

# Education Services Australia Annual report 2019–20



# Contents

From the Chair .....	4
From the CEO .....	6
About Education Services Australia .....	8
Purpose	8
Governance and corporate structure .....	8
Funding	8
Mission	9
Role	9
Enhancing our impact .....	9
<b>1 Supporting national education reforms .....</b>	<b>10</b>
1.1 Education Council priorities .....	11
1.1.1 Online Formative Assessment Initiative .....	11
1.1.2 Online National Assessment Platform .....	12
1.1.3 Nationally Consistent Collection of Data on School Students with Disability .....	13
1.1.4 National Schools Interoperability Program .....	13
1.1.5 NOLS .....	14
1.1.6 myfuture .....	14
1.1.7 School Survey .....	15
1.2 Australian Government projects .....	16
1.2.1 Early Learning Languages Australia (ELLA) .....	16
1.2.2 English Language Learning for Indigenous Children trial .....	16
1.2.3 Phonics Check and Literacy Hub .....	17
1.2.4 Girls in STEM Toolkit .....	17
1.2.5 Digital Technologies Hub .....	18
1.2.6 Student Wellbeing Hub .....	18
1.2.7 Endeavour 250 .....	19
1.2.8 Civics and Citizenship scoping study .....	19
1.2.9 Early Childhood Resources Hub .....	19
1.3 National education services .....	20
1.3.1 Schools Catalogue Information Service .....	20
1.3.2 Edu.au domain .....	20
1.4 Insights .....	21
1.5 Stakeholder engagement .....	21
<b>2 Strengthening our service .....</b>	<b>22</b>
2.1 Enabling our people .....	22

2.1.1	Engagement .....	22
2.1.2	Wellbeing .....	23
2.2	Sustainability .....	23
2.3	Social and environmental responsibility .....	23
2.3.1	Reconciliation Action Plan .....	23
2.3.2	International Women's Day .....	24
2.3.3	Environment report .....	24

## From the Chair

On behalf of the ESA Board, it gives me great pleasure to present our Annual Report for 2019–20.

This year marked the tenth anniversary of the company's establishment in March 2010, however the COVID-19 restrictions meant that it was not a time for celebrating ESA's achievements, but for bringing those years of achievement and experience to bear in supporting students, teachers and parents through this period of immense upheaval.

This support included extending the accessibility of the Scootle repository of over 15,000 resources to parents and students and establishing a resource and information page on ESA's website providing links to ESA resource hubs.

Located in Melbourne, ESA staff were themselves dealing with the impacts of the virus—working from home continuously from mid-March through to the end of the financial year and beyond, while experiencing the most stringent and prolonged restrictions in the country. That staff were able to quickly put the additional supports into place and also continue to progress projects, while dealing with the upheaval to their own lives, is a testament to their resilience and dedication and the support provided by Andrew Smith, the Executive and the People and Culture Team.

During this time, ESA also sought to gain insights from the experience of remote education and to reflect upon the contribution that ESA has made to support education over the past ten years and how it may evolve in the future. One insight is that the provision of digital resources and skills to enable and support education, both in and outside the classroom, will continue to increase in importance into the future.

Looking back at ESA's first annual report, it can be seen that the development, curation and sharing of quality teaching and learning resources was a cornerstone of the company at that time. Work also encompassed professional development materials, careers education, school library support, domain registration, research and evaluation and web services.

All those areas of work continue to this day, including the Scootle repository, myfuture, the Schools Cataloguing Information Service, the edu.au Domain registration service and web development and hosting services. The longevity of the services indicates that they continue to be valued by the education community, however, they only remain so because they have evolved in response to user feedback, to reflect best practice and research, or to incorporate the latest technology.

This year's report shows that digital resource provision remains a cornerstone of our work, but what has changed in the past ten years is the substantial growth in the technological expertise of the company, such that ESA now also has significant experience in the development of sophisticated assessment delivery platforms and the provision of interoperability and secure managed hosting services. This technical expertise has now become another important feature of ESA's operations, adding to the value that we contribute to education through this unique combination of education and technology expertise.

