

Education Services Australia
Annual report
2021–22

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From the Chair

On behalf of the Board, I am pleased to present the 2021-22 Annual Report for Education Services Australia.

Despite our staff working from home again for almost another whole year, ESA has continued to create and deliver technology-based solutions to improve education across Australia. This is due in large part to our staff's dedicated and productive application of their education and technology expertise.

Throughout this period of the global pandemic, the experience of jurisdictions, education sectors and educators reinforced the role ESA plays in promoting safe, effective and productive use of technology. Issues of equality and access have taken on new significance, as has the importance of online security and data governance.

This report details the breadth of initiatives, services and platforms where ESA continues to provide leadership. This includes the extraordinary success of the transition to NAPLAN Online in May 2022 with 4.27 million tests completed by students online; the introduction of the NAPLAN low- and no- bandwidth solution across three jurisdictions; as well as the increased use of ESA's suite of digital education resources.

The achievements outlined in this report are only possible through the hard work of many.

In particular, I thank our CEO, Andrew Smith, and his executive team for their leadership. I genuinely thank all ESA staff for their work in making sure the way technology is used in education does indeed advance learning. This report provides proof of the impact and value of their work.

Thank you to my fellow directors for the commitment of their time and expertise in order to ensure ESA is a successful, well governed, accountable and responsive organisation.

Lastly, I sincerely thank education ministers across Australia for the trust they continue to place in the Board and in ESA in delivering on their expectations.

A handwritten signature in blue ink, appearing to read "Diane Joseph". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Diane Joseph
Chair, Education Services Australia

From the CEO

As students, teachers and education leaders adapted to meet the challenges of the past year, I was again filled with pride at the commitment and creativity of ESA's staff. All staff responded to the challenges and continued to deliver of high-quality projects and services that meet the changing needs of our stakeholders.

Throughout the year, ESA's digital teaching and learning resources remained an important source of support for teachers. We saw continued growth in the number of teachers and parents accessing our collections of quality-assured, freely available resources.

In 2022, NAPLAN testing was conducted exclusively online for the first time, marking a significant milestone in the program and an achievement of which ESA and our partners can be proud. The success of this year's event was a testament to the skill and professionalism of the ESA team.

These and other achievements have been a result of the dedication and skill of ESA's talented team of staff. In 2022, the Voice Project recognised ESA as a Change Champion, a validation of our team's willingness to live our organisational values every day. I want to place on record my gratitude to the staff at ESA for their performance through what has been another challenging year.

As new opportunities in education technology emerge, ESA is well placed to respond in a way that ensures the delivery of projects and services that support improved student outcomes, enhanced teacher impact and stronger school communities.

I also want to acknowledge the trust that education ministers place in ESA. We are grateful to the ministers, their staff and their departments for their guidance and trust.

None of the achievements outlined in this report would be possible without the leadership and support of the ESA Board and, in particular, Diane Joseph, our Board Chair.

We look forward to working with all our stakeholders to build on our achievements as we strive to make a positive difference the lives and learning of young Australians.

Andrew Smith
CEO, Education Services Australia

About Education Services Australia

Purpose

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

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.

Our impact

In this report, we highlight some of the ways we are making a positive difference in the lives and learning of young Australians.

In 2021–22, as Australia's national cross-sector education technology provider, we leveraged our stakeholder relationships, our proven track record, and our unique combination of education and technology expertise to take a leadership position in driving initiatives and cementing our impact in Australian schools.

During this period, the COVID-19 pandemic continued to impact schools across Australia through learning disruptions and teacher shortages. We continued our commitment to increasing student outcomes, enhancing teacher impact and strengthening school communities by delivering high-quality education technology products and services that can be used in classrooms and at home.

By supporting our staff to continue their hybrid working environment through improved technology, we have continued to adapt to the times while finding new ways to work with our stakeholders to ensure they have the resources to succeed through this time.

Enhancing Our Impact

Supporting teaching and learning

Improving literacy skills for early years students

Launched in 2020, the phonics project aims to improve literacy outcomes in young learners through the Literacy Hub, Year 1 Phonics Check and Phonics Targeted Assistance Program (TAP) for disadvantaged primary schools.

Incorporating research evidence into practice

During 2021–22, TAP literacy coaches have worked one-on-one with 77 primary schools across Australia to create and implement targeted literacy improvement plans to improve student outcomes that are focused on evidence-based systematic synthetic phonics instruction.

Professional development on the science of language and reading has been delivered to 154 educators in 75 TAP schools, while professional development about how to best support struggling readers has been delivered to 286 educators in 64 TAP schools. The Literacy Hub has broadcast three webinars on the theory and practice of the 'Big Six' of reading, oral language development and phonological and phonemic awareness. An average of 93 per cent of attendees rated the webinars as good or excellent, and 44 per cent indicated the webinars would support them to use the evidence to inform the design of their lessons.

Incorporating classroom data into practice

In 2021–22, 370 schools have assessed 12,327 students through the Year 1 Phonics Check. Our TAP literacy coaches have supported teachers in developing the skills to collect and analyse classroom data using tools like the Year 1 Phonics Check, and to adapt their teaching practice in response to the data. A suite of practical classroom resources and documentation is available to TAP schools to support implementation.

Supporting student wellbeing

Building student resilience during times of uncertainty

School communities have experienced extraordinary changes over the last few years. By supporting teachers and students during this time of uncertainty and increasing awareness of the impact of the pandemic, we have helped school communities adjust during – and plan beyond – the pandemic.

This year, the Student Wellbeing Hub continued to support teachers, students, parents and carers through the pandemic by curating high-quality resources with a focus on wellbeing. Updated regularly and published on a dedicated COVID-19 page, these resources provided timely advice around topics such as managing stress, building resilience and preparing to return to school after lockdown.

