

Education Services Australia Annual report

2018–19



Education
Services
Australia

Education Services Australia Limited
ABN 18 007 342 421

Education Services Australia Limited Annual Report
ISSN 1839-4930
First published November 2011

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In this Annual Report, 'Education Services Australia' and 'Company' each mean Education Services Australia Limited.



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Education Services Australia (ESA) will use its unique combination of education and technology expertise to create and deliver solutions that can be used to improve student outcomes and enhance performance across all education sectors.

EDUCATION SERVICES AUSTRALIA REPORT 2018-19



FROM THE CHAIR



It is my pleasure to present the 2018–19 Annual Report for Education Services Australia (ESA).

ESA has continued to effectively partner with education departments across the nation, and the education community more broadly, to advance national and jurisdictional

initiatives aimed at improving student outcomes, enhancing teacher impact and building stronger school communities.

This report shows the achievements of ESA, as well as the breadth of work that ESA has delivered. Much of the work represents extensions to previous years' activity, as clients seek to build on successful projects, demonstrating their confidence in ESA's capability.

ESA has made significant contributions to national initiatives this year including:

- completion of the new portal supporting the Nationally Consistent Collection of Data on School Students with Disability
- development of the Australian Student Wellbeing Framework and resources for the Student Wellbeing Hub
- delivery of the platform infrastructure for the National Assessment Program
- design and development of new evidence-based content supporting career discovery on the *myfuture* site
- preparation for and initial delivery of a trial of the Early Learning Languages Australia (ELLA) program in schools.

Guided by our strategic plan, the Board, together with our CEO Andrew Smith, has focused on further improving the company's capacity to deliver affordable, high-quality projects and services without the need for governments to provide core funding.

Emphasis has been placed on understanding stakeholder needs, on financial management for sustainability, enhancing staff capabilities, improving processes, and sharing ESA's knowledge base and insights with the Australian and international education communities.

Andrew and I have continued to meet with ministers and departmental CEOs. The Board has had opportunities to engage with senior education officials through their attendance at Board meetings. Productive discussions have taken place on how ESA can enhance support for both national and individual state and territory priorities.

The Board commissioned another of its regular independent assessments of stakeholders' views of ESA, the results of which have been used to inform service delivery.

In line with our Letter of Expectation, another major focus for the Board is business development aimed at both improving services for stakeholders and leveraging services to generate non-stakeholder income. Non-stakeholder income assists in sustaining core ESA service provision and delivering affordable services to stakeholders.

The Schools Cataloguing Information Service (SCIS) is a good example of a high-quality, low-cost subscription service that contributes to sustainability and benefits stakeholders. With almost all Australian schools subscribed, SCIS continues to grow its subscriber base each year, and now has 49 per cent of New Zealand schools and 107 schools in other countries subscribed. This year, income from projects and services such as SCIS was used to reduce overhead charges for stakeholder projects.

The Board welcomed three new Directors – Ms Lynn Davie, Professor Kerrie-Lee Krause and Ms Suzi Hewlett – adding to the Board's depth of knowledge and experience in education and technology. We also acknowledged former Directors Professor Andy Vann and Dr Gabrielle Phillips, both of whom were great contributors to the Board.

The role of the Board in governance cannot be understated. The Board has contributed knowledge and expertise in providing strategic direction, ensuring objectives are achieved, risks are managed and resources are used responsibly and with accountability. I sincerely thank Directors and the Finance Risk and Audit Committee for their valuable contributions throughout the year.

On behalf of the Board, I congratulate Andrew Smith on his excellent leadership, focus and the genuine collaborative spirit he brings to his work whether it be with his staff, the Board, our stakeholders or other agencies and organisations. His leadership inspires ESA's dedicated and talented staff, who work hard to achieve our shared goals.

Finally, I'd like to thank ministers for their confidence in ESA as a partner in delivering on the education reform agenda.

A handwritten signature in black ink, appearing to read 'Diane Joseph'. The signature is fluid and cursive, with a long, sweeping underline.

Ms Diane Joseph
Chair, Education Services Australia

FROM THE CEO



ESA is pleased to have the privilege to support the development and delivery of priority national projects aimed at improving student outcomes. A staff engagement survey taken this year shows that ESA staff have a strong commitment to the objectives of the national

initiatives in which we are involved. This commitment is evident in the dedication with which they work to deliver high-quality services on time and on budget, and their commitment to continuous improvement of services and the efficiency of the company.

This year, there were a number of projects where ESA made significant contributions to improved student outcomes. One is ESA's leadership in the development of the Australian Student Wellbeing Framework and continued development of the Student Wellbeing Hub. A refreshed website early in the new financial year will continue to support all young Australians, teachers and parents.

Another big achievement is the delivery of the Nationally Consistent Collection of Data for Students with Disability (NCCD) project. This project is critically important for governments around Australia, enabling them to collect meaningful and accurate information about Australian students with disability must be able to access and participate in education on the same basis as their peers. ESA undertook a detailed national consultation and developed a range of educational materials and support for teachers and parents to ensure that these students can access and participate in education on the same basis as their peers.

In partnership with AITSL and ACARA, ESA has done important work on the National Learning Progressions and Online Formative Assessment Initiative. Our leadership of the design discovery process has given us the opportunity to engage directly with schools and teachers to understand what they want to see from this important national reform. We are also playing a coordinating role in the initiative by providing the project management office.

The second transition year to NAPLAN Online saw over 2.17 million tests successfully completed by 670,000 students using the assessment platform infrastructure. ESA is proud to play a significant role in delivering these adaptive tests, which students find more engaging, and which provide richer data that helps teachers tailor their teaching to student needs.

The first day of testing saw the disruption of many student test sessions. The cause of the incident is within ESA's responsibilities and we sincerely regret the distress caused. I commend our staff for their calm and systematic handling of the incident on the day, their ability to keep focused on delivering a successful assessment program for the remainder of the testing period, and their work and resolve to avoid a recurrence of the issue.

Other significant contributions to national priorities include *myfuture*, where ESA continues to work closely with states and territories to deliver evidence-based careers and transitions services. The independently verified success of the Early Learning Languages Australia (ELLA) program has seen growth in its take-up, with approximately 30 per cent of Australian preschools now participating. The three-year ELLA Foundation to Year 2 schools trial that began in 2019 has 301 schools participating.

My thanks go to the talented and dedicated staff who do all this remarkable work with such enthusiasm, led by an exemplary Executive team. I also thank the Board for the outstanding guidance and the expertise that they provide to me and the company.

Finally, I am grateful to all our stakeholders for the opportunity to partner with them to support the educational needs of all young Australians.

A handwritten signature in black ink, appearing to read 'A. Smith', written in a cursive style.

Andrew Smith
CEO, Education Services Australia

ABOUT ESA

Purpose

Education Services Australia (ESA) was established to support the delivery of national priorities and initiatives in the school, training and higher education sectors.

Governance and corporate structure

Formed in 2010, ESA is a not-for-profit company limited by guarantee. It is registered with the Australian Charities and Not-for-profits Commission (ACNC).

ESA is owned by all Australian government education ministers (known collectively as the Education Council). It operates under its own constitution and is governed by a Board of Directors.

Every two years, the Education Council provides ESA with a Letter of Expectation (Appendix 1) that sets out high-level performance expectations, strategic priorities and accountability requirements.

The ESA Board is responsible for setting ESA's strategic direction, governing its operations and performance in accordance with the Company Objects, the Education Council's Letter of Expectation, the ACNC Governance Standards and the *Corporations Act 2001*.

The Board is led by an independent Chair and comprises five independent expert members (including the Chair) and five members nominated by each of the Australian Government, the Australian Education Senior Officials Committee (AESOC), the non-government schools sector and Universities Australia.

The Board of Directors has established two committees with agreed terms of reference. The Finance, Risk and Audit Committee assists the Board to fulfil its responsibilities for the oversight and accountability of the company and provides independent advice on finance, risk management and compliance.

The Remuneration and Nominations Committee advises the Board of Directors on the salary, conditions and performance of the Chief Executive Officer and on the selection of nominees for appointment as independent Directors on the Board.

The Board retains the responsibility for performance and decisions and receives regular reports from its committees.

ESA reports its progress and performance to company Members at its Annual General Meeting and at meetings of the Education Council.

ESA's operations are led by its Chief Executive Officer, who works with the Board to determine the company's strategic direction and is responsible for ongoing management and leadership within the strategic direction set by the Board.

Funding

ESA operates as a not-for-profit organisation, generating sufficient income from commissioned projects and services to remain sustainable. ESA receives no core funding from its government owners.

Mission

ESA's mission is to combine education and technology expertise to create and deliver national solutions that further education reform in Australia and contribute to improved student outcomes, enhanced teacher impact and stronger school communities.



Role

ESA works in collaboration with all Australian education jurisdictions to provide technology-based products and services for education. Focused on advancing nationally agreed education initiatives, programs and projects, ESA has been established to:

- research, test and develop innovative technologies and communication systems for use in education
- devise, develop and deliver curriculum and assessment, professional development, career and information support services
- facilitate the pooling, sharing and distribution of knowledge, resources and services to support and promote e-learning
- support national infrastructure to ensure access to quality-assured systems and content and interoperability between individuals, entities and systems
- create, publish, disseminate and market curriculum and assessment materials, ICT-based solutions, products and services to support learning, teaching, leadership and administration.

Strategic plan

During the year, ESA's work was guided by its strategic plan, *Enhancing our impact: Education Services Australia Strategic Plan 2018–2020* (Appendix 2), which aims to enhance ESA's effect on Australia's education landscape by continuing to work with ESA's stakeholders to improve its services and contribute to educational outcomes in a sustainable way. It focuses on five strategic pillars that build on our core capabilities:

1. Deliver high-quality **projects and services**.
2. Disseminate **insights** that support decision making.
3. Provide leadership in education **information management**.
4. Develop and maintain national **education technology platforms** that increase access and improve connectivity.
5. **Strategically engage** stakeholders to establish partnerships that help achieve their goals.

SUPPORTING NATIONAL EDUCATION REFORMS



The ESA Letter of Expectation states that *'ESA has an important role in supporting the development and delivery of Education Council reforms as a leading service provider for the education sector in Australia'* and identifies a number of key projects and outputs as priority work for 2018–19 and 2019–20.

This work includes national collaborative projects work directed by the Education Council, Australian Government funded projects in support of national initiatives, and ongoing services supporting schools, state/territory education departments and education agencies.

ESA also uses its expertise and insights to contribute to the broader education discussion on school and system improvement, doing this through its contribution to conferences, submissions to education reviews and publication of articles.

Education Council priorities

The reports below deal with ESA's activities undertaken during 2018–19 in support of Education Council national collaborative initiatives.

Nationally Consistent Collection of Data on School Students with Disability

The Nationally Consistent Collection of Data on School Students with Disability (NCCD) is an annual collection of information about Australian school students with disability.

In May 2018, ESA was contracted by the Australian Government to develop a new portal to replace the current website. The aim of the portal is to help school communities around Australia participate in the NCCD, and to improve the quality of data available for education authorities and governments so that they can better understand both the needs of students with disability and how these students can best be supported.

The portal, with a range of new resources, was completed and released on 16 February 2019. Along with information that guides school communities through the data collection process, the NCCD portal includes free e-learning courses, case studies, podcasts, videos, webinars, templates and wider support materials to equip school staff with the skills and understanding they need to complete the NCCD. Parents, guardians and carers can also access fact sheets and other resources and information from the portal.

The portal's delivery represents a collaborative effort by ESA, education departments, external consultants, subject matter experts, teachers and reviewers from across Australia.

Online National Assessment Platform

ESA is responsible for the development and ongoing operation of the Online National Assessment Platform to deliver the Education Council's National Assessment Program (NAP) – in particular, NAP Literacy and Numeracy (NAPLAN) online and NAP sample assessments in science literacy, civics and citizenship and information and communication technology.

NAPLAN Online 2019

ESA's role in the NAPLAN Online program is to develop and maintain the platform infrastructure to deliver NAPLAN tests online. To fulfil its role, ESA works in close collaboration with the Australian Curriculum, Assessment and Reporting Authority (ACARA), the state and territory education departments, the Australian Government Department of Education and the non-government schools sector via the Education Council's Online Assessment Working Group (OAWG).

This second year of transition to NAPLAN Online testing saw a significant increase in the number of schools participating. For the first time, students from all states and territories participated in online testing, with over 50 per cent of schools involved, as compared to the 15 per cent that participated in 2018.

Work in preparation for the 2019 event focused on enhancements to the platform, as agreed by the OAWG, and testing relating to platform performance, disaster recovery, load and security.

At the end of the main testing period over 650,000 students successfully submitted more than 2.17 million tests. The majority of testing proceeded successfully on all testing days except for the first (14 May), when a major incident within the platform infrastructure caused approximately 800 schools to experience disruptions to their connection with the platform, interrupting students' test sessions. Students impacted by the disruptions were given the opportunity to re-sit the day-one tests on 28 May. Approximately 11,039 students re-sat the test online and approximately 36,883 students re-sat the test on paper.