The utilisation of this combination of expertise can be seen in a number of national projects currently underway, including the Online Formative Assessment Initiative, where ESA's key role is to deliver a design for the assessment delivery platform and a digital content plan; the Phonics Check delivery system and hub of literacy resources; and the Mathematics Online Courses and Hub project to provide a platform for delivery of professional development as well as a hub of teaching resources.

But expertise alone is not sufficient to ensure the success of projects and services. All our work is dependent on understanding user needs, listening to their feedback and collaborating with education departments, the non-government sector, other agencies and partner organisations. We are most grateful to all those groups,

particularly the teachers, students and parents who have given up their time to participate in user discovery, testing and feedback on the projects and services, particularly during COVID-19 restrictions.

The Board is keen to ensure that we continue to evolve and improve our services and so this year has made a number strategic investments to sustain and improve services into the future.

I thank my fellow Directors for their commitment and contribution during the year. The range and depth of expertise that they collectively bring to the Board, and their collaborative spirit, is invaluable in oversighting and driving the strategic direction of the company.

Two new Directors were welcomed – Mr Bret Morris, and Mr Mark Sawade, replacing outgoing Directors, Ms Suzi Hewlett, who had a short but valuable time on the Board and Mr Malcolm Wells, who retired after seven years as an outstanding contributor to both the Board and the Finance, Risk and Audit Committee.

The Board is proud of the company's achievements in this extraordinary year. The remarkable team culture and spirit that is always evident whenever I visit the office has been sustained through an extended period of working apart, with staff adapting to maintain the quality of work and keep projects on track. We thank all staff for their incredible efforts over this year.

Finally, we are grateful to Education Council and AESOC for giving us the opportunity to contribute to the education of all young Australians. Their continued support of our work through both ongoing funding of projects and access to departmental resources has enabled us to evolve over the past ten years.

A handwritten signature in blue ink, appearing to read 'Diane J', with a stylized flourish at the end.

Ms Diane Joseph  
Chair, Education Services Australia

## From the CEO

In my first annual report after joining the company in January 2017, I commented that one of the first things that was apparent to me was the strong team spirit within the company and the energy and dedication with which staff approach working with stakeholders and partner agencies. Working from home for nearly half of this year was particularly challenging for staff, given our reliance on team work within the company and consultation and collaboration with external stakeholders, clients and agencies.

I am proud to say that staff have shown an incredible resilience and continued to maintain their team spirit and productivity throughout the lockdown period. Project and services staff have adapted work styles and project processes to enable vital consultation and feedback to continue through lockdown periods, while our corporate services have ensured that all staff have been equipped with the necessary tools for remote working and that essential services have continued to operate as efficiently as ever. In particular, and our People and Culture Team have done an outstanding job in supporting the wellbeing of all.

The result is that productivity has continued steadily throughout the year, resulting in the many achievements in this report. Some notable examples are worth mentioning here that also demonstrate the diversity of work undertaken over the year.

The Discovery phase of the Online Formative Assessment Project was completed on time and under budget, in collaboration with ACARA and AITSL, the findings of which were accepted by Education Council and approval given to move to the Alpha Phase. ESA led the Discovery Phase work on the development of user profiles and needs analysis for groups such as teachers, school leaders, students, parents and systems, through close consultation with the teaching profession and other stakeholders, to inform the design of digital resources.

As part of its National Schools Interoperability Program (NSIP) work, ESA conducted a pilot project that involved privacy and security risk assessments on 35 software applications widely used in Australian schools. ESA worked with Chief Information Officers from all jurisdictions and sectors to produce the risk assessment framework, and with staff from the Queensland and Victorian education departments to conduct the assessments. The success of this pilot lay not only in the assessment information it is able to make available to schools, but in the engagement of vendors in the process, resulting in improvements being made to the privacy and security of their products. AESOC has now invested in an extension of the pilot to assess an additional 100 products in 2020-21.

The Early Learning Languages Australia (ELLA) digital, play-based language learning program for preschool children continues to have strong uptake, with 4,229 preschools now participating and the completion of preschool apps in all 13 Australian Curriculum languages. The second year of the F-2 pilot commenced in 300 primary schools using new apps developed specifically for schools.