The Student Wellbeing Hub team worked with community psychologist Dr Lyn O'Grady to develop a professional learning course aimed to equip teachers with the understanding of resilience and provide strategies to support students during this time. ['Building Student Resilience'](#) is a new online professional learning course developed for teachers, and is available for free on the Student Wellbeing Hub. The course consists of three self-paced modules and explores the latest research about resilience.

In the course, teachers learn how school communities have responded to the impact of the pandemic and other traumatic events such as the bushfires. The course provides tools to plan strategies ranging from the classroom to the whole-school environment to sustain resilient attitudes and practices. Since launching in June 2021, more than 400 teachers have completed one or more modules.

The Student Wellbeing Hub has also engaged principals and teachers through its live webinar program, with specially designed topics on supporting students' mental health as we re-adjust to living with COVID-19, delivered by Dr O'Grady.

- Supporting secondary students through lockdown and beyond.
- Supporting students' mental health: readjusting to living with COVID-19.

The Hub also presented webinars supporting a range of additional wellbeing topics, including the following:

- Relationship education for students with autism
- Respectful relationships education: sustaining a program over time
- What does school attendance tell us about how students feel about school?
- Olympics Unleashed: encouraging students to be the best version of themselves.

Supporting access and diversity

Supporting students with disability through the NCCD

In 2021–22, more than 326,500 users accessed the Nationally Consistent Collection of Data on School Students with Disability (NCCD) portal as a central source of information, resources and professional learning opportunities, and to report on their support provided to students with disability for the national schools' census. Our teams continue to develop new resources that target areas of need and build schools engagement with the NCCD.

Not all students with disability have formal diagnoses. In these cases, schools that have a reasonable belief that a disability exists, can impute disability. ESA has developed a series of advisory guides and an introductory animation to assist schools with this process. All students with a diagnosed or imputed disability receive learning adjustments to ensure they can access and participate in learning on the same basis as students without disability.

ESA has also hosted two successful webinars that focus on key issues for schools. The first, 'Imputing disability for the NCCD', was attended by over 600 participants and addressed the process of imputation and the role of evidence and family communication in supporting that process.

A second webinar, 'Moderation for the NCCD', attracted more than 450 participants in June 2022. This interactive webinar took participants through role plays of school-based moderation using case studies from the portal. Users observed the process before polling their decisions to compare to the outcomes of the recorded role plays.

The recorded versions of both webinars are published on the NCCD Portal and continue to attract viewers. In addition, the Portal has published 10 case studies to the existing collection of 60, illustrating across a range of disabilities, levels of adjustments and school settings.

School staff continue to use the NCCD portal to support their professional development in this space. Almost 89,200 educators and support staff have completed these courses this year.

ESA will be publishing an online course, NCCD for school leaders, to complement the existing e-learning courses. We will also publish a second series of the NCCD podcasts, with the focus of five episodes being

on imputing disability, with conversations ranging from parents and school perspectives through to distance education.

Reawakening language learning

Teaching resources to support the revival of the Noongar language in schools in south-west WA

ESA has been engaged by the Department of Education, Western Australia, to develop, in collaboration with Noongar people, a Noongar Language Program for Year 3 students.

Noongar people are the original inhabitants of the south-west region of WA, which represents one of the largest Aboriginal cultural blocs in Australia. The largest numbers of WA schools sit on Noongar Country, highlighting the significance of sharing Noongar language and culture with students, their families and the wider community.

The Noongar Language Program will develop teaching and learning materials to support public schools located on Noongar Country to provide opportunities for students to learn Noongar, an Aboriginal language that is being renewed by community Custodians. The program will use the Marribank Orthography and *Noongar Waangkiny: A learner's guide to Noongar* to capture the main dialects within three Noongar regions:

- Djiraly region (northern region)
- Kongal-marawar region (south-western region)
- Kongal-boyal region (south-eastern region)

The program will be taught to Year 3 students by a Noongar language teacher or Noongar community member, with the support of a classroom teacher, as part of typical classroom timetables.

We have been working with the Department of Education WA, a Noongar language expert, a Circle of Noongar Advisors and a languages writer to develop the engaging language program, which focuses on the importance of language to culture and Country.

Lessons include 'Noongar way of life', which provides students with information about Noongar language and culture directly relating to the words and language they are learning, strengthening their connection to Country.

The Noongar community was consulted to find a suitable name for the program. The program has been called 'Yikan Noongar' to represent the life of language and Country.

This work supports the Western Australian Curriculum's Language Revival Learner Pathway of the Aboriginal Languages and Torres Strait Islander Languages Framework.

Helping students shape their future

Enhancing career education through our national career information service

This year, our national career information service, myfuture, continued to expand its resources to enhance career education in schools. The platform saw an 11 per cent increase in registered users during this time.

Supporting primary teachers in career education

Schools are starting to embrace the opportunity to teach careers at a primary school level. Research highlights that this is the ideal stage to introduce career education and the importance of encouraging student understanding of the world of work without bias from a young age.

To support this, myfuture has developed new resources to bolster careers education at the primary school level. This initiative is aimed at introducing a career-minded approach to learning that facilitates students' ambition and combats gender and class-based stereotypes.

Developed using a research-based methodology, myfuture's primary school resources are aligned to the Australian Curriculum and the Australian Blueprint for Career Development.

The resources are individually tailored to specific cohorts from Foundation through to Year 6. Each resource includes a framework for teachers to follow and three lesson plans covering:

- personal management
- learning and work exploration
- career building.

The lesson plans work sequentially, allowing students to first identify the things they are good at, match their skills to relevant professions and then understand the steps they need to take to achieve their goals. Through this process, students gain an understanding of key concepts related to career development and gain transferable skills.

Also included is a workbook for students to fill out in the lessons.