ESA began immediate investigations into the cause of the disruptions on 14 May and commissioned PwC to undertake an independent review of ESA's investigation and the conclusions being drawn from it. ESA has responsibility for the problem that caused the disruptions, and is putting in place measures to ensure that the problem does not re-occur.

Preparation for NAPLAN Online 2020

Significant collaborative activity occurred in preparation for the 2020 test year, particularly in relation to the identification of, agreement to and implementation of platform enhancements. ESA's work on enhancements is on track for a delivery ready for the platform testing program that will be held before the 2020 NAPLAN test event.

Work continued on development of the Low and No Bandwidth solution (LNB) and the Longitudinal Data Store (LDS).

The LNB project will support students in schools that have limited or no internet connectivity. It is intended to enable NAPLAN testing with the same functionality as online testing and to provide a similar experience for students, NAPLAN Coordinators, Test Administrators and Test Administration Authorities. This element was scheduled for a pilot in the 2019 testing, but the project's progress did not meet expectations. It is now scheduled for introduction in 2020.

The LDS is the last remaining significant element to be developed. Its purpose is to house the data and artefacts generated from assessment events, as data is purged from the Assessment Delivery System at completion of each test cycle.

ESA developed detailed functional and non-functional specifications through a series of jurisdictional workshops. A privacy impact assessment (PIA) of the solution was produced and circulated for jurisdictional feedback prior to finalisation. Completion of the LDS is scheduled for late 2019.

NAP – Sample Assessment

ESA supported ACARA in using the assessment platform to deliver the National Assessment Program – Science Literacy main study test, which was held from 15 October to 2 November 2018. Approximately 552 schools and 11,040 students participated in the assessments from all jurisdictions.

ACARA was also supported by ESA in the delivery of the National Assessment Program – Civics and Citizenship field trial in June 2019. Preparation continued for the delivery of the main study scheduled for 14 October to 1 November 2019.



myfuture

myfuture is Australia's national online career information and exploration service. It assists with career planning, career pathways and work transitions.

Having achieved the myfuture Sustainability Strategy's key goal of creating a sustainable operating model for the service, a new business plan for 2018–2021 was put in place. The plan focuses on provision of a high-quality service, and on ongoing research, development and innovation to support an evolving career education landscape.

The myfuture work plan continued to be informed by the National Strategic Reference Group and feedback from teachers and career practitioners via an annual survey. There was also consultation with the Australian Government Department of Jobs and Small Business, the Career Industry Council of Australia and the Career Education Association of Victoria.

A series of independent reviews to assess myfuture's performance against key measures, including its provision for equity groups and its offering compared to international best practice, contributed valuable insights for improvement of the service.

The Electronic Direct Messaging Service (EDMS), which launched targeted email newsletters to Year 10, 11 and 12 student user groups, as well as to teachers and career practitioners, moved into its second year of operation. In 2019, it was extended to Year 7, 8 and 9 cohorts. New content was published, including partner institutions and a newsletter for parents has been developed, the first of which will be issued in July 2019.

New content has been published, including curriculum-aligned resources for generalist teachers, materials for specific school-age cohorts and a new suite of bullseye posters focusing on STEM careers and opportunities.

Teachers and careers practitioners were supported by face-to-face training and presentations from ESA, and by the launch of a new series of *Insights* papers and webinars, which explain the evidence base that informs the development of the myfuture service. *Insights* draws on professional research and theory to build an evidence base that informs and supports users' transition from study to the world of work.

Two *Insights* papers published during the year were:

- myfuture's *My career profile*, which explains how the 'My career profile' facilitates career discovery and makes occupational suggestions to users
- *Rethinking the link between study and the world of work*, which explains the data behind myfuture by providing a summary of an ESA research project undertaken to establish matches between fields of education and occupational groupings.

Launch of the *Insights* papers coincided with ESA's inaugural careers forum, 'Career discovery – the theories that underpin myfuture'. The forum was attended by state, territory and federal education departments, researchers and industry experts. It explored how prominent Australian and international career theory has informed, and continues to inform, the development of the service.

Implementation of single sign-on (SSO) functionality for teachers and career practitioners in relevant funding states and territories was completed. SSO enables users to click straight through to ESA services when logged into their school or system network without further need to log in. SSO is now being introduced for students. Tasmanian students in the government sector are the first to have access to this functionality.

ESA also completed an additional project to provide reporting outputs of students' interests, skills and suggested occupations to the Tasmanian Department of Education. The Department will integrate these

outputs with each student's transition plan and use them to inform policy and planning.

Collaboration with ACARA and AITSL

ESA recognises the importance of maintaining strong collaborative links with other agencies in the Education Council's national education architecture – in particular, the Australian Curriculum, Assessment and Reporting Authority (ACARA) and the Australian Institute of Teaching and School Leadership (AITSL).

Regular meetings are held between the CEOs and Board Chairs to discuss areas of work that would benefit from collaborative effort using the expertise of other agencies, as well as ensuring that there is no duplication of effort and that there is cost-effective delivery of services to our stakeholders.

ESA, ACARA and AITSL continued working together to develop advice for the Education Council about the National Learning Progressions and Online Formative Assessment Initiative. In consultation with all education jurisdictions, the agencies combined their individual expertise to develop the vision, principles and design considerations for the initiative, which the Education Council adopted in December 2018 as a guide to the next stages of work.

In March 2019, ESA, ACARA and AITSL were given the go ahead to proceed with the discovery phase of the initiative. In recommending that the agencies continue the work, the Project Management Board (PMB) stated that the agencies had worked effectively together to develop a cohesive plan and a coherent scope in preparation for delivering the discovery phase of this complex national initiative. The PMB also noted how receptive and responsive all agencies had been to the Board's guiding advice and suggested refinements.

ESA's role in the discovery phase is to:

- undertake research and consultation to develop an audience profile, a user needs analysis and requirements specifications, preliminary wireframes and hypotheses to be tested in the proof of concept phase
- review existing digital resource repositories and identify digital resources most suited to linking to learning progressions, and draft digital content requirements and an educational needs analysis for content
- undertake a review and gap analysis of existing technical standards and consult with vendors and system owners to draft an open technology framework that will allow alignment of assessment and digital content to learning progressions, as well as approaches for seamless integration of existing system and vendor products
- provide Project Management Office services for the project.

On 14 November 2018, ESA joined AITSL to host a forum on High Quality Professional Learning (HQPL), with a particular focus on casual relief, rural, regional and remote and early childhood teachers. The forum brought together almost 100 educators and policy makers to discuss the challenges facing these cohorts and to design practical solutions that will support access and engagement with HQPL.

The forum provided an outstanding opportunity for the ESA and AITSL teams to collaborate and demonstrate the strength of collaborative approaches across the education architecture. Both the Chair and CEO presented at the forum and ESA staff facilitated workshops throughout the day.

A paper outlining recommendations for action was subsequently presented to Education Council.

Under its support and maintenance agreement with AITSL, ESA also performed work related to AITSL websites, as required. During the year, ESA provided consulting, technical support and website hosting services.

As well as partnering with ACARA to deliver online assessment, ESA continued to support ACARA in the transition of its Australian Curriculum website to an in-house solution (completed in September 2018).

National Online Learning Services

The National Online Learning Services (NOLS) comprise online tools, digital resources and backend processes, standards and systems, including:

- **Scoutle**, the shared digital curriculum resource repository of over 20,000 resources aligned to the Australian Curriculum
- **Language Learning Space**, providing resources, apps and services to support the teaching of Chinese, Japanese and Indonesian languages
- **Improve**, a formative assessment tool that enables teachers to create and conduct student tests in English, mathematics and science from a bank of over 3,500 validated and moderated assessment items
- a range of **backend services** including technical infrastructure, metadata standards, intellectual property management and help desk support.

Work has focused on maintaining services while exploring their future usage and development.

Consultations undertaken during 2018 revealed that all stakeholders value the high quality of the digital resources provided, and are interested in increasing their value through further enhancements.

During the year, the Education Council progressed its National Learning Progressions and Online Formative Assessment Initiative to the discovery phase. As the NOLS digital resources may have a role to play in this initiative, ESA is currently being funded for hosting and maintenance only, until the results of the discovery phase are known and the future of the proposal is clearer.

Regular system maintenance and user support has continued for the services and has included:

- continuation of the rollout of single sign-on (SSO) functionality that enables users to click straight through to ESA services when logged into their school or system network without further need to log in (focused this year on extending SSO to students, for their access to the *myfuture* careers service)
- relicensing of third-party resources, archiving of resources that have been archived by content owners, and updating of metadata records to reflect relicences/new licences/archiving of content
- identifying quality (and Creative Commons/open access, where possible) resources to replace existing resources unable to be relicensed or developed in Flash, and to fill gaps in the collection
- a comprehensive review of the Language Learning Space to refresh content and replace broken links
- system and security upgrades.

The National Schools Interoperability Program

ESA continued to manage the National Schools Interoperability Program (NSIP). NSIP is a joint initiative of the state, territory and Australian governments to support the development of digital learning infrastructure nationally and improve access to information for all stakeholders in Australian school education.

The NSIP work plan for 2018–19 was developed in conjunction with the NSIP Steering Group, which includes state and territory education Chief Information Officers and representatives from the Australian Government, the non-Government school sectors, the Australian Curriculum, Assessment and Reporting Authority (ACARA) and Education Services Australia (ESA).

As part of the work plan, ESA supported the continued rollout of digital learning infrastructure by states, territories, central agencies, and Catholic school authorities, employing national interoperability standards that enable secure, automated data exchange between schools, education agencies and service providers.

Successful integration of NAPLAN Online data from the Online National Assessment Platform with jurisdiction systems was achieved and the provision of additional reporting and analysis services made possible by the use of standards-based data management and data exchange.

The Australian Government's Schools B2B Automated Data Exchange Project was assisted through the application of national interoperability standards to streamline national reporting by non-government schools.

Research and development activity was carried out in conjunction with government agencies in New South

Wales and South Australia, to enable the planning and tracking of learner progress against curriculum and measurement frameworks, including the Australian Curriculum, National Literacy and Numeracy Learning Progressions (NLNLPs) and related jurisdictional curricula. A reference architecture and prototype software were also developed.

Advances were made in the national capability to manage online privacy and security, including development of national assessment criteria for risk assessment for ICT products used in schools; a proposal for a national software risk and interoperability assessment service; and the development of standards to automate the implementation of privacy obligations.

School Survey

School Survey is a data collection tool that enables schools to gather valuable feedback from their school community, either by creating surveys using the tool's national library of standardised questions or by creating custom surveys.

The tool is funded and maintained for use by government schools in Western Australia, Tasmania, South Australia and the Northern Territory.

ESA continued to provide technical support and maintenance for School Survey, including operating an online chat function and telephone help desk for users. ESA also communicates monthly with the funding jurisdictions.

Based on feedback obtained, several enhancements were implemented to improve functionality and user experience. These include improved report generation, greater customisation of surveys, improved distribution options, the provision of survey filtering, updated website copy and Help articles and an updated privacy policy.

Australian Government projects

The Letter of Expectation notes that ESA is engaged by the Australian Government to undertake specific projects and activities to support national initiatives. It acknowledges that, while the Education Council does not have governance responsibility for these projects, the projects are integral to the achievement of the Council's remit.

The report below provides information on key projects undertaken in 2018–19 that are funded solely by the Australian Government.



Early Learning Languages Australia

The Early Learning Languages Australia (ELLA) program is a digital, play-based program aimed at making language learning engaging and interesting to young children in preschool and the early years of school through a series of interactive apps, called *The Polyglots*. ESA has had responsibility for the overall management and promotion of the program since its inception in 2014, including the development of the apps (seven for each language) and support materials, educator training, and establishing support networks.

Program expansion

During the year, the Australian Government announced continued expansion of the ELLA program for a further three years (2018–2021). ESA was again engaged to run the program and a new contract was signed. This involves expanding the program to up to 5,000 preschools, extending into schools through a three-year trial with children in Foundation to Year 2.

Australian Government funding was also provided for the development of apps in four new languages – Korean, Vietnamese, Turkish and German – in addition to the existing nine, which are Arabic, Chinese (Mandarin), French, Indonesian, Italian, Japanese, Spanish, Hindi and Modern Greek. This is to align the ELLA program to all 13 languages in the Australian Curriculum.

During 2018–19, ESA completed development of the suite of seven ELLA apps for each of the German and Vietnamese languages, and work commenced on the development of the apps for Korean and Turkish.

The preschool program was extended to 1,100 new preschools in 2019, bringing the total active preschools to 3,578.

ESA recruited 301 primary schools to participate in the Foundation to Year 2 (F–2) schools trial for three years. Development of four new apps in 13 languages for the F–2 schools trial began. The first of these apps, *The Polyglots go to school*, was completed and will be available to schools participating in the trial in January 2020. Development of the app *The Polyglots go camping* commenced, and is due for release to schools in June 2020. The remaining two apps are scheduled for release in 2021.

ESA conducted professional development workshops around Australia during this year. The workshops were targeted at preschool educators, school teachers and language specialists implementing the F–2 schools trial. Support materials were prepared and regular communications maintained with preschools and schools, including the provision of a dedicated helpdesk.



Student Wellbeing Hub

The Student Wellbeing Hub (the Hub) provides resources tailored to students, parents and educators, to support the development of safe, inclusive and connected school communities that promote wellbeing and learning.

