

30 March 2020

Victorian Auditor-General's Office

Ms Lizzie Blandthorn MP
Chair, Public Accounts and Estimates Committee
Parliament of Victoria
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Dear Ms Blandthorn

File No: O20/109

Parliamentary Inquiry into Managing School Infrastructure

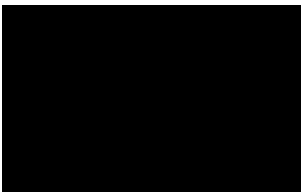
Thank you for the opportunity to assist with the Public Accounts and Estimates Committee's (PAEC) Inquiry into my report No. 253: Managing school infrastructure.

During the inquiry, we committed to providing further information on:

1. The Department of Education and Training's (DET) investment in school infrastructure compared with school asset value. Refer Attachment.
2. A breakdown of DET's maintenance allocation. DET compiled the breakdown of maintenance allocation to schools since our 2017 audit and has committed to providing this information to the Committee directly.
3. Joint venture administration arrangements. Our audit did not focus on the administration arrangements for co-located facilities. As a result, we do not have visibility over these arrangements and are not in a position to provide an update. We recommend that the committee requests such arrangements from DET.

If you have any further comments or questions, please let me know.

Yours sincerely



ANDREW GREAVES
Auditor-General

Attachment

Investment in school building infrastructure compared with building asset values

The data below compares the capital expenditure of the Department of Education and Training (DET) on assets against the written down value of their buildings and written down value of all property, plant and equipment.

The data is prepared on a financial year basis (1 July – 30 June) and has been extracted from DET's audited financial statements.

	2019	2018	2017	2016	2015	2014	2013	2012	8-year average
Capital expenditure on buildings (\$m)	1,515.6	1,302.0	899.9	284.9	256.6	362.9	382.1	719.3	715.4
Written down value (buildings) (\$m)	11,775.2	11,033.0	9,960.5	10,014.0	8,266.8	8,309.7	6,431.4	2,404.5	8524.4
Percentage of WDV of buildings (%)	12.9	11.8	9.0	2.8	3.1	4.4	5.9	29.9	9.98
Written down value (total land, buildings, plant & equipment) (\$m)	24,150.7	24,469.5	20,393.3	19,869.9	16,830.2	16,144.0	14,186.4	13,647.2	18,711.4

Notes:

(i) All dollars are nominal

(ii) The Auditor General issued a disclaimer of opinion on the 2015 DET financial statements. A disclaimer of opinion is where the Auditor General could not and did not express an opinion on the financial report. This was due to the department having not maintained sufficient accounts and records to support its balances in that year.

(iii) Capital expenditure is money spent on:

- new physical assets, including buildings, infrastructure, plant and equipment
- renewing existing physical assets to extend their service potential or life.

(iv) Written down value - the value of an asset after accounting for depreciation