trust.

Auditor's responsibility for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Trustees of Public Education Endowment. The controls exercised by the Trust are those policies and procedures established by the Trust to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Trustees of Public Education Endowment are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2020.

The Trust's responsibilities

The Trust is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the key performance indicators***Opinion***

I have undertaken a reasonable assurance engagement on the key performance indicators of the Trustees of Public Education Endowment for the year ended 30 June 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Trustees of Public Education Endowment are relevant and appropriate to assist users to assess the agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

The Trust's responsibility for the key performance indicators

The Trust is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Trust determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Trust is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of the Trustees of Public Education Endowment for the year ended 30 June 2020 included on the Trust's website. The Trust's management is responsible for the integrity of the Trust's website. This audit does not provide assurance on the integrity of the Trust's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



CARLY MEAGHER
ACTING SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia

4 August 2020

Public Education Endowment Trust

Statement of Comprehensive Income

For the year ended 30 June 2020

COST OF SERVICES	Note	2019–20	2018–19
Expenses		\$	\$
Supplies and services	4	31,323	30,121
Employee expenses	5	15,544	15,244
Revaluation decrement on investment property	7	-	330,000
Other expenses	8	214	212
Total cost of services		47,081	375,577
NET COST OF SERVICES		(47,081)	(375,577)
Income from State Government	10		
Services received free of charge		15,544	15,244
Total income from State Government		15,544	15,244
DEFICIT FOR THE PERIOD		(31,537)	(360,333)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(31,537)	(360,333)

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

Public Education Endowment Trust

Statement of Financial Position

As at 30 June 2020

	Note	2019–20 \$	2018–19 \$
ASSETS			
Current Assets			
Cash and cash equivalents		13,222,170	13,256,217
Other current assets	11	1,051	92
Total Current Assets		13,223,221	13,256,309
Non-Current Assets			
Investment property	12	6,815,905	6,815,905
Total Non-Current Assets		6,815,905	6,815,905
TOTAL ASSETS		20,039,126	20,072,214
LIABILITIES			
Current Liabilities			
Payables	14	30,704	32,255
Total Current Liabilities		30,704	32,255
TOTAL LIABILITIES		30,704	32,255
NET ASSETS		20,008,422	20,039,959
EQUITY	15		
Contributed equity		5,388,902	5,388,902
Reserves		5,724,500	5,724,500
Accumulated surplus		8,895,020	8,926,557
TOTAL EQUITY		20,008,422	20,039,959

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

Public Education Endowment Trust

Statement of Changes in Equity

For the year ended 30 June 2020

	Note	Contributed equity	Reserves	Accumulated surplus	Total equity
		\$	\$	\$	\$
Balance at 1 July 2018	15	5,388,902	5,724,500	9,286,890	20,400,292
Deficit		-	-	(360,333)	(360,333)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(360,333)	(360,333)
Balance at 30 June 2019		5,388,902	5,724,500	8,926,557	20,039,959

	Note	Contributed equity	Reserves	Accumulated surplus	Total equity
		\$	\$	\$	\$
Balance at 1 July 2019	15	5,388,902	5,724,500	8,926,557	20,039,959
Deficit		-	-	(31,537)	(31,537)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(31,537)	(31,537)
Balance at 30 June 2020		5,388,902	5,724,500	8,895,020	20,008,422

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

Public Education Endowment Trust

Statement of Cash Flows

For the year ended 30 June 2020

	Note	2019–20 \$	2018–19 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Administration		(36,726)	(40,121)
Supplies and services		(677)	(663)
GST payments on purchases		(3,224)	(83)
Receipts			
GST receipts from taxation authority		6,580	7,219
Net cash provided by/(used in) operating activities		(34,047)	(33,648)
Net increase/(decrease) in cash and cash equivalents		(34,047)	(33,648)
Cash and cash equivalents at the beginning of the period		13,256,217	13,289,865
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		13,222,170	13,256,217

The Cash Flow Statement should be read in conjunction with the accompanying notes.

Public Education Endowment Trust

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1. Statement of Compliance

General

The Public Education Endowment Trust's financial statements for the year ended 30 June 2020 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Trust has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

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

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

In accordance with the AAS the Trust, in 2019-20, has moved to the Reduced Disclosure Requirements reporting format. This has removed some of the comparative information and has reduced the overall reporting requirements for the Trust.

The Financial Management Act 2006 and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Note 2. Summary of Significant Accounting Policies

Note 2. a) General statement

The Trust is a not for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The Financial Management Act 2006 and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required which has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Note 2. b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land and buildings which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and are all rounded to the nearest dollar (\$).