The Hub is underpinned by the new Australian Student Wellbeing Framework, which is a revision of the National Safe Schools Framework. The new Framework was completed by ESA, endorsed by the Education Council and launched in October 2018.

A dedicated marketing campaign to raise awareness of the Framework was launched to coincide with the start of the 2019 school year. This included sending a copy of the Framework to all registered Australian schools at the start of the year, with a letter from the Prime Minister and the Australian Government Minister for Education.

The School Audit Tool was redesigned and relaunched in March 2019 as the School Wellbeing Check. Educators complete a survey and benchmark their self-assessment of the priority their school is placing on the effective practices in the Australian Student Wellbeing Framework. The survey can be completed by an individual educator or a group of educators.

New professional learning courses developed and launched in March 2019 were the *Australian Student Wellbeing Framework for Educators*, the *Australian Student Wellbeing Framework for Pre-service Teachers* and the *Evaluation Starter Kit*. A further two courses, *Respect Matters for Educators* and *Respect Matters for Pre-service Teachers* were completed. Together they comprise 20 modules and represent

a significant increase in the Hub's free professional learning support for teachers.

Development also began on a set of illustrations of practice to provide practical guidance for educators and school leaders by demonstrating how schools use the Australian Student Wellbeing Framework.

In response to user feedback, the Hub's design was refreshed to include:

- a student wellbeing mapping section that provides educators with an overview of relevant national and international student wellbeing policies and initiatives
- an evidence and research section to provide up-to-date information related to student wellbeing, and a place where schools can find the latest national wellbeing survey data
- an updated section for parents, with articles on issues of most concern to them
- new topic pages on Respectful Relationships
- resources for identified cohorts – students with disability, Aboriginal and Torres Strait Islander students and students from culturally and linguistically diverse (CALD) backgrounds.

Planning also commenced for a series of events to highlight topical issues and the Hub's related resources.





Digital Technologies Hub

The Digital Technologies Hub (DT Hub) provides learning resources and services for teachers, students, school leaders and parents. It aims to support the implementation of quality Digital Technologies programs and curriculum in schools, and to assist with after-school activities.

During the year, two new sections were added to the Hub.

- A curated topics page for Artificial Intelligence (AI) provides schools with a place to both learn more about AI and find practical ways to implement AI in their classrooms. ESA curated and added 40 AI resources to the Hub during the year, including videos, online courses and interactive texts, lesson ideas, games and applications and case studies showing best practice. Planning and preparation was also undertaken for a webinar, *Unpacking Artificial Intelligence and Machine Learning*, to be held in August 2019.
- The Tech4DT section provides a broad overview of popular classroom technologies in schools, grouping the technologies into categories for ease of locating tech of interest. Each featured item has a suggested year-level band and links to related lessons and resources.

A review of the students and families sections of the Hub was completed and enhancements made.

Resources completed and published during the year include:

- the 'Scope and sequence' resource that supports schools in implementing the Australian Curriculum: Digital Technologies
- resources and advice to support assessment in Digital Technologies (developed in partnership with the Computer Science Education Research Group, CSER, based at the University of Adelaide)

- resources for Inclusive Education, focusing on students with disability.

Five webinars were delivered, covering these topics: STEM and data; transitioning from a visual programming language to a general-purpose programming language; data science; and inclusive education and assessment.

Monthly newsletter production and distribution to subscribers continued, providing information on topical themes, highlighting relevant Digital Technology Hub resources, related news, and professional learning opportunities.



STEM projects

ESA worked on two STEM-related projects during the year, *Careers with STEM* and *Girls in STEM*.

The *Careers with STEM* project is now complete. It involved providing teacher notes and posters, four times a year for two years from June 2017, for the *Careers with STEM* guide. The guide is available as a print magazine, e-magazine and via the *Careers with STEM* website.

Teacher notes and posters from the *Careers with STEM* project were also published on the Digital Technologies Hub and in Scootle.

The *Girls in STEM* (GiST) project involves the development of an online *Girls in STEM* toolkit that provides girls with tools for understanding how their existing skills and interests can link to STEM careers and study pathways.

During the year, work began on the GiST, as the toolkit is called. Resources including lessons, profiles and a quiz were developed. Testing was also carried out ahead of the projected September 2019 launch date.



Early Childhood Resource Hub

The Early Childhood Resource Hub (ECRH), developed by ESA and launched in April 2016, is a valuable central point for the provision of resources, information and collaboration to all preschool educators across Australia.

ESA continues to support and maintain the ECRH, which includes the publication of monthly newsletters and the curation of additional resources to support newsletter topics.

Professional learning material added to the site this year focused on leadership, building early childhood educators' awareness of Aboriginal and Torres Strait Islander cultures, and the integration of cultural competencies within the practice of these educators.

National Education Services

ESA provides ongoing, low-cost services to education. Key among these services are the Schools Catalogue Information Service and the edu.au Domain Registrar service. Both services are self-funding.



Schools Catalogue Information Service

The Schools Catalogue Information Service (SCIS) is an online database of school-related library catalogue records. Schools subscribe to use the service, which reduces the cost and duplication of effort of cataloguing resources in schools.

SCIS continues to be a popular service, with 93 per cent of Australian schools and 49 per cent

of New Zealand schools subscribed. A total of 107 international schools are also subscribed, across 22 countries. Brand awareness work continues in the United Kingdom, where the number of schools subscribed has increased from 14 to 40 during the year. The remaining international schools are primarily in Asia.

There has been a strong take-up of the SCIS application programming interface (API) functionality by library system vendors, enabling SCIS subscribers to make use of integrated functionality.

SCIS has enhanced the SCIS Authority files to include Series Authorities. This means that schools subscribing to SCIS Authorities can also make use of the SCIS series headings, which enable them to consistently group together titles within series.

SCIS continued to produce *Connections*, a quarterly magazine distributed to all school libraries in Australia and openly available online. *Connections* publishes articles from authors, practitioners, academics, and thought leaders in the fields of information management, literacy and school libraries.

Professional development for school librarians was also provided via regular webinars and workshops.

During the period 1 July 2018 – 30 June 2019, there were 50,236 new records added to the SCIS database of school library catalogue records. This represents an average of 4,186 new catalogue records being added per month.

edu.au domain

The edu.au domain registrar service issues domain names and provides ongoing domain support to eligible education providers. ESA has been managing and operating the service for domain registrants across all education sectors under contract from auDA (.au Domain Administration) since September 2012.

The edu.au Registrar successfully deployed the redesigned domainname.edu.au website on 8 November 2018. The new website includes enhancements to user experience (through improved navigation, clearer calls to action and increased responsiveness for mobile devices) and provides expanded support and policy information for registrants and applicants.

Following the review of auDA conducted by the Department of Communications and the Arts, ESA staff attended multiple briefings with auDA in relation to its new constitution, future governance arrangements, and new policies being put in place as a result of public consultation.

Registrar staff have worked with ESA's legal team to review and provide feedback to auDA in relation to new registrar and registry agreements to facilitate these changes. They have also drafted a new schedule to incorporate edu.au eligibility and allocation criteria in the resulting new auDA .au licensing rules, conforming to the new structure without substantive changes.

ESA continued to provide secretariat support to the edu.au Domain Administration Committee (eDAC), which has policy and management responsibility delegated from auDA for the edu.au domain registrar services. eDAC membership comprises representation from the Australian Government, higher education, the schools sector and vocational education and training.

Domain registrations increased by two per cent over the year to 17,250 as at 30 June 2019.

Insights

The Insights pillar of the ESA Strategic Plan reflects ESA's aim to be a trusted provider of information and insights that inform stakeholders' decision-making across a range of areas including pedagogy and classroom practices, resource allocation and support for students.

During the year, ESA contributed to national conversations on improving student outcomes – mainly in the form of conference presentations and articles published in ESA publications. The insights drew on the expertise of staff, knowledge gathered from primary and secondary research, or anecdotal knowledge gathered through interaction and engagement with products and users.

ESA contributed over 44 insights, including the following:

- ESA's General Manager, Assessment and Data Standards participated in the *Global Symposium on Learning 2030: Preparing Students for the 4th Industrial Revolution* and gave a presentation on the upcoming landscape of ICT in Australian education at the Consortium for School Networking (CoSN).
- ESA hosted the *Access for Learning (A4L) Interoperability Conference* in November 2018 and gave a presentation on the National Schools Interoperability Program (NSIP) Learning Services Architecture (LSA). Presentations were also given on the LSA at the CoSN annual conference and at EduTECH.
- ESA joined AITSL to host a forum on High Quality Professional Learning, with a particular focus on casual relief, rural, regional and remote and early childhood teachers. Both the Chair and CEO presented at the forum and ESA staff facilitated workshops throughout the day.
- Staff from ESA's Early Learning Languages Australia (ELLA) team presented at five conferences, sharing insights into language learning, play-based pedagogy, and digital play in the early years.
- ESA's *myfuture* team launched its *Insights* series of papers, which explore how its evidence base drives the development of the service forward. The launch coincided with ESA's inaugural Careers Forum: *Career discovery – the theories that underpin myfuture*.

- ESA made a submission to the Education Council’s review of the Melbourne Declaration. The submission drew on several things: ESA’s insights into how students and teachers use technology – and the impact of digital transformation on education, and ESA’s knowledge of careers.
- ESA’s CEO presented at a national conference and was a panellist at several industry forums focused on the changing nature of education, work and the workforce.
- Schools Catalogue Information Service (SCIS) staff contributed articles to its quarterly magazine, *Connections*.

ESA Board members and staff also shared their knowledge and insights at the October 2018 Board meeting, where three presentations were provided to stimulate discussion:

- Board Director Kathe Kirby gave an overview of the *Education in 2030* report prepared by HolonIQ, which presents scenarios for education in 2030 as a way of focusing thought on innovations that may be required.
- Board Director Mark Lamont gave an update on Voice Recognition (VR) and Artificial Intelligence (AI) technologies to support reading; cognitive assessment platforms that predict mathematics and English interventions; and microservices – the shift away from monolithic education platforms and implications.
- Stuart Mitchell, ESA’s General Manager Assessment and Data Standards, provided an overview of an innovative online learning platform called Learning Lab, covering both the platform and the underpinning funding model.

Stakeholder engagement

The ESA Strategic Plan commits the company to being ‘*a trusted strategic partner that helps stakeholders to achieve their goals*’.

Consultation is key to understanding stakeholder needs and providing practical, effective products and services to meet those needs. ESA has embedded user-centred design into its processes, undertaking rigorous market research and stakeholder consultation to design and develop its products and services. User feedback and ongoing stakeholder steering groups continue to inform service improvement.

ESA staff continued to be active members of Education Council working groups, and the Board Chair and CEO attended meetings of the Education Council and the Australian Education Senior Officials Committee (AESOC).

In addition to these meetings, the Board Chair and CEO sought to meet with individual ministers and department CEOs to better understand the unique needs of all states and territories.

A feature of ESA’s engagement strategy is to regularly assess the extent to which we are delivering on expectations – and the health of our relationship with key stakeholders. In November 2018, ESA commissioned an independent review of stakeholder satisfaction with ESA.

In this review, ESA was found to have a strong reputation for delivering on its core business at the operational and technical levels. Its staff were praised for their responsiveness, flexibility and understanding of education and stakeholder needs. However, ESA was less well recognised for managing challenging circumstances and complex policy and political environments.

ESA used these and other insights from the review to improve its service to stakeholders.

STRENGTHENING OUR SERVICE



The five strategic pillars of the ESA Strategic Plan are supported by three operational plans that:

1. enable our people to ensure that ESA's workforce is capable, productive and engaged and that ESA provides a safe workplace
2. build sustainable infrastructure and efficient processes to ensure that ESA manages and allocates resources efficiently and actively pursues environmentally and socially responsible business practices
3. maintain our financial health to ensure that the use and management of ESA's financial resources support the achievement of the company's objectives.

Enabling our people

During the year, ESA undertook a number of initiatives to enhance the capabilities, engagement, wellbeing and productivity of staff.

Engagement

In 2017, ESA conducted its first Employee Engagement Survey to guide the focus of the company's efforts to enhance the workplace experience of all ESA staff.

The second Employee Engagement Survey was conducted in February 2019. At the company level, the survey identified four areas for improvement – cross-unit cooperation, career opportunities, learning and development and processes.

Workshops conducted by the Executive and the Leadership group identified actions to improve performance in these areas. These actions included reviews of project management information systems, bid management and performance management; implementation of an online learning management system; focus areas for the Workplace Wellbeing Program and the introduction of Mental Health First Aid officers.

The People and Culture team facilitated workshops with individual teams, using team-level information from the staff survey. Strategies and action plans were developed for addressing the identified priorities.

Capabilities

In June 2019, ESA introduced online training for ESA staff.

One of its purposes is to provide mandatory annual training for all staff on key ESA policies and compliance matters. These include privacy; equal employment opportunity; workplace behaviour, harassment, anti-bullying and discrimination; and occupational health and safety. While all staff have been required to read and comply with the policies in the past, the online system ensures that this takes place, and maintains staff records regarding completion of the training.

The online training's second purpose is to build staff capabilities. Staff have access to a total of 5,000 courses through the online training portal.