Two of the many resource-based projects completed during the year were the Girls in STEM Toolkit (GiST), that provides girls with the tools for understanding how their existing skills and interests can link to STEM careers and study pathways and the development of 8 learning sequence resources for the Endeavour250 website that encourage teachers and students to explore First Nations perspectives on the events that unfolded during and following James Cook's arrival in Australia.

Key new projects that commenced during the year were the Alpha Phase of the Online Formative Assessment Initiative, the English Language Learning for Indigenous Children (ELLIC) trial using a similar play-based app model to ELLA; and the Phonics Check and Literacy Hub.

This year ESA is proud to have joined more than 1,000 organisations across Australia in developing a Reconciliation Action Plan (RAP) in partnership with Reconciliation Australia. Our Reflect RAP is an acknowledgement of our commitment to be active in this space. Actions are well underway, guided by our enthusiastic and energetic RAP Action Group.

As in my first year at ESA, I continue to be inspired by the commitment of ESA's people and am proud to lead an organisation so dedicated and focused on its mission to support the teaching and learning of all young Australians.

I am also most grateful for the unfailing support and wise counsel of the Board Chair, Diane Joseph, and all Board members, with whom it is a great privilege to work to build a strong and vibrant company.

Finally, collaboration and strong working relationships are central to everything we do at ESA and I am thankful for the support from education departments, the non-government sector, ACARA, AITSL, and other partner organisations.

A handwritten signature in black ink, appearing to read 'A. Smith', with a small dot at the end.

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.

## Governance and corporate structure

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

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

Every two years, the Education Council provides ESA with a Letter of Expectation 2018-2020 that sets out high-level performance expectations, strategic priorities and accountability requirements.

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

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

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

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

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

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

## 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.

## Enhancing our impact

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

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

# 1 Supporting national education reforms

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

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

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

From mid-March to 30 June ESA's operations were affected by the COVID-19 pandemic, with all staff working from home for this period, in line with Victorian Government directives.

In early February, the ESA Executive identified the risk of this virus as being significant for the company and planning to deal with it commenced at that time. As the situation continued to evolve, ESA's response evolved with it, while maintaining the safety and wellbeing of staff and stakeholders as our number one priority.

The underlying principles that guided ESA's response to the impact of the COVID-19 pandemic were to:

- ensure our staff were well supported and informed to protect their, and the community's, health and wellbeing
- maintain continuity of project and service delivery to meet the needs of stakeholders and support the health of the company
- identify and implement initiatives that support schools and systems as they transition to remote teaching and learning.

To 30 June 2020, COVID-19 restrictions had little impact on the progress of ESA's projects and services, with most still on track and delays minimal. However, it is expected that some delays will occur in the future, particularly for projects that are reliant on in-school testing/consultation. Key impacts will relate to the NAPLAN Online 2020 program and to the English Language Learning for Indigenous Children (ELLIC) trial. More detail about impacts is provided in the individual project and service reports that follow.

The reports also note some of the initiatives taken by ESA to assist teachers and parents with remote teaching and learning. Here are some of the key actions:

- A Scootle 'Guest login' feature was implemented to enable parent and student access to over 15,000 Scootle resources, and Scootle's infrastructure was upgraded to support the increased usage.
- A new Online Learning Resources page was created on the ESA website. It links to curated collections of resources tailored to supporting systems, schools and families that are trying to sustain learning and wellbeing, whether at school or at home. All resources are aligned with the Australian Curriculum and Australian Student Wellbeing Framework and are curated into three areas.

## 1.1 Education Council priorities

### 1.1.1 Online Formative Assessment Initiative

ESA, ACARA and AITSL continued working together on the Education Council's learning progressions and online formative assessment initiative, now known as the Online Formative Assessment Initiative. The Discovery Phase of the initiative was completed on time and under budget and the Council agreed to proceed to an Alpha phase.