Note 2. c) Reporting entity

The reporting entity is comprised of the Trust. There are no related bodies.

Note 2. d) Income

Revenue recognition

Until 30 June 2019, revenue was recognised and measured at the fair value of consideration received or receivable.

From 1 July 2019, revenue is recognised at the transaction price when the Trust transfers control of the services to customers. Revenue is recognised for the major activities as follows:

Grants, donations, gifts and other non-reciprocal contributions

Until 30 June 2019, revenue is recognised at fair value when the Trust obtains control over the assets comprising the contributions, usually when cash is receivable.

From 1 July 2019, current grants, donations, gifts and other non-reciprocal contributions are recognised as income when they are receivable.

Capital grants are recognised as income when the Trust achieves milestones specified in the grant agreement.

Note 2. e) Investment Property

Investment property, principally comprising freehold land, is held for long term rental yields and is not occupied by the Trust. Investment property is carried at fair value, as mandated by TI 954, representing open market value determined annually by external valuers. Changes in fair value are recorded as a Revaluation decrement on Investment Property or a Revaluation Increment on Investment Property.

Note 2. f) Impairment of assets

The Investment property is tested for any indication of impairment at the end of each reporting period. 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 recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Trust is a not for profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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 asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Note 2. g) Financial Instruments

In addition to cash the Trust has two categories of financial instrument:

- Receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables

Financial Liabilities

- Payables

Note 2. h) Cash and cash equivalents

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

Note 2. i) Payables

Payables are recognised at the amounts payable when the Trust 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 they are generally settled within 30 days.

Note 2. j) Assets and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost that can be reliably measured are recognised as income at the fair value of the assets and/or the fair value of those services that the Trust would otherwise pay for. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

Note 2. k) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Note 2. l) Changes in accounting estimates

There were no changes in accounting estimates that will have an effect on the current reporting period.

Note 3. Initial application of Australian Accounting Standards

(a) AASB 15 Revenue from Contract with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 *Income of Not-for-Profit Entities*. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Agency.

The agency adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information is restated under this approach, and the agency recognises the cumulative effect of initially applying the Standard as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Agency elects not to apply the standards retrospectively to non-completed contracts at the date of initial application. Refer to Note 2. d) for the revenue and income accounting policies adopted from 1 July 2019.

There is no revenue in the year ended 30 June 2020 to illustrate the differences of adopting AASB 15 and AASB 1058 to AASB 118 and AASB 1004. There is no financial impact.

(b) AASB Leases

AASB 16 Leases supersedes AASB 117 *Leases* and related Interpretations. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The Agency applies AASB 16 *Leases* from 1 July 2019 using the modified retrospective approach. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of accumulated surplus/(deficit).

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than \$5,000). The operating lease and finance lease distinction for lessees no longer exists.

The Trust does not have any leases as at 30 June 2020.

Note 4. Supplies and Services

	2019-20	2018-19
	\$	\$
Consultants and Contractors	30,881	28,698
Consumables	442	1,423
	31,323	30,121

Note 5. Employee Expenses

	2019-20	2018-19
	\$	\$
Salary and Wages	15,544	15,244
	15,544	15,244

There are no employees employed by the Trust. The Trust was supported in the administration of its responsibilities by the DOE. There was no administrative recoupment during the year. Services were provided free of charge.

Note 6. Compensation of Key Management Personnel

The Trust has determined that key management personnel include the Minister, Trustees, and, senior officers of the Trust. Key Management Personnel of the Trust are not remunerated and are not paid employment benefits.

Compensation of Members of the Accountable Authority

None of the members of the Trust received remuneration in this financial year. During 2019-20, there were five members of the accountable authority, the Minister for Education (Chair), the Director General of Education (Trustee) and three other Governor's appointees.

Compensation of Senior Officers

During 2019-20, there were no senior officers, other than senior officers reported as members of the accountable authority.

Note 7. Revaluation Decrement on Investment Property

	2019-20	2018-19
	\$	\$
Revaluation decrement on investment property	-	330,000
	-	330,000

Note 8. Other Expenses

	2019-20	2018-19
	\$	\$
Revaluation expenses	214	212
	214	212

Note 9. Related Party Transactions

Related parties of the Trust include:

- The Minister for Education and Training and their close family members, and their controlled or jointly controlled entities;
- All Trustees 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

During the financial year, the Trust had significant transactions with a government-related entity. In conducting its activities, the Trust 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. The transaction related to remuneration for services provided by the Auditor General (Note 20).

The Trust had no material related party transaction with the Minister, Trustees or senior officers, or their close family members or their controlled (or jointly controlled) entities for disclosure in 2019-20.