Two leadership workshops on performance management were held for managers.

Wellbeing

ESA's Workplace Wellbeing Program focused on three key areas – physical activity, healthy eating and social and emotional wellbeing (mental health).

This was the third year ESA staff were given the opportunity to undergo a health check with a qualified health professional, who provided them with an assessment of their risk for heart-related disease. A corporate-level report provided to the company highlighted areas of risk and made recommendations for further actions to build on the health messages already delivered through the Workplace Wellbeing Program.

ESA recognises the importance of building a mentally healthy workplace and, as a way to support this, appointed eight Mental Health First Aid Officers. These officers commenced their initial MHFA training, which is due for completion by August 2019.

Other activities conducted as part of the wellbeing program included two one-hour seminars on positivity in the workplace and stress fitness and resilience, and sharing information about good nutrition with staff.

Other well-established occupational health and safety practices were maintained, including provision of information to new starters, workstation checks, an annual facilities risk assessment, emergency training, regular maintenance inspections of all equipment and safety fittings, free flu vaccinations, and access to a confidential professional counselling service.

The Board received the Occupational Health and Safety Annual Report for 2018–19, which covered activities undertaken, incidents and other indicators.

Processes and practices

ESA seeks continuous improvement in its processes and practices to maintain the company's high-quality service delivery, allocate its resources efficiently, and pursue environmentally and socially responsible business practices.

Several reviews to improve its processes and practices were undertaken. Changes were implemented based on areas for process improvement identified by staff and external subject matter experts.

Project management framework

Early in 2019, ESA engaged an external consulting group to review ESA project management processes and practices and identify improvement opportunities. An ESA staff member subsequently worked with the consultants and a small working group of other staff from across the business to implement recommendations aimed at strengthening ESA's project delivery framework.

The updated Project Management Framework supports a standardised approach to delivering projects and improved governance and reporting systems.

Review of ESA's tender approach and capability

An external review of ESA's process for identifying and responding to tender opportunities was completed.

The results of the review were implemented, resulting in a stronger alignment between ESA's mission and strategy and the opportunities sourced through competitive tenders.

Privacy management framework

ESA continued to implement its Privacy Management Framework (PMF) in accordance with the Privacy Management Plan (PMP). The purpose of the PMF is to ensure that ESA maintains its compliance with privacy obligations under the *Privacy Act 1988* and its ability to demonstrate that it is a responsible and trustworthy steward of data.

Some of the PMP actions completed during the year include:

- the appointment of a Privacy Champion and Privacy Officer
- making privacy an agenda item at all Executive meetings, with updates on the PMF/PMP and other privacy matters discussed on a quarterly basis
- the inclusion of Privacy by Design as standard practice in the new Project Management Framework
- the development of an inventory of personally identifiable information held by ESA
- preparation of an ESA Data Breach Response Plan
- ongoing commitment to raising privacy awareness across the company.

Risk management

Implementation of the new Risk Management Policy and Framework approved by the Board in February 2018 continued.

A quarterly analysis of corporate level risk is undertaken by the Executive and reported to the Finance, Risk and Audit Committee. The analysis includes identifying emerging risks and issues.

The review of the project management framework and methodologies incorporated in the Risk Management Policy and Framework in the new Project Management Framework. This will provide a more consistent approach to project governance and risk management across the organisation, and it will embed risk management in business processes.

Information and data security

An Information Security Registered Assessors Program (IRAP) Audit of the ESA GovZone infrastructure was carried out between September and November 2018. This was ESA's second full IRAP Audit of the infrastructure. The first was conducted in early 2017 as a prerequisite for the Australian Cyber Security Centre (ACSC formerly ASD) certification that ESA meets the security standards mandated by the Australian Government *Information Security Manual (ISM)*.

The ACSC confirmed that it is satisfied that ESA remains compliant with applicable ISM controls and continues to be certified in accordance with the original certification letter.

Reconciliation Action Plan (RAP)

Following the expiration of ESA's first Reconciliation Action Plan (RAP), development of a new RAP began. The new RAP will be used as a framework for our organisation's support of the national reconciliation movement.

ESA's RAP will support the values and key objectives of ESA's strategy by providing practical actions that will drive our contribution to reconciliation both internally and in the stakeholder environment in which we operate.

In conjunction with RAP development work, activity began on an organisational Indigenous Participation Plan (IPP) in response to the Australian Government's Indigenous Procurement Policy. The Government's policy sets mandatory minimum requirements that apply to all contracts delivered in Australia that are valued at \$7.5m or more, including education and training services. Some related actions were undertaken and continue.

International Women's Day

An International Women's Day (IWD) breakfast was held for the first time at ESA, attended by 42 staff. IWD is a global day celebrating the social, economic, cultural and political achievements of women. The day also marks a call to action in accelerating gender parity.

The breakfast included a panel discussion comprising the Board Chair, Ms Diane Joseph, and three senior female staff. They discussed their own experiences working in education, leadership and technology, and the changes in those areas that they had seen over time.

At the conclusion of the breakfast, attendees were asked the question: *How will you commit to a balance for better?* The responses were then posted around the office to remind staff of the theme of the day.

Environment report

ESA has maintained a strong ethos of environmental responsibility. The company has an Environment Policy, and the Board receives an annual environment report on the previous financial year, which is published on the ESA website.

In March 2012, ESA achieved accreditation as a carbon-neutral company under the Australian Government's National Carbon Offset Standard (NCOS) scheme. The annual environmental report includes a detailed emissions inventory, which is necessary for maintaining the company's carbon-neutral status under the NCOS standard.

The ESA Environment Report for 2017–18 was received by the Board at its April 2019 meeting. The company exceeded its 2017–18 target of maintaining its emissions per FTE at 2016–17 levels. A reduction in total emissions compared to the previous year was also achieved.

Staff interested in environmental issues formed an ESA Friends of the Environment Group to promote environmentally friendly action by staff at work and at home.

DIRECTORS' REPORT



The Directors of Education Services Australia Limited (ESA) present their report, together with the financial statements of the company for the financial year ended 30 June 2019 and the auditor's report. As ESA acts as the legal entity for the Education Council, the Council's financial results are included within the financial statements.

Directors as at 30 June 2019

Directors' qualifications and experience



Ms Diane Joseph
BSc (Education) University of Melbourne, FACEL
Director: 1 March 2017 – current
Board Chair; Remuneration Committee Chair

Diane Joseph is a public policy expert with significant experience in the education and training sectors. Diane's expertise in policy and strategy is based on a background of more than 35 years working in public service, which includes the role of Director-General of Education and Training in the Australian Capital Territory, a breadth of senior executive positions in the ACT and Victoria and her work as a secondary school principal and teacher.



Mr Rick Persse
MBA University of Adelaide; GradCert Public Sector Management, Griffith University.
Director: 6 February 2018 – current
Remuneration Committee Member

Rick Persse is the Chief Executive of the South Australian Department for Education. He has held senior executive positions at a variety of South Australian central government agencies, including Chief Executive of the Attorney-General's Department. Rick has extensive expertise in policy and strategy development, change management, public sector reform and project delivery.



Mr John Mula
MESL, MEdL, BEdStuds, BSc, GradDipT, FACE, FACEL, GAICD
Director: 1 December 2016 – current

John Mula is the Executive Director of Catholic Education Tasmania and is currently Deputy Chair of the National Catholic Education Commission. Prior to this appointment John was Director of Schools for the Diocese of Armidale. John is a teacher and educational leader with 35 years of experience in a diverse range of educational settings including Catholic schools, independent schools and private training colleges.



Mr Malcolm Wells
BA, DipEd, GradCertEd, University of Tasmania
Director: 1 December 2012 – current
Finance, Risk and Audit Committee Chair

Malcolm Wells is a former Deputy Secretary in the Tasmanian Department of Education, with responsibility for further education and training. Before this he was General Manager responsible for Department schools in the state's north-west. A principal for eight years, he has extensive experience in both primary and secondary education and more recently in vocational education and training.



Professor Kerri-Lee Krause
PhD, MAICD, FSRHE
Director: 6 February 2019 – current

Kerri-Lee Krause is the Deputy Vice-Chancellor (Academic) and Professor of Higher Education at La Trobe University. She is an experienced university executive recognised nationally and internationally for her contributions to higher education research and policy. Her expertise in the area of digitally-enhanced learning and curriculum renewal has resulted in numerous international invitations, including membership of the US-based IMS Global Consortium project to advance technology and improve educational attainment and success; and membership of the Horizon Project Advisory Board, examining the implications of emerging technologies for higher education.



Mr Mark Lamont
BA, DipEd (UNSW)
Director: 1 March 2017 – current
Finance, Risk and Audit Committee Member

Mark Lamont has knowledge, experience and networks in education, enterprise and technology innovation. Mark has engaged in transformational school and further education initiatives at local, system and international levels, and with education technology services providers across Australia and worldwide.



Mr Sam Spadavecchia
BA Accountancy; FCA (retired),
FIIA (retired)
Director: 1 March 2017 – current
Finance, Risk and Audit Committee Member

Sam Spadavecchia has extensive experience in general management, finance, management consulting, risk, audit, and information technology. He has been a senior partner with professional services firms Deloitte and Ernst and Young. Before becoming a Director, Sam was the independent expert (non-Director) member of the Finance, Risk and Audit Committee for six years.



Ms Kathe Kirby
BA, DipEd, FACE
Director: 1 March 2017 – current

Kathe Kirby is an experienced education professional with a career spanning teaching, teacher education, policy development and leading innovation in schools and education systems. Most recently Kathe was Executive Director of Asialink and the Asia Education Foundation.



Ms Suzi Hewlett
BSc(Hons) Politics, MBA
Director: 20 March 2019 – current

Suzi Hewlett is the Group Manager for the National Policy and Data Reform Group, Schools and Youth Cluster in the Australian Government Department of Education and Training. Suzi has significant experience in the delivery of key aspects of successive Australian Government reform agendas in education, particularly industry skills and quality in vocational education and training, and higher education funding reform.



Ms Lynn Davie
BEd, Masters of School Leadership
Director: 18 December 2018 – current

Lynn Davie has extensive experience supporting and driving innovation and educational reform, as a teacher, school leader, and senior public servant. She is a highly regarded educator, who has been recognised locally and internationally for her work in learning and teaching and how to embed digital technologies to add value.

Resignations and cessations

The Board would like to acknowledge the significant contributions of the following Directors who resigned or whose term of office ceased during 2018–19.

Dr Gabrielle Phillips

Australian Government nominee
Term expired 16 February 2019

Professor Andrew Vann

Universities Australia nominee
Resigned 30 November 2018

Ms Anne-Marie Lansdown

Independent expert
Resigned 23 August 2018

Meeting attendance

The Board met five times from 1 July 2018 to 30 June 2019, including one Extraordinary Meeting. Directors also attended the Annual General Meeting. The number of meetings attended by Directors is shown in the following table below.

| Directors | | Board meetings | | Finance, Risk and Audit Committee meetings | | Remuneration Committee meetings | |
|--|---------------------------------------|---------------------------|-----------------|--|-----------------|---------------------------------|-----------------|
| | | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Ms Diane Joseph* | Independent Chair | 5 | 5 | 4 | 4* | 2 | 2 |
| Mr Malcolm Wells | Independent expert | 5 | 4 | 4 | 4 | 1 | 1 |
| Ms Kathe Kirby | Independent expert | 5 | 5 | — | — | — | — |
| Mr Mark Lamont | Independent expert | 5 | 4 | 4 | 4 | — | — |
| Mr John Mula | Non-government schools sector nominee | 5 | 4 | — | — | — | — |
| Mr Rick Persse | AESOC nominee | 5 | 4 | — | — | 2 | 2 |
| Mr Sam Spadavecchia | Independent expert | 5 | 5 | 4 | 4 | — | — |
| Ms Suzi Hewlett (Commenced 20 March 2019) | Australian Government nominee | 2 | 1 | — | — | — | — |
| Prof Kerri-Lee Krause (Commenced 6 February 2019) | Universities Australia nominee | 2 | 2 | — | — | — | — |
| Ms Lynn Davie | Independent expert | 3 | 3 | — | — | — | — |
| Dr Gabrielle Phillips (Retired 16 February 2019) | Australian Government nominee | 3 | 3 | — | — | — | — |
| Prof Andrew Vann (Retired 30 November 2018) | Universities Australia nominee | 1 | 0 | — | — | — | — |
| Ms Anne-Marie Lansdown (Retired 23 August 2018) | Independent expert | 0 | 0 | — | — | — | — |

*Ms Diane Joseph attended the Finance, Risk and Audit Committee (FRAC) meeting as an observer.

Directors have been paid fees for their services, providing they were not prohibited from receiving remuneration as a result of their employment conditions. Directors also received reimbursement for reasonable out-of-pocket expenses. Disclosure relating to Directors' remuneration is included in Note 14 of the Financial Report.

The company paid insurance premiums to indemnify its Directors and Officers for the professional risks associated with their responsibilities and roles as Directors or Officers.