#### Discovery phase

ESA's role in the Discovery phase was to lead the work on development of user profiles and needs analysis for groups such as teachers, school leaders, students, parents and systems, through close consultation with the teaching profession and other stakeholders, to inform design of digital resources. ESA also provided the Project Management Office function across the whole initiative.

The education profession welcomed the user-centred design approach taken by ESA in the Discovery phase, which included research, consultation and engagement with teachers and school leaders. Responses also indicated a strong appetite for this initiative. Other key findings were:

- Teachers currently routinely assess student learning and progress and differentiate their teaching and learning programs to address the needs of their students. However, they find it challenging to provide timely, personalised feedback; identify relevant, high-quality assessments and resources aligned to the Australian Curriculum; and to decide the appropriate next steps for students at different levels of attainment.
- Teachers and school leaders struggle to identify the quality, relevance and impact of the online products and systems currently available.
- Use of the learning progressions, when supported by professional learning, was found to be effective in building teachers' confidence in monitoring student progress.

The findings and recommendations of the Discovery phase were reported to the Education Council in December 2019. The report also presented a proposal for an Alpha phase of the initiative, which Council adopted. Council also agreed that development of the suggestion engine be brought forward to enable the transition of the National Online Learning Services (NOLS) infrastructure during 2020.

#### Alpha phase

In the Alpha phase, ESA is testing the findings and hypotheses from the Discovery phase by building prototypes to explore different ways in which teachers' and students' needs might be met. The key deliverable of the Alpha phase is to provide detailed design requirements for a minimum viable product that could be taken to the market for the potential Beta phase.

The user-centred design approach taken in the Discovery phase is also being used for the Alpha phase, with teachers testing digital working prototypes that will undergo a number of iterations. As for the Discovery phase, ESA is again providing the Project Management Office function.

The Alpha phase commenced in January 2020. It was tracking on schedule until COVID-19 restrictions limited access to teachers, school leaders and students for consultations. A three-month delay in the final report is anticipated as a result.

ESA has worked with its partners, AITSL and ACARA, to adapt consultation mechanisms to an online environment, using a range of tools. ESA and AITSL successfully ran a series of workshops with external stakeholders across Australia to collect feedback on the design and functionality of the prototype, which has

informed the build of the online formative assessment prototype. The prototype was completed and will undergo user testing in August 2020.

In collaboration with Deakin University, ESA has also developed a working prototype of a suggestion engine that will recommend best-fit resources for teachers to allocate to students, based on information collected from the formative assessment ecosystem.

The decision by the Education Council to bring forward the development of the suggestion engine allows more time for the AI ranking and analytic algorithm of the suggestion engine to mature before other elements of the OFAI learning ecosystem become available. It also enables the existing Scootle repository of digital resources to transition to the new infrastructure during 2020.

Work has also progressed on a digital content plan for Beta, including recommended licensing parameters, procurement and investment recommendations for digital content.

### 1.1.2 Online National Assessment Platform

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

#### NAPLAN Online 2020

Work in preparation for the 2020 test event focused on enhancements to the platform as agreed by the NAPLAN Online Steering Committee (NOSC); completion of the low/no bandwidth (LNB) solution; testing relating to platform performance, disaster recovery, load and security; and implementation of the recommendations of the *Review of NAPLAN Online 2019 Connectivity*, including implementation of a new Web Application Firewall (WAF) and Centralised Performance Monitoring (CPM).

On 20 March 2020, the Education Council cancelled NAPLAN 2020 due to the impacts of the COVID-19 pandemic. The NAPLAN Co-ordinated Practice Test scheduled to commence on 23 March 2020 was also cancelled. At that time, developmental work had been completed, Platform Certification and LNB acceptance been achieved, and all readiness testing successfully undertaken, including of the Web Application Firewall (WAF) and corporate performance management (CPM) implementation.

One impact of the cancellation of the 2020 testing and Coordinated Practice Test was that the positive test outcomes of the work undertaken to implement a new WAF and CPM could not be further validated by coordinated test events involving schools and students.

#### NAPLAN Online 2021

Progress in preparation for NAPLAN Online 2021 was not impacted by cancellation of the 2020 event. By that stage, work was well underway on platform and Low/No Bandwidth enhancements, which continued to progress in line with the approved schedule.