Insights to support teachers and career practitioners

myfuture's *Insights* series draws on professional research and theory to explore how to support users' transition from study to the world of work. In 2021–22, myfuture published four *Insights* papers, with each accompanied by a webinar session with subject matter experts to further enhance understanding of the topics. Papers included:

- Career education in primary school
- What is labour market information?
- Career planning for students on the spectrum
- Delivering career education in the post pandemic world.

myfuture also introduced a new Industry Insights webinar series in partnership with the Australian Business and Community Network (ABCN), designed to help students better understand roles and opportunities across a range of in-demand industries. Each webinar featured a panel of industry representatives to discuss their own career pathways and their lived experience. Industries covered included:

- information, media and telecommunications
- professional, scientific and technical services
- financial and insurance services
- construction
- agriculture, forestry and fishing.

Enhancements and security

Further enhancements were made to support site users through improvements to the search functionality and user experience, security updates to maintain compliance with the Information Security Manual, and the development of new content to support diversity across the site.

Supporting schools and systems

The successful digital transformation of Australia's national assessment program

In May 2022, ESA successfully completed the digital transformation of Australia's national assessment program from a paper-based test to an adaptive online test, delivering the online tests to more than 1.2 million Australian students for the first time.

The NAPLAN Online platform, managed by ESA on behalf of the Australian Curriculum, Assessment and Reporting Authority (ACARA) and all state, territory and Commonwealth education departments, provides a seamless experience for all students regardless of their location, device or ability.

Over the three-week test period in May, more than 4.3 million tests were completed by more than 1.2 million students in years 3, 5, 7 and 9 across 9,313 schools. On Wednesday May 11, the system received more than 1 million test attempt logins with a peak load of 315,000 concurrent students logged on the platform.

The successful transition to online testing marks the beginning of a new era for NAPLAN.

In recognition of the scale and impact of this project, ESA received the Computer Weekly's APAC Innovation Awards 2022 for the public sector.

The award was presented to ESA for its technical management of NAPLAN Online which has transformed the way that Australian schools administer the annual national assessment program, with significant improvements across all phases from set up and delivery through to scoring, marking and reporting.

Strengthening our connections through innovation and partnerships

Teaching drone safety to the next generation of pilots

This year, we were engaged by the Civil Aviation Safety Authority (CASA) to help raise awareness of drone safety in Australian schools and homes through the development of materials to support CASA's Know Your Drone campaign.

In collaboration with the national aviation safety regulator, ESA developed a suite of educational resources for young people under the age of 16, teachers, and parents and carers of school-aged children.

The resources provide information about drone rules, regulations, and flying zones through a variety of resources, including animated videos, a printable board-game, quizzes, curriculum-aligned lesson plans, certificates and more. The resources are available through a dedicated classroom resources section on CASA's Know Your Drone campaign website, with printed resources available to order.

The project provided an opportunity for ESA to demonstrate its resource development capacity to a national organisation who is not involved in the everyday business of education. The resources were promoted through CASA's media campaign, which was published through a number of media outlets.

Strengthening our services

Building a positive culture to empower our people

ESA has been recognised as a 2021 Change Champion through Voice Project for leading initiatives that achieve measurable and meaningful change in the workplace.

The national award celebrates our positive change in workplace culture as demonstrated through our employee engagement surveys, which showed a 10.5 per cent growth in staff perceptions over the past two years.

Wellbeing has been embedded into ESA's Learning and Development framework to ensure staff prioritise their health.

To ensure we are aligned and focused, knowledge-sharing across the organisation continues to be a priority. Our project management office (PMO) provides a central point to facilitate transparency, consistency and accountability across the organisation and to support staff in their roles.

Another area that has undergone significant change within ESA is the technology available to support staff in their work. Our Information and Communications Technology (ICT) team to focus on evolving our capacity to support remote and hybrid working arrangements and making organisation-wide communication and collaboration easier.

Voice Project says the award recognises ESA as one of the top in the Small to Medium category (200 staff or fewer), with only a small number of their clients meeting these criteria.

Organisational sustainability

Planning and investment activity during the year aimed at improving services for stakeholders and leveraging existing services included:

- A major upgrade to the ESA finance system to improve our service offering to external clients using ESA's financial management services and the efficiency of our internal financial management and reporting.
- Establishment of a Business Applications roadmap to guide future technology investments to support business improvement and achieve greater consistency and efficiency across the organisation.
- Expansion of ESA's secured managed hosting services to education-related organisations to secure and protect their data holdings.

Strengthening our relationships

ESA has demonstrated an ability to combine education and technology expertise to generate and deliver digital education resources and technology services. Both avenues work to further Australia's education reform agenda and meet the needs of stakeholders across all sectors.

Two of our strategic pillars focus on supporting our stakeholders through the delivery of high -quality projects and services that meet the needs of stakeholders, and by strategically engaging stakeholders to establish partnerships that help them achieve their goals.

Read about how we are strengthening our relationships with our stakeholders and partners for the benefit of the broader Australian education sector.

National education architecture

ESA has continued to work closely with its counterparts in the national school education architecture during 2021–22. We have worked with the Australian Institute for Teaching and School Leadership (AITSL), the Australian Curriculum, Assessment and Reporting Authority (ACARA) and the Australian Education Research Organisation (AERO) to advance key national priorities, including collaborating to:

- research and develop a proposal for a national online formative assessment program in response to the minister's request
- research and shape opportunities for the future of Australia's national assessment
- develop a proposal to support teachers implementing the revised Australian Curriculum through an expanded and updated pool of high-quality, curriculum-linked digital teaching and learning resources.

auDA

As the sole .edu.au domain registrar, ESA maintains a strong relationship with .au Domain Administration Limited (auDA) to ensure that governance is maintained, and education sector stakeholders are across any changes within the domain space.

In 2021–22, auDA announced the launch of .au direct, providing a new, shorter domain for websites and email addresses in Australia. In support of this initiative, ESA is now a .au direct registrar for the education community. This supports members of the .edu.au domain registrar who wish to complement their existing namespace or protect their brand with a .au address.

CIO Leadership Group

In partnership with state and territory Chief Information Officers, the Safer Technologies for Schools (ST4S) has nurtured relationships both within Australia and across the globe.