Note 10. Income from State Government

	2019-20	2018-19
	\$	\$
Services received free of charge		
Determined on the basis of the following estimates provided by agencies:		
Department of Education	15,544	15,244
	15,544	15,244

Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

Note 11. Other Current Assets

	2019-20	2018-19
	\$	\$
Current		
Prepayments	955	-
GST receivable	96	92
Total current	1,051	92

Note 12. Investment Property

	2019-20	2018-19
	\$	\$
Land		
Land at fair value	6,815,905	6,815,905
	6,815,905	6,815,905

Reconciliations of the carrying amount of the investment property at the beginning and end of the reporting period are set out in the table below.

	2019-20	2018-19
	\$	\$
Carrying amount at start of year	6,815,905	7,145,905
Additions	-	-
Revaluation decrement	-	(330,000)
Disposals	-	-
Depreciation	-	-
Carrying amount at end of year	6,815,905	6,815,905

- (a) The valuation conducted by the Western Australian Land Information Authority (Valuation Services) showed no movement in the fair value for 2020. The fair value of all land has been determined by reference to recent market transactions.
- (b) Recognised in the Statement of Comprehensive Income.

Note 13. Impairment of Assets

There were no indications of impairment to the investment property at 30 June 2020.

The land in Fremantle has been re-classified from 'Contaminated – remediation required' to 'Remediated for restricted use'. At reporting date, no accurate determination of the level of impairment has been assessed.

The Trust 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.

Note 14. Payables

	2019-20	2018-19
	\$	\$
Current		
Accrued expenses	30,704	32,255
Total current	30,704	32,255

Note 15. Equity

Equity represents the residual interest in the net assets of the Trust. The Government holds the equity interest in the Trust on behalf of the community. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

	2019-20	2018-19
	\$	\$
Contributed equity		
Balance at start of period	5,388,902	5,388,902
Balance at end of period	5,388,902	5,388,902
Reserves		
<u>Asset revaluation surplus</u>		
Balance at start of period	5,724,500	5,724,500
Net revaluation increment/(decrement)		
Land	-	-
Balance at end of period	5,724,500	5,724,500
Accumulated surplus		
Balance at start of the year	8,926,557	9,286,890
Result for the period	(31,537)	(360,333)
Balance at the end of the year	8,895,020	8,926,557
Total equity at end of the period	20,008,422	20,039,959

Note 16. Contingent Liabilities and Contingent Assets

Contingent Liabilities

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

Contaminated Sites

Under the Contaminated Sites Act 2003, the Public Education Endowment Trust is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWAER). In accordance with the Act, DWAER classifies these sites on the basis of the risk to human health, the environment and environmental values. DWAER classified the Trust's Fremantle site as 'Remediated for restricted use'. The soil on the site have the remediated the extent that the site is suitable for any proposed residential use. The groundwater below the site is still contaminated, and is not to be extracted except for analytical purposes. As part of the disposal process, the land will be valued taking into account an environmental assessment to determine the impact of any contamination. Therefore, the Trust is unable to reasonably estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of outflows.

Contingent Assets

There were no contingent assets for the period ending 30 June 2020.

Note 17. Events Occurring After the End of the Reporting Period

There have been no material events occurring after 30 June 2020.

Note 18. Financial Instruments

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

	2019–20	2018–19
	\$	\$
Financial Assets		
Cash and cash equivalents	13,222,170	13,256,217
Financial Liabilities		
Financial liabilities measured at amortised cost	30,704	32,255

Note 19. Explanatory Statement

In accordance with TI 945 (1)(ii), the Trust is not required to disclose an Explanatory Statement as defined in AASB 1055, as the Total Cost of Services does not exceed \$10 million for the two most recent consecutive comparative periods.

Note 20. Remuneration of Auditor

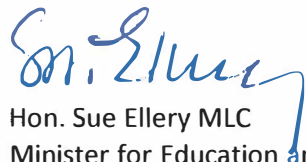
Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2019–20	2018–19
	\$	\$
Auditing the accounts, financial statements and key performance indicators	11,977	11,977
	11,977	11,977

Key Performance Indicators

Certification of Key Performance Indicators

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Public Education Endowment Trust's performance, and fairly represent the performance of the Trust for the financial year ended 30 June 2020.



Hon. Sue Ellery MLC
Minister for Education and Training
Chairperson
Public Education Endowment Trust



Ms Lisa Rodgers
Director General, Department of Education
Trustee
Public Education Endowment Trust

3 August 2020

Key Performance Indicators

Government Goal - Outcomes Based Service Delivery: Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.