Conflicts of interest

Conflict of interest declarations made at meetings during 2018–19 were as follows:

| Meeting | Item of Discussion | Director (s) | Action |
|-----------------|--|--|--|
| 11 October 2018 | Review of Directors' fees | Diane Joseph, Kathe Kirby, Sam Spadavecchia, Mark Lamont and Malcolm Wells | As the conflicts involved material personal interests, these members departed the meeting for discussion of this item. |
| 20 June 2019 | Remuneration and Nominations Committee: appointments and re-appointments | Diane Joseph, Kathe Kirby, Mark Lamont and Sam Spadavecchia | As the conflicts involved personal interests, these members departed the meeting for discussion of this item. |

A change was made to the record of interests for Mr Mark Lamont during the year.

Reporting

ESA reported to company Members at the Annual General Meeting on 17 December 2018 and at meetings of the Education Council.

Progress against the ESA Strategic Plan, Work Plan and the financial budget were reported to meetings of the Board. Performance against the financial strategy was also monitored by the Finance, Risk and Audit Committee.

Executive staff and managers monitored progress against the operational plans and staff performance management plans that were implemented to achieve Strategic Plan outcomes.

The 2017–18 Annual Report was published on the ESA website in December 2018.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company, or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Changes in state of affairs

There were no significant changes in the state of affairs during the financial year 2018–19.

Operating result

The Company reported an operating surplus of \$665,444 for 2018–19.

The statement of comprehensive income in the Financial Report provides further information on the operating result.

Events subsequent to the end of the financial year

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the company, and the results of those operations.

Auditor's independence declaration

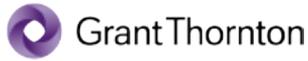
The auditor's independence declaration for the year ended 30 June 2019 was received and is included on page 30. Signed in accordance with a resolution of the Board of Directors



Ms Diane Joseph
Chair of the Board of Directors

Dated this 11th day of October 2019

Auditor's independence declaration



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Auditor's Independence Declaration

To the Directors of Education Services Australia Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Education Services Australia Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

S C Trivett
Partner – Audit & Assurance

Melbourne, 11 October 2019

Grant Thornton Audit Pty Ltd ACN 130 913 594
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FINANCIAL REPORT



FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Statement of surplus or deficit and other comprehensive income for the year ended 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|---|-------------|---------------------|---------------------|
| Project income | | 32,989,764 | 27,615,139 |
| Revenue from subscriptions and services | | 6,008,946 | 4,625,959 |
| Other income | | 1,029,462 | 1,138,105 |
| Total revenue | 2(a) | 40,028,172 | 33,379,203 |
| Project expenses | | (20,082,623) | (16,089,981) |
| Subscription expenses | | (954,954) | (825,706) |
| Employee benefit expenses | | (13,973,333) | (12,525,807) |
| Depreciation and amortisation expenses | | (375,586) | (615,496) |
| Other expenses | | (3,976,232) | (3,375,454) |
| Total expenditure | 2(b) | (39,362,728) | (33,432,444) |
| Surplus / (Deficit) before income tax | | 665,444 | (53,241) |
| Income tax expense | | – | – |
| Surplus / (Deficit) from operations attributable to Members of the company | | 665,444 | (53,241) |
| Other comprehensive income | | – | – |
| Total comprehensive income / (loss) attributable to Members of the company | | 665,444 | (53,241) |

The accompanying notes on pages 36 to 60 form part of this financial statement.

Statement of financial position as at 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| Current assets | | | |
| Cash and cash equivalents | 17(b) | 24,600,560 | 24,323,349 |
| Trade and other receivables | 3 | 11,880,275 | 16,738,407 |
| Financial assets | 4 | 23,200,000 | 20,900,000 |
| Other assets | 5 | 821,325 | 604,913 |
| Total current assets | | 60,502,160 | 62,566,669 |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 568,310 | 338,136 |
| Intangible assets | 7 | 870,982 | 1,055,153 |
| Total non-current assets | | 1,439,292 | 1,393,289 |
| Total assets | | 61,941,452 | 63,959,958 |
| Current liabilities | | | |
| Trade and other payables | 8 | 3,252,362 | 4,251,892 |
| Other liabilities | 9 | 37,364,186 | 39,398,221 |
| Provisions | 10 | 2,367,140 | 1,890,838 |
| Total current liabilities | | 42,983,688 | 45,540,951 |
| Non-current liabilities | | | |
| Provisions | 10 | 330,547 | 457,234 |
| Total non-current liabilities | | 330,547 | 457,234 |
| Total liabilities | | 43,314,235 | 45,998,185 |
| Net assets | | 18,627,217 | 17,961,773 |
| Equity | | | |
| Reserves | 11 | 5,100,000 | 5,100,000 |
| Retained earnings | | 13,527,217 | 12,861,773 |
| Total equity | | 18,627,217 | 17,961,773 |

The accompanying notes on pages 36 to 60 form part of this financial statement.

Statement of changes in equity for the year ended 30 June 2019

| | Other contributed equity \$ | Retained earnings \$ | Capital reserve \$ | Total \$ |
|---|--------------------------------------|----------------------------|--------------------------|-------------------|
| Balance at 30 June 2017 | 1,418,429 | 12,896,585 | 3,700,000 | 18,015,014 |
| Deficit | – | (53,241) | – | (53,241) |
| Total comprehensive loss for the year | – | (53,241) | – | (53,241) |
| Transfers to retained earnings | (18,429) | 18,429 | – | – |
| Transfers to capital reserve | (1,400,000) | – | 1,400,000 | – |
| Balance 30 June 2018 | – | 12,861,773 | 5,100,000 | 17,961,773 |
| Surplus | – | 665,444 | – | 665,444 |
| Total comprehensive income for the year | – | 665,444 | – | 665,444 |
| Balance 30 June 2019 | – | 13,527,217 | 5,100,000 | 18,627,217 |

The accompanying notes on pages 36 to 60 form part of this financial statement.

Statement of cash flows for the year ended 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|---|--------------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Receipts from operating activities | | 42,858,617 | 29,036,711 |
| Payments to suppliers and employees | | (38,601,594) | (32,277,765) |
| Payment of grants direct to schools | | – | (226,000) |
| Goods and Services Tax recovered from the ATO | | 2,218,627 | 1,898,895 |
| Goods and Services Tax paid to the ATO | | (4,348,729) | (2,559,376) |
| Net cash provided by / (used in) operating activities | 17(a) | 2,126,921 | (4,127,535) |
| Cash flows from investing activities | | | |
| Payments for investments | | (2,300,000) | (395,336) |
| Payment for property, plant and equipment and intangibles | | (421,589) | (631,823) |
| Interest received from investments | | 871,879 | 963,850 |
| Net cash used in investing activities | | (1,849,710) | (63,309) |
| Cash flows from financing activities | | | |
| Net cash provided by/ (used in) financing activities | | – | – |
| Net movement in cash held | | 277,211 | (4,190,844) |
| Cash and cash equivalents at the beginning of the financial year | | | |
| | | 24,323,349 | 28,514,193 |
| Cash and cash equivalents at the end of the financial year | 17(b) | 24,600,560 | 24,323,349 |

The accompanying notes on pages 36 to 60 form part of this financial statement.

Notes to the financial statements for the financial year ended 30 June 2019

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- 3 Trade and other receivables
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- 7 Intangible assets
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1. Summary of accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Basis of preparation of the financial report

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared on an accrual basis and are based on historical cost modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair-value basis of accounting has been applied.

In the application of standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed throughout the notes in the financial statements.

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019; the comparative information presented in these financial statements is for the year ended 30 June 2018.

Accounting policies

1(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments held for the purpose of meeting short-term cash commitments.

1(b) Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

1(c) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits are categorised between current and non-current on the basis of the employees' right to access entitlements. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits that are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

1(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of cash flows on a net basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1(e) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1(f) Impairment of assets

Assets are assessed annually for indications of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to profit or loss except to the extent that the write-down can be debited to an asset revaluation reserve (as other comprehensive income) amount applicable to that specific asset.

The recoverable amount for assets is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

1(g) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items at reporting date are translated at the exchange rate existing at reporting date.

Exchange differences are recognised in profit or loss in the period in which they arise.

1(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer all the substantial risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits derived from the leased property. As set out in Note 21, the Company will adopt the new accounting standard AASB 16 'Leases' in the coming financial year to 30 June 2020.

1(i) Financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date the Company makes an assessment where there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the profit or loss.

1(j) Revenue recognition

Project income is recognised as revenue when the Company satisfies its performance obligations under the relevant contracts. In most of the Company's projects, the performance obligations are satisfied over time, using input methods.

Subscription revenue is recognised evenly across the period of the subscription.

Interest revenue is recognised on a time-proportionate basis that takes into account the effective yield on the financial asset.

Income from the sale of goods and the disposal of other assets is recognised when the Company has passed control of the goods or other assets to the buyer.

Royalty income is recognised as earned.

Income of \$689,027 (2018: \$535,314) from the contract to manage the edu.au domain registry is recognised on a cash basis.

1(k) Make-good provision

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The Company holds lease agreements to occupy premises at levels 5 and 6, 440 Collins Street, Melbourne and level 3, 31 Pelham, Carlton. These leases contain clauses to make-good on the Company vacating the premises. These costs include the costs of dismantling and removing an asset and restoring the site on which the asset was created, together with recognition of a provision at present value in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'.

1(l) Non-current physical assets

Plant and equipment are measured at cost less depreciation and impairment losses.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the recoverable amount, and impairment losses are recognised in the profit or loss. A formal assessment of recoverable amount is made when the impairment indicators are present. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the asset's employment and subsequent disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are consumed.

1(m) Depreciation

Depreciation is provided on plant and equipment and leasehold improvements. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

| | 2019 | 2018 |
|------------------------|----------|----------|
| Leasehold improvements | 10 years | 10 years |
| Plant and equipment | 3 years | 3 years |
| Fixtures and fittings | 10 years | 10 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

1(n) Intangible assets

Intangible assets are carried at cost less accumulated amortisation. Amortisation is recognised on a straight-line basis over their estimated useful life.

The following estimated useful life is used in the calculation of amortisation:

| | 2019 | 2018 |
|-------------------|---------|---------|
| Business software | 5 years | 5 years |

The assets' residual value and useful life is reviewed, and adjusted if appropriate, at each reporting date.

1(o) Income tax

The Company has received endorsement as an income-tax-exempt charity under Subdivision 50-B of the *Income Tax Assessment Act 1997*, and accordingly no income tax has been paid or provided for in these accounts.

1(p) Grants in advance

The Company invoices in advance of project work and recognises associated revenue as the performance obligations under the relevant contracts are satisfied. The Company invoices in advance for subscriptions to products and services over a period and associated revenue is recognised evenly over the period to which the subscription relates.

At 30 June 2019 amounts shown as other liabilities represent the unrecognised revenue for projects invoiced or received in advance and for future subscription activities. It is possible that on completion of project work, balances that have not been fully expended could be returned to clients dependent on the particulars of the specific client contracts.

1(q) Critical accounting estimates and judgements

Estimates and judgements incorporated in the financial statements are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the Company.

Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts are incorporated where appropriate. No indicators of impairment were noted at reporting date.

Key judgements – allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Key judgements – make-good provision

On 1 February 2017, the Company commenced a lease agreement for levels 5 and 6, 440 Collins Street, Melbourne. The lease agreement states an agreed make-good figure. This figure was used as the basis for the provision shown in the statement of financial position. The make-good provision for the level 3, 31 Pelham Street, Carlton, Melbourne premise is based on an amount that has been agreed with the Landlord.

1(r) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest dollar.

2. Results from operations

2(a) Revenue

| | 2019 \$ | 2018 \$ |
|---|-------------------|-------------------|
| Project income | 32,989,764 | 27,615,139 |
| Subtotal – project income | 32,989,764 | 27,615,139 |
| Schools Cataloguing Information Service subscriptions | 3,480,925 | 3,338,457 |
| Myfuture subscriptions | 1,216,651 | 444,443 |
| Other subscriptions and services | 1,311,370 | 843,059 |
| Subtotal – revenue from subscriptions and services | 6,008,946 | 4,625,959 |
| Royalties | 40,724 | 53,508 |
| Interest | 905,041 | 757,469 |
| Other | 83,697 | 327,128 |
| Subtotal – other income | 1,029,462 | 1,138,105 |
| Total revenue | 40,028,172 | 33,379,203 |

2(b) Expenditure

The net result has been arrived at after charging the following items:

| | 2019 \$ | 2018 \$ |
|--|---------------------|---------------------|
| Project expenses | (20,082,623) | (16,089,981) |
| Subscription expenses | (954,954) | (825,706) |
| Employee benefit expenses | (13,973,333) | (12,525,807) |
| Depreciation and amortisation expenses | (375,586) | (615,496) |
| Administration and secretariat expenses | (1,995,180) | (1,759,245) |
| Occupancy expenses | (1,102,722) | (982,518) |
| IT maintenance and services expenses | (878,330) | (633,691) |
| Total expenditure | (39,362,728) | (33,432,444) |
| Surplus / (Deficit) from operations | 665,444 | (53,241) |

3. Trade and other receivables

| | 2019 \$ | 2018 \$ |
|--|-------------------|-------------------|
| Current | | |
| Project receivables | 11,760,286 | 16,438,680 |
| Other receivables | 138,220 | 320,933 |
| Allowance for expected credit losses | (18,231) | (21,206) |
| Total trade and other receivables | 11,880,275 | 16,738,407 |
| Allowance for expected credit losses movement | | |
| Balance at beginning of the financial year | (21,206) | (15,909) |
| Reduction / (increase) in allowance | 2,975 | (5,297) |
| Balance at end of the financial year | (18,231) | (21,206) |

At 30 June 2019 all amounts shown as trade and other receivables are considered to be short term, with the carrying values a reasonable approximation of the fair value.