Over 2021–22, the ST4S program has engaged with over 140 education technology products and services, resulting in close to 100 assessment reports. A key finding is that approximately 32% of suppliers using the ST4S Readiness Check are identifying critical issues for remediation ahead of the full assessment. When undertaking full assessments, the ST4S program has discovered several key common issues that suppliers need to address, including multi-factor authentication, encryption on the wire, data hosting and privacy policies.

Working within Australia, ST4S has consulted with EduGrowth to engage suppliers and promote the benefits of meeting information security and privacy requirements. Industry engagement was also a key focus of the EduTech 2022 event where we had the opportunity to engage with software suppliers and educators regarding ST4S and its benefits.

Across the globe, the ST4S team has worked closely with the New Zealand Ministry of Education, resulting in a new version of the ST4S assessment framework which incorporates both Australian and New Zealand requirements, and providing a path forward for assessments to be shared across both countries. In a similar vein, the ST4S team is working with colleagues in the USA, UK and Europe to develop an internationalised approach to security and privacy in the education sector, using ST4S as a template to develop an international harmonised approach.

Social responsibility

Reconciliation Action Plan (RAP)

We continued our Reflect RAP journey, while the RAP Working Group developed our Innovate RAP.

This year, we took the following actions in our commitment to working toward reconciliation.

- Submitted our Innovate RAP to Reconciliation Australia to commit to being bolder and more innovative in our actions.
- Presented a NAIDOC Week 2021 all-staff event with Shane Charles, a Wurundjeri, Boon Wurrung and Yorta Yorta man, who shared his vision on the role of reconciliation, treaty and education to heal Country in a powerful presentation.
- Attended the Birrarung Wilam (River Camp) walk as part of NAIDOC Week, where 18 staff learnt about the rich Aboriginal history of Birrarung Marr and the Kulin Nation.
- Surveyed ESA staff on their knowledge and understanding of Aboriginal and Torres Strait Islander cultures, histories and perspectives to inform the development of ESA's Cultural Learning Strategy.
- Published two interviews with the Narragunnawali award winners in education publications to highlight ways that schools are working toward reconciliation.
- Started an ESA Reconciliation Book and Film Club to increase staff understanding, value and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights.
- Hosted a National Reconciliation Week 2022 all-staff event featuring changemakers Kirsten Banks, a Wiradjuri woman, science communicator and astrophysicist, and Alinta Iddles-Williams, a Ngunnawal, Ngambri and Wiradjuri woman, arts and performing arts educator, where they shared their experience of being brave and influencing others in their reconciliation change journey.

We are looking forward to elevating our activities to advance reconciliation in 2022–24 through our Innovate RAP.

Climate Active certification

In May 2022, Climate Active confirmed that ESA has maintained its carbon-neutral status for its 11th year based on our 2020–21 environment report.

Our 2020–21 target was to maintain emissions per FTE at 2019–20 levels. An audit of ESA's emissions inventory showed that we exceeded our emissions target, recording a 20 per cent decrease in emissions per FTE. Despite this, a 5 per cent increase in total emissions from the previous year was recorded due to the inclusion of emissions made by employees while working from home, due to the purchase of new hardware and software, as well as data -centre-related costs.

During this period, our carbon offsets were purchased through the Rimba Raya Biodiversity Reserve Project, which protects one of the most highly endangered ecosystems in the world.

The Rimba Raya project has successfully defended more than 64,000 hectares of carbon- and biodiversity-rich lowland peat forest from conversion to oil palm plantations, protecting more than 120 threatened and endangered species in the project area in Central Kalimantan in Indonesian Borneo.

As one of the first companies in Australia to achieve certification under the Australian Government's Climate Active Carbon Neutral Standard, we are proud of our continued leadership in this space.

International Women's Day

ESA celebrated International Women's Day (IWD) this year with an online event attended by 110 staff.

It was a significant opportunity to reflect on and celebrate women's social, economic, cultural, and political achievements and celebrate the positive impact that the women of ESA have on the lives and learning of young Australians.

This year's event focused on the theme #breakthebias, and featured ESA board member Kathe Kirby and General Manager of Digital Services Corinna Maloney. Both speakers inspired participants by sharing their career journeys and key learnings.

As part of the presentation, ESA staff were invited to explore the importance of recognising and challenging stereotypes and gender bias. Kathe Kirby drew on her experience as Executive Director of Asialink and the Asia Education Foundation (AEF) to highlight the need for Australians to be 'Asia literate' and ensure an intersectional lens is applied to the discussion of gender parity.

The discussion marked a call to action to accelerate gender parity and a commitment from staff to help break gender bias.

Education Services Australia Ltd
Annual Report 2021–22
Attachment: Director's Report and Financial Statements

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1 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 2022 and the auditor's report.

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. It operates under its own constitution and is governed by a Board of Directors. Every two years, the Education Ministers provide ESA with a Letter of Expectation 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 Letter of Expectation, the ACNC Governance Standards and the *Corporations Act 2001*.

The Board comprises an independent Chair, five independent expert members and four members nominated by each of the Australian Government, the Australian Education Senior Officials Committee (AESOC), the non-government school 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 education ministers' meetings and its advisory committees.

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.

Directors as at 30 June 2022

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. Her 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.

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.

Ms Kathe Kirby AM

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.

Professor Liz Johnson

B-AGR (Hons), PhD Plant Biochemistry

Director: 1 March 2021 – current

Liz Johnson is the Deputy Vice-Chancellor Education at Deakin University leading the education mission of the university. Liz trained as a research biochemist and has over 30 years' experience as a university educator and leader. Liz is an Australian National Teaching Fellow and a Principal Fellow of Advance HE (UK) and has led national projects supporting science curriculum development, work-integrated learning and outreach to schools.