Desired Outcome - Enhancement of the public education of Western Australian students.

The Trust has the following set of key performance indicators to assist in the measurement of the efficiency and effectiveness with which the Trust pursues its organisational outcome. These indicators report against the Outcome Based Management structure for the Trust and have been developed by the Trustees in conjunction with the Minister for Education and Training and the Department of Treasury.

Due to the imminent wind up of the Trust operations which was expected in the 2019-20 reporting period, no targets have been provided for the effectiveness and efficiency indicators for the current year.

Effectiveness Indicators

The effectiveness indicators measure the achievement of the Trust in meeting the needs of Western Australian students by providing grants for educational initiatives.

KPI 1 – Annual Grant Feedback Survey

The grant feedback survey was designed to be administered annually to measure the extent to which grant funded projects achieve their objectives in terms of educational benefits to Western Australian students. The survey, administered to external stakeholders including the grant program manager, school principals and relevant Regional Offices, was designed to measure the perception of the effectiveness of the funded projects on a five point scale ranging from very effective

through to very ineffective. The target for this Key Performance Indicator is for the Trust to achieve survey results showing that at least 80% of external stakeholders perceived the funded projects that affect them as being either 'very effective' or 'effective'. No grants were administered during the 2013-14 to 2019-20 reporting periods and consequently no surveys were undertaken.

A new research focus for the grant funding scheme was approved by the Trust in 2011 and in October 2012 six university research grant funding agreements were finalised. These research projects ran for periods ranging from twelve to twenty-four months and therefore no useful survey of stakeholders was able to be undertaken.

KPI 2 – Consideration of Grant Applications

Considering grant applications forms a major part of the Trust's core business.

There has been no call for grant applications since 2011/12. Consequently, no grant applications were received or considered during 2012/13 to 2019/20.

Efficiency Indicator

This efficiency indicator measures the efficiency with which the Trust delivers its core service: providing grants for public education purposes, for projects that will benefit the education of Western Australian students.

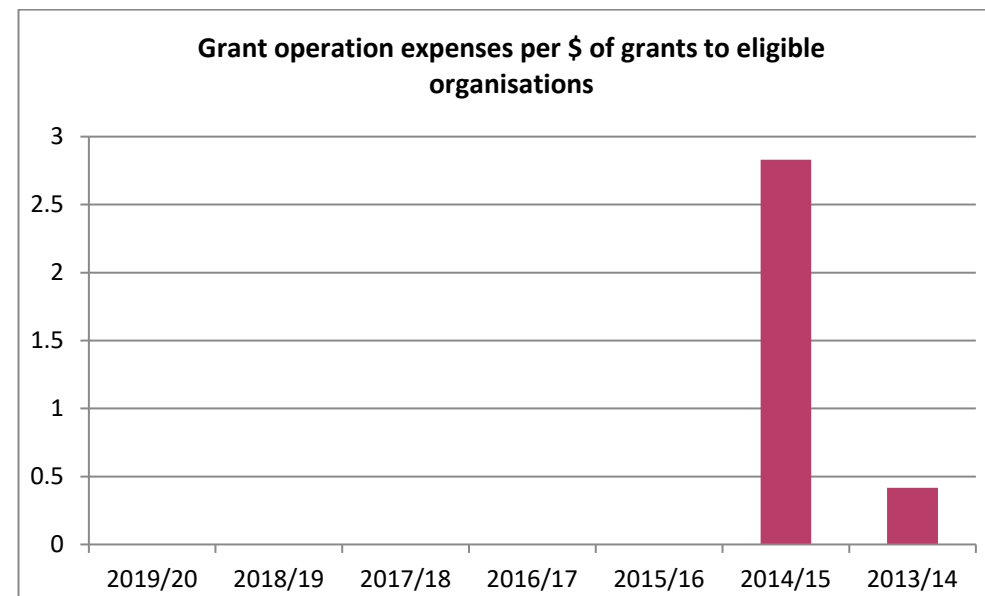
KPI 3 – Grants Operations Expenses per \$ of Grants Provided to Eligible Organisations

This efficiency indicator is calculated by dividing the cost of service, as reported in the Income Statement, less the grants paid, less land expenses, by the value of the grants provided.

This measure shows the extent to which the Trust has maximised grant funding to eligible organisations while containing its operations expenditure related to distributing grants.

No grants were issued in 2019-20. The increase in the grants operation expenses per \$ of grants eligible in 2014-15 was due to only one grant being paid, whilst the Trust still incurred standard administration costs.