4. Financial assets

| | 2019 \$ | 2018 \$ |
|---------------------------------------|-------------------|-------------------|
| Current | | |
| Term Deposits - amortised | 23,200,000 | 20,900,000 |
| Total current financial assets | 23,200,000 | 20,900,000 |

In accordance with its Reserves and Investment Policy, the company invests funds not required to meet short-term operating commitments in Term Deposits with major Australian banks. At 30 June 2019, \$9,000,000 of these Term Deposits were due to mature within three months, at which point they were rolled over for a further period.

5. Other assets

| | 2019 \$ | 2018 \$ |
|---------------------------|----------------|----------------|
| Current | | |
| Prepayments | 585,307 | 343,855 |
| Accrued revenue | 236,018 | 261,058 |
| Total other assets | 821,325 | 604,913 |

6. Property, plant and equipment

| | 2019 \$ | 2018 \$ |
|--|----------------|----------------|
| Leasehold improvements at cost | 2,532,390 | 2,522,504 |
| Accumulated depreciation and amortisation | (2,524,334) | (2,522,504) |
| Total | 8,056 | – |
| Fixtures and fittings at cost | 396,849 | 387,951 |
| Accumulated depreciation | (338,821) | (327,359) |
| Total | 58,028 | 60,592 |
| Plant and equipment at cost | 3,675,341 | 3,472,137 |
| Accumulated depreciation | (3,173,115) | (3,194,593) |
| Total | 502,226 | 277,544 |
| Total property, plant and equipment | 568,310 | 338,136 |

| Movement in carrying amounts | Leasehold improvements \$ | Fixtures and fittings \$ | Plant and equipment \$ | Total \$ |
|--|---------------------------------|--------------------------------|------------------------------|----------------|
| Balance at beginning of year 1 July 2017 | 96,421 | 72,216 | 249,743 | 418,380 |
| Additions | – | – | 117,363 | 117,363 |
| Depreciation expense | (96,421) | (11,624) | (89,562) | (197,607) |
| Carrying amount at end of year 30 June 2018 | – | 60,592 | 277,544 | 338,136 |
| Balance at beginning of year 1 July 2018 | – | 60,592 | 277,544 | 338,136 |
| Additions | 9,886 | 8,898 | 362,068 | 380,852 |
| Disposals | – | – | – | – |
| Depreciation expense | (1,830) | (11,462) | (137,386) | (150,678) |
| Carrying amount at end of year 30 June 2019 | 8,056 | 58,028 | 502,226 | 568,310 |

7. Intangible assets

| | 2019 \$ | 2018 \$ |
|---|----------------|------------------|
| Intangibles in progress | – | 1,000,095 |
| Business software at cost | 4,858,811 | 3,817,979 |
| Accumulated amortisation | (3,987,829) | (3,762,921) |
| Total intangible assets | 870,982 | 1,055,153 |
| Movement in carrying amounts | | |
| Balance at beginning of the financial year | 1,055,153 | 958,582 |
| Additions | 40,737 | 514,460 |
| Amortisation expense | (224,908) | (417,889) |
| Carrying amount at the end of the financial year | 870,982 | 1,055,153 |

8. Trade and other payables

| | 2019 \$ | 2018 \$ |
|---------------------------------------|------------------|------------------|
| Current | | |
| Trade and other payables | 3,252,362 | 4,251,892 |
| Total trade and other payables | 3,252,362 | 4,251,892 |

At 30 June 2019 all amounts shown as trade and other payables are considered to be short term, with the carrying values a reasonable approximation of the fair value.

9. Other liabilities

| | 2019 \$ | 2018 \$ |
|-----------------------------------|-------------------|-------------------|
| Current | | |
| Project funds in advance | 35,007,152 | 37,031,452 |
| Subscriptions received in advance | 2,357,034 | 2,366,769 |
| Total other liabilities | 37,364,186 | 39,398,221 |

10. Provisions

| | 2019 \$ | 2018 \$ |
|--|------------------|------------------|
| Current | | |
| Employee benefits – annual leave | 896,733 | 811,730 |
| Employee benefits – long service leave | 1,007,298 | 586,958 |
| Employee benefits – salaries and wages | 463,109 | 492,150 |
| Total current provisions | 2,367,140 | 1,890,838 |
| Non-current | | |
| Employee benefits – long service leave | 141,395 | 268,082 |
| Make good on premises | 189,152 | 189,152 |
| Total non-current provisions | 330,547 | 457,234 |
| Total provisions | 2,697,687 | 2,348,072 |

11. Reserves

| | 2019 \$ | 2018 \$ |
|---|------------------|------------------|
| Capital reserve | | |
| Balance at beginning of the financial year | 5,100,000 | 3,700,000 |
| Transfer from other contributed equity | – | 1,400,000 |
| Balance at end of the financial year | 5,100,000 | 5,100,000 |

As a company limited by guarantee, Education Services Australia has no formal issued capital and therefore must fund its capital requirements from retained earnings. During the previous financial year the Directors resolved to increase the capital reserve, to reflect their expectations of the current and future needs of the Company. The increase was achieved by combining the existing capital reserve and other contributed equity. As set out in the statement of changes in equity, the balance of the other contributed equity was transferred to retained earnings.

12. Lease commitments

Operating leases

Operating leases relate to the tenancies at levels 5 and 6 at 440 Collins Street Melbourne and level 3 at 31 Pelham Street Carlton. The facilities have remaining lease terms of less than 5 years. The Company does not have an option to purchase the leased asset at the expiry of the lease period. As set out in Note 21, the Company will adopt the new accounting standard AASB 16 'Leases' in the coming financial year to 30 June 2020.

| | 2019 \$ | 2018 \$ |
|--|------------------|------------------|
| Non-cancellable operating leases | | |
| Not longer than 1 year | 905,851 | 705,981 |
| Longer than 1 year and not longer than 5 years | 1,320,587 | 1,825,468 |
| Total non-cancellable operating leases | 2,226,438 | 2,531,449 |

13. Members' guarantee

The Company is limited by guarantee, with only one class of member, and nine members. Each member undertakes to contribute to Company assets in the event of the Company being wound up while the person is a member, or within one year of the person ceasing to be a member. Amounts may be required not exceeding one hundred dollars (\$100) per member.

14. Remuneration of Directors and executives

Directors are remunerated for their services providing the Directors are not prohibited from receiving such remuneration as a result of employment conditions with their own employers (not Education Services Australia Limited).

| | 2019 \$ | 2018 \$ |
|---|------------------|------------------|
| Remuneration | | |
| Short-term employee benefits – executives | 1,802,622 | 1,900,050 |
| Termination - benefits - executives | 63,115 | 50,769 |
| Directors' remuneration | 142,448 | 145,521 |
| Total remuneration of Directors and executives | 2,008,185 | 2,096,340 |

15. Remuneration of auditors

| | 2019 \$ | 2018 \$ |
|-----------------------------------|---------------|---------------|
| Remuneration | | |
| Audit of the financial report | 52,500 | 51,500 |
| Other audit services | 16,000 | 6,000 |
| Other non-assurance services | 4,515 | 7,700 |
| Total auditor remuneration | 73,015 | 65,200 |

16. Subsequent events

There were no subsequent events.

The financial report was authorised for issue by the Board of Directors on the 11th day of October 2019.

17. Notes to the statement of cash flows

17(a) Reconciliation of net result for the year to net operating cash flows

| | 2019 \$ | 2018 \$ |
|--|------------------|--------------------|
| Surplus / (Deficit) for the year | 665,444 | (53,241) |
| Reclassify interest as investing cashflow | (871,879) | (963,850) |
| Depreciation and amortisation expenses | 375,586 | 615,496 |
| Net result after adjustments | 169,151 | (401,595) |
| Changes in net assets and liabilities | | |
| (Increase) or decrease in assets | | |
| Trade and other receivables | 4,858,132 | (5,876,402) |
| Other assets | (216,412) | 54,290 |
| Increase or (decrease) in liabilities | | |
| Trade and other payables | (999,530) | 855,749 |
| Other liabilities | (2,034,035) | 1,133,393 |
| Current provisions | 476,302 | 69,548 |
| Non-current provisions | (126,687) | 37,482 |
| Net cash provided by / (used in) operating activities | 2,126,921 | (4,127,535) |

17(b) Cash and cash equivalents

| | 2019 \$ | 2018 \$ |
|--|-------------------|-------------------|
| Cash at bank | 24,600,560 | 24,323,349 |
| Total cash and cash equivalents | 24,600,560 | 24,323,349 |

18. Related party transactions

The Australian Government education department and also every state and territory government education department, through the single Australian Education Senior Officials Committee (AESOC) nominee, are represented on the Company's Board. These governments can therefore exert significant influence over the Company. Of the Company's total revenue, 94 per cent (2018: 93 per cent) was earned from government departments. All transactions relating to organisations in which Directors are employed are completed at arm's length and Directors cannot personally benefit from these transactions.

In addition, the Australian Government education minister is one of nine members of Education Services Australia, including the state and territory ministers, and is also the sole member of the Australian Assessment and Reporting Authority (ACARA) and of the Australian Institute for Teaching and Schools Leadership (AITSL).

Of the Company's total revenue, 0.1 per cent (2018: 0.2 per cent) was earned from ACARA and AITSL combined.

19. Contingent liabilities

The Company has provided a registered mortgage debenture over its assets in respect of security on the leasehold properties at levels 5 and 6 at 440 Collins Street Melbourne.

| | 2019 \$ | 2018 \$ |
|--|----------------|----------------|
| Bank guarantee – tenancy lease Collins St, Melbourne | 700,000 | 700,000 |
| Total contingent liabilities | 700,000 | 700,000 |

20. Financial instruments

20(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

20(b) Categorisation of financial instruments

| | Note | Category | Carrying amount 2019 \$ | Carrying amount 2018 \$ |
|------------------------------|------|---|-------------------------------|-------------------------------|
| Financial assets | | | | |
| Receivables | 3 | Receivables (at amortised cost) | 11,880,275 | 16,738,407 |
| Financial assets | 4 | Term Deposits (at amortised cost) | 23,200,000 | 20,900,000 |
| Financial liabilities | | | | |
| Payables | 8 | Trade and other payables (at amortised cost) | 3,252,362 | 4,251,892 |

20(c) Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables, and Term Deposits. The Company's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Company. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Company's financial assets is minimal because the main debtors are government instrumentalities. For debtors other than government, it is the Company's policy to request payment in advance of services being provided.

Provision of impairment for financial assets is calculated based on past experience, and current and expected changes in client credit ratings.

The carrying amount of financial assets recorded in the financial statements net of any allowances for losses represents the Company's maximum exposure to credit risk.

20(d) Financial assets that are either past due or impaired

Currently, the Company does not hold any collateral as security or credit enhancements relating to any of its financial assets.

As at the reporting date, the Company had an allowance for expected credit losses amounting to \$18,231 (2018: \$21,206). All other receivables are expected to be collected in full.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following tables disclose the ageing of financial assets that are past due.

Ageing analysis of financial assets

| | Not past due and not impaired \$ | Past due but not impaired \$ | | | Impaired financial assets \$ | Total \$ |
|-------------------------------|-------------------------------------|---------------------------------|---------------|----------------|---------------------------------|-------------------|
| | | less than 1 month | 1–3 months | 3–12 months | | |
| 2019 | | | | | | |
| Receivables | | | | | | |
| Project receivables | 4,579,691 | 7,043,273 | 66,248 | 71,074 | - | 11,760,286 |
| Other receivables | 113,241 | 6,588 | 160 | - | 18,231 | 138,220 |
| Other financial assets | | | | | | |
| Term Deposits | 23,200,000 | | | | | 23,200,000 |
| Total | 27,892,932 | 7,049,861 | 66,408 | 71,074 | 18,231 | 35,098,506 |
| 2018 | | | | | | |
| Receivables | | | | | | |
| Project receivables | 8,335,602 | 7,913,586 | 62,226 | 127,266 | - | 16,438,680 |
| Other receivables | 109,337 | 45,351 | 31,543 | 113,496 | 21,206 | 320,933 |
| Other financial assets | | | | | | |
| Term Deposits | 20,900,000 | | | | | 20,900,000 |
| Total | 29,344,939 | 7,958,937 | 93,769 | 240,762 | 21,206 | 37,659,613 |

20(e) Liquidity risk

Liquidity risk arises when the Company is unable to meet its financial obligations as they fall due. The Company operates under a policy of settling financial obligations within 30 days and, in the event of a dispute, makes payment within 30 days from the date of resolution. The Company has a policy of retaining funds equivalent to six months of fixed operating cost plus working capital. The Company's capital reserve of \$5,100,000 represents the working capital requirements.