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 Bret Morris

BA Accounting, Business/Management

Director: 28 November 2019 – current

Finance, Risk and Audit Committee Member

Bret Morris has extensive corporate governance and digital strategy experience. Bret is currently employed as the Chief Digital Health Officer for the South Australian Department for Health and Wellbeing. He is a co-founder and Director of Gyre Digital, a consultancy company that focuses on organisational digital transformation. Prior to this, Bret's roles have included Chief Information Officer for the South Australian Government and Executive Director in the South Australian Department of Premier and Cabinet.

Mr John Mula OAM

M.ESL., M.EdL., B.Ed. Studies, B.Sc., Grad. Dip.T., FACE, FACEL, GAICD

Director: 1 December 2016 – current

John Mula is the Deputy Director Catholic Education South Australia. Prior to this appointment, John was Executive Director of Catholic Education Tasmania for five years. 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 Sam Spadavecchia

BA Accountancy; FCA (retired); FIIA (retired)

Director: 1 March 2017 – current

Finance, Risk and Audit Committee Chair

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 Jenny Atta PSM

Director: 12 October 2021 – current

Remunerations and Nominations Committee Member

Jenny Atta has been Secretary of the Victorian Department of Education and Training since March 2019. Prior to this appointment, Jenny held a variety of senior leadership roles across the public sector, including with the Department of Treasury and Finance. As Secretary, Jenny leads the Department's implementation of Victorian Government policy on early childhood services, school education and training and higher education services. Jenny was awarded a Public Service Medal in June 2021 for outstanding public service to strategic social policy reform and delivery in Victoria.

Resignations and Cessations

The Board would like to acknowledge the significant contributions of the following Directors who resigned during 2021–22.

Mr Rick Persse

AESOC nominee

Resigned 6 July 2021

Meeting attendance

The Board met five times from 1 July 2021 to 30 June 2022. 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*	5	5	4	4*	1	1
Ms Lynn Davie	5	5	—	—	—	—
Ms Kathe Kirby	5	5	—	—	—	—
Prof Liz Johnson	5	5	—	—	—	—
Mr Mark Lamont	5	5	4	4	—	—
Mr Bret Morris	5	4	4	3	—	—
Mr John Mula	5	5	—	—	—	—
Ms Jenny Atta	3	2	—	—	—	—
Mr Sam Spadavecchia	5	5	4	4	1	1
Mr Rick Persse <i>Resigned 7 July 2021</i>	1	1	—	—	—	—

*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 13 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.

Reporting

ESA reported to company Members at the 24 November 2021 Annual General Meeting and at other meetings of Education Ministers.

Progress against the ESA Strategic 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.

ESA is regularly provided with a Letter of Expectations from Education Ministers and reports back to Ministers on this annually

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

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

During the prior financial year, the Company acted as the controlling entity for Education Ministers Meeting (EMM) and as such, these results were included within the financial statements for those years. During the 2021-22, the contractual instrument with EMM changed with ESA no longer acting as the controlling entity for EMM. EMM operating results are no longer included in the financial results.

Operating result

The Company reported an operating deficit of \$850,000 for 2021–22. This result includes non-recurrent items such as a provision for makegood of \$760,000, expenses incurred in the upgrade of the finance system \$260,000 and recovery of prior year expenses incurred related to Education Ministers Meeting (EMM), formerly known as Education Council of \$192,000. The underlying operating result for the Company of a deficit of \$22,000.

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

Since 30 June 2022 the Company has entered into a property sub-lease agreement and lease agreement, which were signed and executed during August 2022, with the term of the lease extending over 6 years and 5 months. As required by the leasing arrangement, the Company was also required to provide a bank guarantee of \$772,368 which was undertaken with the National Australia Bank on 18 July 2022.

No other 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 2022 was received and is included at page 8.

Signed in accordance with a resolution of the Board of Directors

A handwritten signature in blue ink, appearing to read "Diane J", with a large, stylized flourish extending from the end.

Ms Diane Joseph

Chair of the Board of Directors

Dated this 6th day of October 2022.

Auditor's Independence Declaration to the Directors of Education Services Australia

In relation to our audit of the financial report of Education Services Australia for the year ended 30 June 2022, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* or the *Australian Charities and Not-for-Profits Commission Act 2012*; or
- (b) any applicable code of professional conduct.



PKF
Melbourne, 6 October 2022



Kenneth Weldin
Partner

2 Financial statements for the year ended 30 June 2022

Statement of surplus or deficit and other comprehensive income for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Project income		29,324	47,610
Revenue from subscriptions and services		6,887	6,538
Other income		519	361
Total revenue	2(a)	36,730	54,509
Project expenses		(13,358)	(29,742)
Subscription expenses		(865)	(760)
Employee benefit expenses		(17,860)	(18,133)
Depreciation and amortisation expenses		(1,396)	(1,256)
Other expenses		(4,101)	(3,764)
Total expenditure	2(b)	(37,580)	(53,655)
Surplus / (Deficit)		(850)	854
Other comprehensive income		—	—
Total comprehensive income / (loss)		(850)	854

The accompanying notes on pages 13 to 36 form part of these financial statements.

Statement of financial position as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	18(b)	24,554	25,898
Trade and other receivables	3	3,561	11,443
Financial assets	4	18,700	24,700
Other assets	5	901	1,914
Total current assets		47,716	63,955
Non-current assets			
Property, plant and equipment	6	640	1,034
Intangible assets	7	712	760
Total non-current assets		1,352	1,794
Total assets		49,068	65,749
Current liabilities			
Trade and other payables	8	2,497	3,823
Other liabilities	9	24,859	39,360
Provisions	10	3,160	2,603
Lease Liability		71	394
Total current liabilities		30,587	46,180
Non-current liabilities			
Provisions	10	223	461
Total non-current liabilities		223	461
Total liabilities		30,810	46,641
Net assets		18,258	19,108
Equity			
Reserves	11	5,100	5,100
Retained earnings		13,158	14,008
Total equity		18,258	19,108

The accompanying notes on pages 13 to 36 form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2022

	Retained earnings \$'000	Capital reserve \$\$'000	Total \$'000
Balance 30 June 2020	13,154	5,100	18,254
Surplus	854	–	854
Balance 30 June 2021	14,008	5,100	19,108
Deficit	(850)	–	(850)
Balance 30 June 2022	13,158	5,100	18,258

The accompanying notes on pages 13 to 36 form part of these financial statements.