The number of grants provided in each year is highly variable. No grants were provided from 2015-16 to 2019-20. Consequently, no efficiency indicator calculation is possible for these periods.



Ministerial Directives

No Ministerial directives were received during the reporting period.

Other Financial Disclosures

Employment and Industrial Relations

The Public Education Endowment Trust meets its legislative and reporting requirements through arrangements with the Department of Education. The Department's Annual Report contains information relating to staffing policies and procedures, staff development, recruitment, performance management, grievance resolution, public interest disclosure and other industrial relations matters.

Staff Profile	2019–20	2019–20
Full-time permanent	-	-

Governance Disclosures

Contracts with Senior Officers

At the date of reporting, other than normal contracts of employment of service, no Trustees or Senior Officers, or firms of which Senior Officers or Trustees are members, or entities in which Senior Officers or Trustees have substantial interests, had any interests in existing or proposed contracts with the Public Education Endowment Trust, Trustees and Senior Officers.

Other Legal Requirements

Advertising and Sponsorship

Section 175ZE of the Electoral Act 1907 requires public agencies to report details of expenditure to organisations providing services in relation to advertising, market research, polling, direct mail and media advertising. The Trust did not incur expenditure of this nature in the 2019-20 reporting period.

Compliance with Public Sector Standard and Ethical Codes

In the administration of its statutory responsibilities, the Public Education Endowment Trust has complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and its own Code of Conduct. The Trust's Code of Conduct was updated in 2013 and is based on the Public Sector Code of Ethics namely: personal integrity; relationships with others; and accountability.

Other Government Policy Requirements

The Public Education Endowment Trust meets its legislative and reporting requirements through arrangements with the Department of Education. The Department's Annual Report contains information on how the Department meets the following requirements:

- Disability Access and Inclusion Plan Outcomes.
- Recordkeeping Plans.
- Occupational Safety, Health and Injury Management.

Annual Estimates^(a)

Estimate of Statement of Comprehensive Income For the year ended 30 June 2020

	Note	2019–20 Estimate \$	2019–20 Actual \$
COST OF SERVICES			
Expenses			
Supplies and services	1	-	31,323
Employee expenses	2	-	15,544
Revaluation decrement on investment property	3	-	-
Other expenses		-	214
Total cost of services		-	47,081
NET COST OF SERVICES		-	(47,081)
Income from State Government			
Services received free of charge		-	15,544
Total income from State Government		-	15,544
DEFICIT FOR THE PERIOD		-	(31,537)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	(31,537)

Estimate of Statement of Financial Position
For the year ended 30 June 2020

	Note	2019–20 Estimate \$	2019–20 Actual \$
ASSETS			
Current Assets			
Cash and cash equivalents		-	13,222,170
Other current assets	4	-	1,051
Total Current Assets		-	13,223,221
Non-Current Assets			
Investment property	3	-	6,815,905
Total Non-Current Assets		-	6,815,905
TOTAL ASSETS		-	20,039,126
LIABILITIES			
Current Liabilities			
Payables	5	-	30,704
Total Current Liabilities		-	30,704
TOTAL LIABILITIES		-	30,704
NET ASSETS		-	20,008,422
EQUITY			
Contributed equity		-	5,388,902
Reserves		-	5,724,500
Accumulated surplus		-	8,895,020
TOTAL EQUITY		-	20,008,422

Notes to the Annual Estimates^(a)

For the year ended 30 June 2020

Note 1. Supplies and Services

	2019–20 Estimate \$	2019–20 Actual \$
Audit Fees, Corporate Services and Land Expenses	-	31,323
	-	31,323

Note 2. Employee Expenses

	2019–20 Estimate \$	2019–20 Actual \$
Finance Officer (part-time)	-	15,544
	-	15,544

Note 3. Investment Property

Investment property, principally comprising freehold land, is held for long term rental yields and is not occupied by the Trust. Investment property is carried at fair value, as mandated by TI 954, representing open market value determined annually by an external valuer. Changes in fair value are recorded in the Statement of Comprehensive Income as part of other income or other expense.

Note 4. Other Current Assets

	2019–20 Estimate \$	2019–20 Actual \$
Interest earned but not received at balance date is detailed as follows:		
GST receivable	-	1,051
	-	1,051

Note 5. Payables

	2019–20 Estimate \$	2019–20 Actual \$
Expenditure accrued but not paid at balance date		
Accrued Expenses	-	30,704
	-	30,704

^(a) The Annual Estimates for 2020-21 are presented in accordance with Section 40 of the Financial Management Act 2006 and TI 953. The estimates are zero which reflect the Government's decision in 2013-14 to abolish the Trust.

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