The Company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from the liquidation of Term Deposits.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

Maturity analysis of financial liabilities

| | Not past due \$ | Maturity dates \$ | | | Total \$ |
|------------------------------|--------------------|----------------------|--------------|---------------|------------------|
| | | less than 1 month | 1–3 months | 3–12 months | |
| 2019 | | | | | |
| Financial liabilities | | | | | |
| Payables | 2,475,036 | 755,628 | 3,046 | 18,652 | 3,252,362 |
| Total | 2,475,036 | 755,628 | 3,046 | 18,652 | 3,252,362 |
| 2018 | | | | | |
| Financial liabilities | | | | | |
| Payables | 4,130,031 | 31,461 | – | 90,400 | 4,251,892 |
| Total | 4,130,031 | 31,461 | – | 90,400 | 4,251,892 |

20(f) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect the future cash flows or the fair values of the fixed-rate financial instruments. The Company's exposure to interest rate risk and effective weighted-average interest rate by maturity is set out in the following tables.

Interest rate exposure analysis of financial assets

| | Interest rate* % | Carrying amount \$ | Interest rate exposure \$ | | |
|-------------------------------|---------------------|--------------------------|------------------------------|---------------------------|-------------------------|
| | | | Fixed interest rate | Variable interest rate | Non-interest bearing |
| 2019 | | | | | |
| Cash | | | | | |
| Cash and cash equivalents | 1.64 | 24,600,560 | – | 24,600,560 | – |
| Receivables | | | | | |
| Project receivables | – | 11,760,286 | – | – | 11,760,286 |
| Other receivables | – | 119,989 | – | – | 119,989 |
| Other financial assets | | | | | |
| Term Deposits | 1.76 | 23,200,000 | 23,200,000 | – | – |
| Total | | 59,680,835 | 23,200,000 | 24,600,560 | 11,880,275 |
| 2018 | | | | | |
| Cash | | | | | |
| Cash and cash equivalents | 1.84 | 24,323,349 | – | 24,323,349 | – |
| Receivables | | | | | |
| Project receivables | – | 16,438,680 | – | – | 16,438,680 |
| Other receivables | – | 299,727 | – | – | 299,727 |
| Other financial assets | | | | | |
| Term Deposits | 2.23 | 20,900,000 | 20,900,000 | – | – |
| Total | | 61,961,756 | 20,900,000 | 24,323,349 | 16,738,407 |

* Weighted-average effective interest rate.

Interest rate exposure analysis of financial liabilities

| | Interest rate* % | Carrying amount \$ | Interest rate exposure \$ | | |
|------------------------------|---------------------|--------------------------|------------------------------|---------------------------|-------------------------|
| | | | Fixed interest rate | Variable interest rate | Non-interest bearing |
| 2019 | | | | | |
| Financial liabilities | | | | | |
| Payables | – | 3,252,362 | – | – | 3,252,362 |
| Total | – | 3,252,362 | – | – | 3,252,362 |
| 2018 | | | | | |
| Financial liabilities | | | | | |
| Payables | – | 4,251,892 | – | – | 4,251,892 |
| Total | – | 4,251,892 | – | – | 4,251,892 |

* Weighted-average effective interest rate.

The following table sets out the Company's sensitivity to interest rate change and market changes, holding all other variables constant. A sensitivity of 200 basis points has been selected as the interest rate change that is reasonable given the current level of both short-term and long-term Australian interest rates.

Market risk exposure

| | Carrying amount \$ | Interest rate risk | | | |
|----------------------------------|--------------------------|---------------------------|------------------|--------------------------|----------------|
| | | –2.00% (200 basis points) | | 2.00% (200 basis points) | |
| | | Net result | Equity | Net result | Equity |
| 2019 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 24,600,560 | (492,011) | (492,011) | 492,011 | 492,011 |
| Total increase/(decrease) | | (492,011) | (492,011) | 492,011 | 492,011 |
| 2018 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 24,323,349 | (486,467) | (486,467) | 486,467 | 486,467 |
| Total increase/(decrease) | | (486,467) | (486,467) | 486,467 | 486,467 |

20(g) Fair value

The fair values and net fair values of financial assets and financial liabilities are determined as the fair value of financial assets and financial liabilities with standard terms and conditions, and when traded in active liquid markets are determined with reference to quoted market prices.

The Company considers the carrying amount of financial assets and financial liabilities recorded in the financial statements to be a fair approximation of their fair values because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

21. Adoption of new and revised accounting standards

Accounting standards adopted during the financial year

The Company has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, which are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance of the Company.

AASB 9 Financial Instruments – effective date 1 July 2018

The Company has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income (OCI). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New impairment requirements use an 'expected credit loss' (ECL) model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Accounting standards to be adopted in the next financial year

The Company has not adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory for the reporting period ending 30 June 2019. The extent of the impact of adopting these standards from 1 July 2019 has been disclosed below.

AASB 16 Leases – effective date 1 July 2019

The Company will adopt AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities will be recognised in the statement of financial position. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the leases under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will improve as the operating expense will be replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion will be disclosed in operating activities and the principal portion of the lease payments will be separately disclosed in financing activities. For lessor accounting, the standard will not substantially change how a lessor accounts for leases.

The Company has completed a detailed assessment of the impact of AASB 16. Based on the assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have a material impact on the leased assets and financial liabilities on the balance sheet which are expected to increase by approximately \$1m and \$1.2m respectively (based on the facts at the date of the assessment).

AASB 15 Revenue from Contracts with Customers – effective date 1 July 2019

The Company will adopt AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that the Company shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The standard introduces a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk will be presented separately as an expense rather than adjusted against revenue. Contracts with customers will be presented in the Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract will, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The adoption of this standard is not expected to have a significant impact on the financial performance or position of the Company. **AASB 1058 Income of Not-for-Profit Entities** – effective date 1 July 2019.

The Company will have adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the Company to further its objectives. For transfers of financial assets to the Company which enable it to acquire or construct a recognisable non-financial asset, the Company must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the Company satisfies its performance obligation. If the transaction does not enable the Company to acquire or construct a recognisable non-financial asset to be controlled by the Company, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit Company can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

The adoption of this standard is not expected to have a significant impact on the financial performance or position of the Company.

22. Company details

The Company's registered office is level 5, 440 Collins Street, Melbourne. The Company operates its business from level 5, 440 Collins Street, Melbourne and level 3, 31 Pelham Street, Carlton, Melbourne.

Directors' declaration



The Directors declare that:

1. The financial statements and notes for Education Services Australia Limited as set out in pages 32 to 60 of this *Annual Report 2018-19* have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - a. giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
 - b. complying with the Australian Accounting Standards (Including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulation 2013*.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Ms Diane Joseph
Chair of the Board of Directors
Education Services Australia Limited

Dated this 11th day of October 2019

Auditor's report



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Independent Auditor's Report

To the Members of Education Services Australia Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Education Services Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' Declaration.

In our opinion, the financial report of the Education Services Australia Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act), including:

- a giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Report and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

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

A handwritten signature in blue ink that reads "Grant Thornton".

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature in blue ink that reads "S C Trivett".

S C Trivett
Partner – Audit & Assurance

Melbourne, 11 October 2019

APPENDIXES



Appendix 1: Letter of Expectation for 2018–19 and 2019–20



Ms Diane Joseph
Chair
Education Services Australia Ltd
Level 5, 440 Collins Street
Melbourne VIC 3000

Dear Chair

EDUCATION SERVICES AUSTRALIA - LETTER OF EXPECTATION FOR 2018-19 & 2019-20

I am writing on behalf of the Council of Australian Governments' (COAG) Education Council (the Council), as company owners of Education Services Australia Ltd (ESA), to set out the Council's priorities and expectations for ESA during the 2018-19 and 2019-20 financial years.

PURPOSE

This Letter of Expectation outlines the roles and responsibilities of ESA and sets out the Council's high-level performance expectations and strategic priorities for the company. It is reviewed biennially and updated, as required. It builds on previous Letters of Expectation.

This Letter of Expectation should inform the development of ESA's corporate and strategic planning. All annual reporting from ESA should be consistent with this letter.

CONTEXT

This Letter of Expectation is developed within the following context that informs the work priorities of ESA.

The Council is responsible for progressing national education and early childhood reforms including the development and delivery of NAPLAN Online, promoting quality teaching and school leadership, promoting improved outcomes for Indigenous students, and improving quality in early childhood education and care.

ESA has an important role in supporting the development and delivery of Council reforms as a leading service provider for the education sector in Australia. It also supports the three other Council ministerial companies and authorities (the Australian Curriculum, Assessment and Reporting Authority, the Australian Institute for Teaching and School Leadership, and the Australian Children's Education & Care Quality Authority) in their work.

Given the Council's scope, ESA should also take the opportunity to offer its services, where appropriate, to the higher education and vocational education and training sectors and explore areas of intersection between the education and early childhood sectors in progressing priority work. ESA should also foster opportunities, where relevant, to contribute to the Council's objective to reduce or remove regulatory burden, wherever possible, on individuals, early childhood and school community organisations, education institutions and business.

OPERATING PRINCIPLES

The Council expects ESA to operate in accordance with the following five principles:

- **Innovation and quality:** ESA should deliver high-quality and innovative products and services to meet the requirements of the education sector in implementing the broader reform agenda.
- **Engagement:** ESA should engage closely with all jurisdictions, systems, the bodies that comprise the national education architecture, and where appropriate, individual providers, in the education sector to determine the sector's requirements as consumers and to ensure that ESA products and services are aligned with these requirements and do not replicate existing service delivery offered by jurisdictions.
- **Leveraging existing capital:** Wherever possible, ESA should work to leverage existing investment in resources, tools and infrastructure that is either owned nationally or by states or territories, and existing knowledge, expertise and capacity in jurisdictions and the non-government education sector, where practical and mutually beneficial.
- **Efficiency:** ESA should ensure products and services are cost-effective and delivered competitively and in a timely manner. In developing products and services ESA should consider, where possible, hosting and maintenance arrangements that support long term sustainability.
- **Sustainability:** ESA should continue to build its capability to ensure its continued financial viability into the future, such as proactive exploration of business opportunities across all sectors of education and related industries.

In performing its functions, ESA will:

- ensure it acts in accordance with the decisions of the Council.
- progress advice to the Council in accordance with protocols, procedures and/or arrangements agreed to by the Council, or the Australian Education Senior Officials Committee (AESOC) on behalf of the Ministerial Council, from time to time.

WORK PRIORITIES

In providing support for the national initiatives in this Letter, the Council expects that ESA works in the four priority areas identified under the ESA Company Objects, in line with the operating principles listed above. These are:

- i. researching, testing and developing effective and innovative ICT systems and tools for education, in line with national eLearning initiatives
- ii. devising, developing and delivering curriculum and assessment, professional development and career and information support services, consistent with the work of ACARA, AITSL, states, territories and other key stakeholders
- iii. facilitating the pooling, sharing and distribution of knowledge, resources and services to support and promote eLearning, across jurisdictions, sectors and internationally, and
- iv. ensuring access to quality assured systems and content and interoperability between individuals, entities and systems.

KEY PROJECTS & OUTPUTS

Development of an Online National Assessment Platform

The development of an online national assessment platform (the platform) was a key component of the 2016-2018 Letter of Expectation. That letter outlined that ESA was to prioritise the development of the platform to deliver, in the first instance, NAP Civics and Citizenship online in 2016 and NAPLAN online in 2017 (revised to 2018), with provision for other systemic assessment (subject to states and territories making modifications to enable this to be delivered via the platform) and provision for classroom assessment in the future, subject to further funding.

The Council expects that ESA continues, as a key priority, to work on the maintenance and further development of the platform to support the transition to online assessment and continue to work collaboratively with ACARA and AITSL to develop a proposal for formative assessment.

In undertaking this work, ESA must operate within the governance arrangements, implementation timeframes and models agreed by the Council, including working co-operatively with the Online Assessment Working Group and the Project Management Office established to co-ordinate the effective transition to the delivery of NAPLAN online. ESA must also utilise the National Schools Interoperability Program (NSIP) in ensuring interoperability issues are considered and managed and work within the *Privacy Act (Cth)* (1988) and relevant state and territory privacy legislation.

In relation to the online national assessment platform ESA is expected to:

- complete platform infrastructure development - specifically development of a low/no bandwidth solution; the Longitudinal Data Store; and development of any functional enhancements (change requests) as identified, prioritised and approved by OAWG
- facilitate and participate in all testing events planned in support of reaching successful transition of all schools to NAPLAN Online by 2020, including School and Platform Readiness Testing, Practice Tests and Program Health Checks
- continue to undertake security, disaster recovery and load testing and maintain Australian Signals Directorate certification of the platform
- undertake licensing, hosting, support and maintenance activities.

National Online Learning Services for Australian Teachers, Students and Parents

The Council expects that, subject to availability of funding, ESA will continue to host and maintain the National Online Learning Services (NOLS), including the national digital resources repository, Scootle, and back-end application services including technical infrastructure, intellectual property, help desk, and technical, accessibility and metadata standards. The Council notes that ESA will develop advice for AESOC on options for transitioning NOLS to a format that will support the development and implementation of formative assessment.

myfuture Career Information Service

ESA will continue to manage, host and develop the *myfuture* online career information and exploration service and seek opportunities for further development through paid subscription arrangements.