Statement of cash flows for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from operating activities		29,564	58,028
Payments to suppliers and employees		(35,271)	(57,878)
Goods and Services Tax recovered from the ATO		1,889	2,471
Goods and Services Tax paid to the ATO		(2,324)	(3,964)
Net cash provided by / (used in) operating activities	18(a)	(6,142)	(1,343)
Cash flows from investing activities			
(Payments)/receipts for investments		6,000	(4,000)
Payment for property, plant and equipment and intangibles		(600)	(605)
Interest received from investments		154	236
Net cash provided by / (used in) investing activities		5,554	(4,369)
Cash flows from financing activities			
Principal repayment of leases		(756)	(782)
Finance interest expenses		-	(46)
Net cash provided by/ (used in) financing activities		(756)	(828)
Net movement in cash held		(1,344)	(6,540)
Cash and cash equivalents at the beginning of the financial year		25,898	32,438
Cash and cash equivalents at the end of the financial year	18(b)	24,554	25,898

The accompanying notes on pages 13 to 36 form part of these financial statements.

Notes to the financial statements for the financial year ended 30 June 2022

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- 2 Results from operations
- 3 Trade and other receivables
- 4 Financial assets
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- 6 Property, plant and equipment
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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

These general purpose financial statements have 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 2022; the comparative information presented in these financial statements is for the year ended 30 June 2021.

Rounding of amounts

Amounts in the financial statements have been rounded to the nearest one thousand dollars, unless otherwise specified.

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. ESA 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 ESA 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 current 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

As per AASB 16 all leases with a term of more than 12 months, unless the underlying asset is of low value are recognised on the balance sheet as a Right of Use Asset and Capital Lease Liability.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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 de-recognised 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 de-recognised 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. The duration of contracts varies depending on the work required, from smaller projects capable of completion in a matter of days, to large, longer term contracts completed over several years. Most of the Company's contracts are with government customers and fees are generally paid in advance. Where fees are paid in advance, the amount received is recognised as a liability and categorised as a contract liability (project funds in advance). Revenue is then recognised over the duration of the contract period, based on the input method which most accurately reflects the satisfaction of the performance obligations.

Where the satisfaction of the performance obligations occurs unevenly throughout the contract period, the input cost method is used to recognise revenue, as this most closely represents the profile of work required to satisfy the contractual requirements. ESA is a not-for-profit entity and does not charge its government customers a profit margin on project work. The prices charged by ESA are intended to be a close approximation of the actual, fully absorbed costs incurred to complete the work. The Company uses timesheets to capture the work effort of its employees on individual projects and a projects ledger to capture project-specific costs. Each month, where the relevant contract allows it, an attribution is also made to projects of an approximation of indirect costs in direct proportion to the costs incurred. As a result, the input cost is a reasonable approximation of the percentage of completion of the work required under a fixed price contract. Under some of its contracts ESA is obliged to return any un-spent funding. Such un-spent funding remain as liabilities in project funds in advance until the customer determines the appropriate use.

Each individual contract is reviewed and the revenue recognition method is matched with each performance obligation, depending on its profile. This can mean that revenue is recognised using the input cost method for contracts which include multiple performance obligations.

For contracts where fees are paid in arrears, either based on milestones or for time-and-materials-based arrangements, revenue is recognised using the same method depending on the profile of the satisfaction of performance obligations. In such instances, an asset is recognised each month and classified as a contract asset. Contract assets are regularly assessed for impairment and provision made for any likely non recovery.

Subscription and services revenue is recognised evenly across the period of the subscription or service in line with contractual arrangements with customers. Subscription and services fees are generally invoiced and paid in advance and the payment of such fees are recorded as a contract liability (subscriptions in advance). Revenue is recognised evenly through the subscription period. Most subscriptions are non-refundable. Revenue is only recognised after a subscription invoice has been paid. Where invoices are not paid, the service is discontinued.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income from the sale of goods and the disposal of other assets is recognised at the point in time when the customer obtains control of the goods/asset, which is generally at the time of delivery.

Royalty income is recognised at the time the right to receive payment is established. The Company earns royalty income from the sale of books associated with a historical publication business.

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 a lease agreement to occupy premises at 440 Collins Street, Melbourne. This lease expires 31 July 2022. 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) Plant and equipment

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:

	2022	2021
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:

	2022	2021
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) Contract Liabilities

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 2022 amounts shown as contract 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 - Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrance of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Key estimates - Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

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. This lease expires on 31 July 2022 and an estimate of the make-good figure has been included in the provision.

2. Results from operations

2(a) Revenue

	2022 \$'000	2021 \$'000
Project income – ESA	29,324	31,096
Project income – EMM*	-	16,514
Subtotal – project income	29,324	47,610
Schools Cataloguing Information Service subscriptions	3,797	3,598
Myfuture subscriptions	1,268	1,260
Other subscriptions and services	1,822	1,680
Subtotal – revenue from subscriptions and services	6,887	6,538
Interest	125	294
Other	394	67
Subtotal – other income	519	361
Total revenue	36,730	54,509

* The amounts in the prior year include the consolidation of the operating results of Education Ministers Meeting (EMM), formerly known as Education Council. As ESA acted as the controlling entity for EMM during the previous years, the results were included within the financial statements for those years. During the current financial year, the contractual arrangement with EMM changed with ESA no longer acting as the controlling entity for EMM. EMM operating results are no longer included in the Company's financial results.

2(b) Expenditure

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

	2022 \$'000	2021 \$'000
Project expenses – ESA	(13,358)	(14,341)
Project expenses - EMM*	-	(15,401)
Subscription expenses	(865)	(760)
Employee benefit expenses	(17,860)	(18,134)
Depreciation and amortisation expenses	(1,396)	(1,256)
Administration and secretariat expenses	(2,025)	(1,744)
Finance expenses	(17)	(46)
Occupancy expenses	(613)	(566)
IT maintenance and services expenses	(1,384)	(1,354)
Loss on disposal of property, plant and equipment	(62)	(53)
Total expenditure	(37,580)	(53,655)
Surplus / (Deficit) from operations	(850)	854

2(c) Depreciation and amortisation

	2022 \$'000	2021 \$'000
Depreciation of property, plant and equipment	(427)	(412)
Depreciation of right of use assets - buildings	(680)	(606)
Amortisation of intangibles	(289)	(238)
Total Depreciation and amortisation expenses	(1,396)	(1,256)

3. Trade and other receivables

	2022 \$'000	2021 \$'000
Current		
Project receivables	2,406	11,391
Other receivables	1,180	70
Allowance for expected credit losses	(25)	(18)
Total trade and other receivables	3,561	11,443
Allowance for expected credit losses movement		
Balance at beginning of the financial year	(18)	(10)
Reduction / (increase) in allowance	8	(8)
Bad debts written off	(15)	-
Balance at end of the financial year	(25)	(18)

At 30 June 2022 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

	2022 \$'000	2021 \$'000
Current		
Term Deposits - amortised	18,700	24,700
Total current financial assets	18,700	24,700

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 2022, \$8,000,000 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

	2022 \$'000	2021 \$'000
Current		
Prepayments	842	1,827
Accrued revenue	59	87
Total other assets	901	1,914

6. Property, plant and equipment

	2022 \$'000	2021 \$'000
Leasehold improvements at cost	1,714	1,714
Accumulated depreciation and amortisation	(1,714)	(1,712)
Total	-	2
Fixtures and fittings at cost	331	421
Accumulated depreciation	(259)	(272)
Total	72	149
Right of Use Assets at cost	3,755	3,340
Accumulated depreciation	(3,703)	(3,024)
Total	52	316
Plant and equipment at cost	4,606	4,279
Accumulated depreciation	(4,090)	(3,712)
Total	516	567
Total property, plant and equipment	640	1,034

Movement in carrying amounts	Leasehold improvements \$'000	Fixtures and fittings \$'000	Right of Use Asset * \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at end of year 30 June 2020	12	189	952	649	1,802
Additions	-	-	-	303	303
Disposals	-	(15)	(29)	(9)	(53)
Depreciation expense	(10)	(25)	(607)	(376)	(1,018)
Carrying amount at end of year 30 June 2021	2	149	316	567	1,034
Additions	-	-	416	359	775
Disposals	-	(57)	-	(5)	(62)
Depreciation expense	(2)	(20)	(680)	(405)	(1,107)
Carrying amount at end of year 30 June 2022	-	72	52	516	640

*The total cash outflow for leases in 2022 was \$756,072 and in 2021 was \$788,561.

7. Intangible assets

	2022 \$'000	2021 \$'000
Intangibles in progress	-	37
Intangible assets at cost	5,441	5,163
Accumulated amortisation	(4,729)	(4,440)
Total intangible assets	712	760
Movement in carrying amounts		
Balance at beginning of the financial year	760	696
Additions	241	302
Amortisation expense	(289)	(238)
Carrying amount at the end of the financial year	712	760

8. Trade and other payables

	2022 \$'000	2021 \$'000
Current		
Trade and other payables	2,497	3,823
Total trade and other payables	2,497	3,823

At 30 June 2022 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

	2022 \$'000	2021 \$'000
Current		
Project funds in advance	20,533	34,944
Subscriptions received in advance	3,873	3,895
Employee Benefits	453	521
Total other liabilities	24,859	39,360

10. Provisions

	2022 \$'000	2021 \$'000
Current		
Employee benefits – annual leave	1,351	1,476
Employee benefits – long service leave	849	1,041
Make good on premises	960	86
Total current provisions	3,160	2,603
Non-current		
Employee benefits – long service leave	223	262
Make good on premises	-	199
Total non-current provisions	223	461
Total provisions	3,383	3,064

11. Reserves

	2022 \$'000	2021 \$'000
Capital reserve		
Balance at beginning of the financial year	5,100	5,100
Movement during the year	-	-
Balance at end of the financial year	5,100	5,100

As a company limited by guarantee, Education Services Australia has no formal issued capital and therefore must fund its capital requirements from retained earnings.

12. 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.

13. 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).

	2022 \$'000	2021 \$'000
Remuneration		
Short-term employee benefits – executives	1,842	1,781
Directors' remuneration	154	139
Total remuneration of Directors and Executives	1,996	1,920

14. Remuneration of auditors

	2022	2021
Remuneration		
Audit of the financial report	43,750	43,550
Other audit services	21,250	5,000
Other non-assurance services	13,000	11,000
Total auditor remuneration	78,000	59,550

15. Subsequent events

Since 30 June 2022 the Company has entered into a property sub-lease agreement and lease agreement, which were signed and executed during August 2022, with the term of the lease extending over 6 years and 5 months. As required by the leasing arrangement, the Company was also required to provide a bank guarantee of \$772,368 which was undertaken with the National Australia Bank on 18 July 2022.

No other 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.

The financial report was authorised for issue by the Board of Directors on the 6th day of October 2022.

16. 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, 88 per cent (2021: 87 per cent) was earned from government departments. Apart from any fees or reimbursements, no Director has benefited, directly or indirectly, from any transaction between ESA or any entities related to the Director.

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), Australian Education Research Organisation Limited (AERO) and the Australian Institute for Teaching and Schools Leadership (AITSL).