Formative Assessment

ESA will work with ACARA and AITSL to support Council's consideration of a model of online formative assessment for Australian schools.

School Survey System

The Australian Government supported the School Survey system until 30 June 2015. The Council notes that ESA has maintained and supported the School Survey system since this time (which includes the Ministerially-agreed national parent and student opinion items) through consultation with the Data Strategy Group and further funding from Western Australia, South Australia, the Australian Capital Territory, the Northern Territory and Tasmania. It is expected ESA will continue to work with participating jurisdictions and schools.

Development of the Nationally Consistent Collection of Data on School Students with Disability (NCCD) Portal

In April 2017, Council agreed in principle the proposed new strategies that the Joint Working Group to Provide Advice on Reform for Students with Disability (Joint Working Group) will take to improve the quality and consistency of the NCCD in future years. These strategies included the establishment of a single national website which consolidates all information relating to the NCCD, Disability Discrimination Act (Cth) 1992, and the Disability Standards for Education 2005.

As you are aware, in May 2018, ESA was awarded a grant as part of the Australian Government's \$20 million NCCD Continuous Improvement Package to develop and deliver an online NCCD Portal that would provide a single source of information and professional learning resources at the national level for school principals, teachers, support staff, parents and carers. The aim of the Portal is to improve the quality of the NCCD by ensuring that school teams can access the information they need to apply the data collection model correctly and make evidence-based decisions when completing the NCCD.

The Council expects that ESA will work, as a key priority, on the development of the NCCD Portal to deliver on this objective ahead of the 2019 collection cycle. In undertaking this work, ESA must work co-operatively with the Joint Working Group.

National Schools Interoperability Program (NSIP)

ESA is expected to provide interoperability support for:

- the implementation of NAPLAN Online and the development of nationally consistent processes and systems to support the evidence and data sharing being developed through the Data Strategy Group
- jurisdictional projects jointly funded by states, territories and the Australian Government.

Support for ACARA and AITSL

Collaboration between the bodies comprising the national education architecture is essential for the effective and efficient delivery of COAG and Council priorities. The Council acknowledges the collaborative environment that has been established by ESA in its work to support ACARA and AITSL.

Australian Government Funded Projects

The Council notes that ESA is engaged by the Australian Government to undertake specific projects and activities to support national initiatives and acknowledges that, while the Council does not have governance responsibility for these projects, they are integral to the achievement of the Council's remit.

The Council expects ESA to undertake this work within the context of the principles and four priority areas identified in this Letter of Expectation. This work includes supporting:

- the advancement of language learning in Australia through further national expansion of the **Early Learning Languages Australia** (ELLA) program in pre-schools and to trial ELLA in schools for students in Foundation to Year 2 in 2019 and 2020.
- all Australian schools to be learning communities that promote student wellbeing, safety and positive relationships that optimise wellbeing and learning outcomes. This will be delivered by the promotion of the Australian Student Wellbeing Framework and the development and promotion of educational resources on the Student Wellbeing Hub.
- the implementation of quality digital technologies programs and curriculum through further development of learning resources and services for teachers, students, school leaders and parents via the **Digital Technologies Hub**.
- prospective students, career advisors and employers to discover suitable training pathways by continuing to maintain and develop the **My Skills website** national directory of vocational education and training (VET) organisations and courses.

CORPORATE RESPONSIBILITIES

The Council expects that ESA will continue to undertake its following corporate responsibilities effectively and efficiently:

- acting as the legal entity for the Council as required.
- providing legal, human resource, financial and IT services as required to the Council Secretariat while ensuring that the essential independence of the Council Secretariat as set out in the Memorandum of Understanding between ESA and the Secretariat is maintained.
- providing support for the Education and Care Services Ombudsman, the National Education and Care Services Privacy Commissioner and the National Education and Care Services Freedom of Information Officer.
- ensuring that the development and delivery of products and services include Aboriginal and Torres Strait Islander content and perspectives, where appropriate, and that ESA includes this element of its work in its progress reports to the Council.
- undertaking the registration of domain names for education organisations in Australia.
- managing the Schools Cataloguing Information Service, and
- maintaining licensing and copyright for the national digital resource collection to ensure, where possible, open access to educational resources through Creative Commons licensing arrangements.

CONSULTATION WITH STAKEHOLDERS

In the development and implementation of its projects and activities, the Council considers it critical that ESA seeks to engage collaboratively with and gain support from key stakeholders, including bodies such as ACARA, AITSL, state, territory and Australian Government authorities, and the non-government education sector.

The Council acknowledges the valuable role ESA plays in providing cost-effective services to the Australian state, territory and national governments and other agencies given its not for profit status and its specialist educational ICT expertise.

A strong collaborative approach to service delivery will have benefits for both ESA and all parts of the education system with whom it engages. Formal consultation mechanisms such as project steering groups and project reference groups should be employed for this engagement and collaboration. ESA should also engage with the NSIP Steering Group to gain advice on interoperability aspects, public organisations active in the eLearning and digital resources space, cultural agencies and universities, and the broader eLearning industry, including providers of digital tools, resources and infrastructure, where appropriate.

REPORTING

The Council expects that ESA prepares an annual Work Plan that builds on this Letter of Expectation and details ESA's proposed relationships, services and engagements in relation to all relevant work. The Council expects that ESA reports against its Work Plan at least once per year (to coincide with scheduled Council meetings) or more frequently if requested by the Council, and that ESA consults with and is responsive to AESOC and relevant working groups.

The Council expects that ESA provides an Annual Report that outlines ESA's activities during the preceding financial year and how these relate to this Letter. The Annual Report should be provided no later than 31 October following each financial year unless otherwise agreed.

The Council expects that this Annual Report specifically includes:

- a report on consultation undertaken with states, territories and key education stakeholders regarding the sector's requirements and activities undertaken to meet these requirements
- detailed financial information
- progress against the program of work, and
- potential opportunities to leverage and build on existing work led by other key stakeholders and possible future areas of work to pursue to support the national reform agenda, subject to agreement by the Australian state, territory and national governments.

ESA must also provide a separate version of the Annual Report for the ESA website that provides a high-level update on the strategic and financial positions of ESA and its work. This Letter is also to be published on the ESA website.

FUNDING

The Council notes that, while ESA does not receive baseline operational funding from Council in the same way as ACARA and AITSL, it does rely on funding from Council for core national services, as well as for Council approved projects, which it is expected to deliver within the agreed funding commitments. The Council also expects ESA to seek opportunities for commissioned work and to provide products and services commercially.

It is expected that ESA will retain and build capacity to respond to opportunities provided by the Council, respective governments, ACARA, AITSL, ACECQA and other key stakeholders where appropriate.

CONCLUSION

The Council notes the significant achievements of ESA to date in effectively supporting the COAG education reform program, particularly its ongoing critical role in delivering national assessment reform in the schooling sector through development of the technical platform that will deliver NAPLAN and other assessments online. Council looks forward to ESA's reports on its operations in line with these expectations.

Yours sincerely



The Hon. John Gardner
Chair

18/12/18

Appendix 2

Enhancing our impact: Education Services Australia Strategic Plan 2018–2020

ESA's 2018–2020 strategic objective is to enhance our impact on Australia's education landscape by contributing to improved student outcomes, enhanced teacher impact and stronger school communities.

Over the next three years, ESA will focus on five interrelated strategic pillars that are enabled by three core capabilities and built on our shared values.

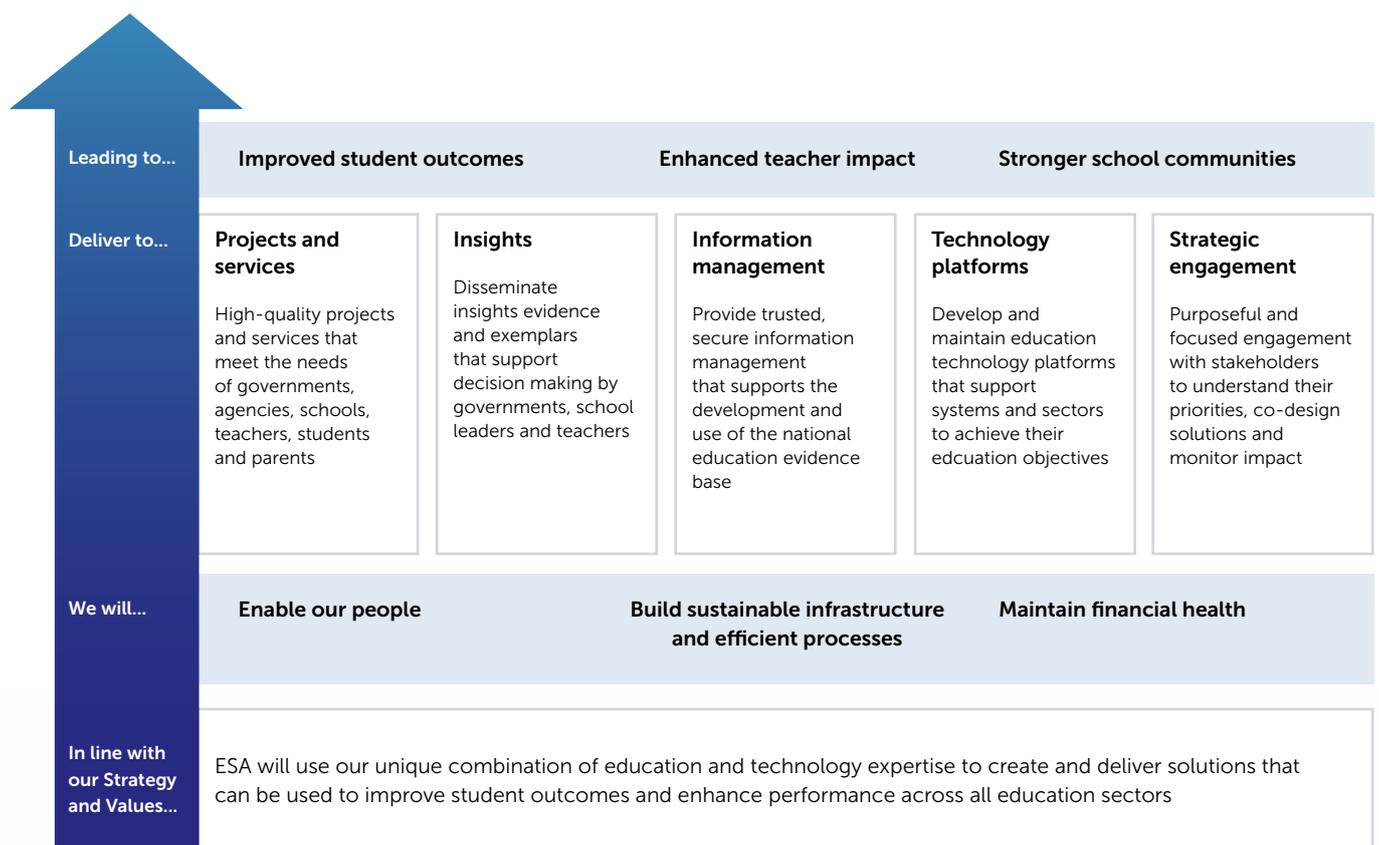


Figure 1: The ESA strategy

Our strategic statement

We will use our unique combination of education and technology expertise to create and deliver solutions that can be used to improve student outcomes and enhance performance across all education sectors.

Achieving educational excellence in Australian schools requires strategic initiatives delivered at a national scale that provide every Australian student in every school with the opportunity to reach their potential. As Australian education's national, cross-sector education technology provider, ESA has the relationships, capability and track record to take a leadership position in driving initiatives that achieve this goal.

ESA has demonstrated an ability to combine education and technology expertise to generate and deliver national solutions that further Australia's education reform agenda and meet the needs of stakeholders across all sectors.

Our strategic pillars

Five strategic pillars will provide support and strength for achieving our objectives and provide focus for strategy execution. Each strategic pillar builds on our core capabilities.

1. Deliver high-quality **projects and services**
2. Disseminate **insights** that support decision making
3. Provide leadership in education **information management**
4. Develop and maintain national education **technology platforms** that increase access and improve connectivity
5. **Strategically engage** stakeholders to establish partnerships that help achieve their goals

Our enabling plans

Our strategic pillars will be supported by three operational plans that:

1. **enable our people** to ensure that ESA's workforce is capable, productive and engaged and that ESA provides a safe workplace
2. **build sustainable infrastructure and efficient processes** to ensure that ESA manages and allocates resources efficiently and actively pursues environmentally and socially responsible business practices
3. **maintain our financial health** to ensure that the use and management of ESA's financial resources support the achievement of the company's objectives.

Measures of our success

We will measure the success of our strategic plan in terms of the impact we seek. ESA will have successfully executed its strategic plan if our strategic initiatives contribute to improved student outcomes, enhanced teacher impact and stronger school communities as a result of:

- use and impact of projects delivered on behalf of governments
- uptake of products and services offered by ESA
- use of ESA's shared platforms
- innovative solutions that result in greater efficiencies and effective use of resources
- enhanced approaches to national education information management.



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