Of the Company's total revenue, 3.4 per cent (2021: 4.5 per cent) was earned from ACARA, AERO and AITSL combined.

17. Contingent liabilities

The Company has provided a registered mortgage debenture over its assets in respect of security on the leasehold properties at levels 5, 6 and 15 at 440 Collins Street Melbourne. This lease expired 31 July 2022.

	2022 \$'000	2021 \$'000
Bank guarantee – tenancy lease Collins St, Melbourne	614	614
Total contingent liabilities	614	614

18. Notes to the statement of cash flows

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

	2022 \$'000	2021 \$'000
Surplus / (Deficit) for the year	(850)	854
Reclassify interest as investing cashflow	(154)	(236)
Finance interest expense	17	46
Depreciation and amortisation expenses	1,396	1,255
Loss on disposal of non-current assets	62	52
Net result after adjustments	471	1,971
Changes in net assets and liabilities		
(Increase) or decrease in assets		
Trade and other receivables	7,882	15,990
Other assets	1,013	(1,051)
Increase or (decrease) in liabilities		
Trade and other payables	(1,327)	(2,157)
Other liabilities	(14,433)	(16,899)
Current provisions	490	629
Non-current provisions	(238)	174
Net cash provided by / (used in) operating activities	(6,142)	(1,343)

18(b) Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash at bank	24,554	25,898
Total cash and cash equivalents	24,554	25,898

19. Financial instruments

19(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.

19(b) Categorisation of financial instruments

	Note	Category	Carrying amount 2022 \$'000	Carrying amount 2021 \$'000
Financial assets				
Receivables	3	Receivables (at amortised cost)	3,561	11,443
Financial assets	4	Term Deposits (at amortised cost)	18,700	24,700
Financial liabilities				
Payables	8	Trade and other payables (at amortised cost)	2,497	3,823
Lease Liabilities		Trade and other payables (at amortised cost)	71	394

19(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.

19(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 \$25,426 (2021: \$18,406). 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 \$'000	Past due but not impaired \$'000			Impaired financial assets \$'000	Total \$'000
		less than 1 month	1–3 months	3–12 months		
2022						
Receivables						
Project receivables	455	1,538	36	377	-	2,406
Other receivables	31	96	1,014	14	25	1,180
Other financial assets						
Term Deposits	18,700					18,700
Total	19,186	1,634	1,050	391	25	22,286
2021						
Receivables						
Project receivables	48	10,636	685	18	-	11,387
Other receivables	51	15	2	-	18	86
Other financial assets						
Term Deposits	24,700					24,700
Total	24,799	10,651	687	18	18	36,173

19(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. The following table discloses the ageing of financial liabilities that are past due.

Maturity analysis of financial liabilities

	Maturity Dates				Total \$'000
	Not past due	less than 1 month	less than 12 months	greater than 12 months	
2022					
Financial liabilities					
Payables	-	2,486	1	10	2,497
Lease liability	71	-	-	-	71
Total	71	2,486	1	10	2,568
2021					
Financial liabilities					
Payables	1,971	1,845	7	-	3,823
Lease liability	338	56	-	-	394
Total	2,309	1,901	7	-	4,217

19(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 \$'000	Interest rate exposure \$'000		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2022					
Cash					
Cash and cash equivalents	0.43	24,554	–	24,554	–
Receivables					
Project receivables		2,406	–	–	2,406
Other receivables		1,155	–	–	1,155
Other financial assets					
Term Deposits	0.47	18,700	18,700	–	–
Total		46,815	18,700	24,554	3,561
2021					
Cash					
Cash and cash equivalents	1.25	25,898	–	25,898	–
Receivables					
Project receivables		11,391	–	–	11,391
Other receivables		52	–	–	52
Other financial assets					
Term Deposits	1.04	24,700	24,700	–	–
Total		62,041	24,700	25,898	11,443

* Weighted-average effective interest rate.

Interest rate exposure analysis of financial liabilities

	Interest rate* %	Carrying amount \$'000	Interest rate exposure \$'000		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2022					
Financial liabilities					
Payables	–	2,497	–	–	2,497
Lease Liability	–	71	–	–	71
Total	–	2,568	–	–	2,568
2021					
Financial liabilities					
Payables	–	3,823	–	–	3,823
Lease Liability	–	394	–	–	394
Total	–	4,217	–	–	4,217

* 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 \$'000	Interest rate risk			
		–2.00% (200 basis points)		2.00% (200 basis points)	
		Net result	Equity	Net result	Equity
2022					
Financial assets					
Cash and cash equivalents	24,554	(491)	(491)	491	491
Total increase/(decrease)		(491)	(491)	491	491
2021					
Financial assets					
Cash and cash equivalents	25,898	(518)	(518)	518	518
Total increase/(decrease)		(518)	(518)	518	518

19(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.

20. Company details

The Company's registered office is 440 Collins Street, Melbourne. The Company operates its business from 440 Collins Street, Melbourne. From 1 September 2022, the Company's registered office is 180 Lonsdale Street, Melbourne.

Directors' Declaration



The Directors declare that:

1. The financial statements and notes for Education Services Australia Limited as set out in pages 9 to 36 of the *2021-22 Directors' Report and Financial Statements* 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 2022 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.

A handwritten signature in blue ink, appearing to read "Diane Joseph".

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

Dated this 6th day of October 2022

Independent Auditor's Report to the Directors of Education Services Australia

Our Opinion

We have audited the accompanying financial report of Education Services Australia (the Company), which comprises the statement of financial position as at 30 June 2022 and the statements of surplus or deficit and other comprehensive income, changes in equity, and 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 accompanying financial report is 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 2022 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures and 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 (including Independence Standards)* (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 our Auditor's Report thereon

The directors are responsible for the Report from the Chair and Report from the CEO (together referred to as other information). The other information comprises the information included in the Company's annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 the other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 a 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.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



PKF

Melbourne, 6 October 2022



Kenneth Weldin

Partner