#### NAP – Sample Assessments

ESA supported ACARA in using the assessment platform to deliver the National Assessment Program – Civics and Citizenship main study test, which was held from 14 October to 1 November 2019. Approximately 339 Year 6 classes and 324 Year 10 classes, drawn from schools across Australia, participated. A total of 13,250 students sat the assessments.

Work in support of the 2020 National Assessment Program – Information and Communication Technology Literacy (NAP–ICTL) test was halted in June 2020, following the Education Council’s decision to defer the test by 12 months to 2021.

### **1.1.3 Nationally Consistent Collection of Data on School Students with Disability**

The Nationally Consistent Collection of Data on School Students with Disability (NCCD) is an annual collection of information about Australian school students with disability. A new portal developed by ESA was released in February 2019, with new resources to help school communities around Australia participate in the NCCD, and to improve the quality of data available for education authorities and governments.

During 2019–20, ESA has developed and curated additional resources and published them to the portal. These include case studies, illustration of practice videos, infographics, podcasts, a Disability Standards for Education (DSE) pre-service teacher professional learning course and an e-learning resource that uses case studies arising from research conducted by Monash University. The portal was also updated to reflect changes to the NCCD Guidelines (agreed by the Education Council) that modified reporting expectations for schools for 2020 due to COVID-19. An online School Reflection Survey Tool is currently under development, and is expected to be published by the end of August 2020.

In addition to the work on resources for the portal, ESA was tasked with the development and piloting of the Confidential NCCD School Reports (CSR) Tool. The tool allows users to compare their school’s data to other ‘like schools’ on a confidential basis. The CSR pilot went live on 2 June 2020 and will continue to operate until the end of August, where a final survey will be sent to all users. A final report will be developed for the Australian Government in December 2020.

The NCCD Portal had 359,000 users and 12.9 million pageviews since going live in February 2019. The Covid-19 pandemic resulted in a significant increase in usage, registration and DSE completion.

### **1.1.4 National Schools Interoperability Program**

The National Schools Interoperability Program (NSIP) is a joint initiative of the state, territory and Australian governments. Its role is to support the development of digital learning infrastructure, improve access to information and support the safe use of technology for all stakeholders in Australian school education. The ESA NSIP work plan is developed each year in conjunction with the NSIP Steering Group and is approved by AESOC. ESA reported to AESOC on the progress with the 2019–20 work plan in May 2020.

Significant achievements associated with the work plan included:

- extension of the nationally agreed interoperability standards and continued roll-out of standards-based education data hubs and other digital learning infrastructure by state, territory and central agencies and Catholic school authorities, enabling secure, automated data exchange between schools, education bodies and service providers
- integration of NAPLAN Online data from the Online National Assessment Platform with jurisdiction systems, and the provision of additional reporting and analysis services made possible by the use of standards-based data management and data exchange
- development of standards and technical capability to manage online privacy and security, including three demonstrations of technology to transparently implement privacy policies in online data transactions.

In addition to activities in the approved 2019–20 work plan, ESA led the National Education Risk Assessment (NERA) Pilot Project to develop a national approach for assessing the information privacy and security risks associated with online education products and services. This work emerged as a high priority during 2019 in response to the growing demand from schools to integrate new education software products with established

learning infrastructure. Its importance was emphasised during the COVID-19 pandemic as the use of online products and services rapidly expanded, a trend that is expected to increase in the coming years.

The initiative was undertaken in conjunction with a national working group and staff from Queensland and Victoria. It delivered high-quality privacy, risk and interoperability assessments for 35 ICT products and services used widely in Australian schools, against an assessment matrix of 100 requirements drawn from authoritative sources such as the Australian Privacy Principles and Information Security Manual.

Of the products assessed, one in five did not meet the standards; however, engagement with product vendors during the assessment process resulted in commitments to remediate identified compliance gaps and consequently improve privacy and data security for students.

Based on the success of the pilot, the anticipated benefits of a national approach and the emerging needs highlighted by the COVID-19 pandemic, the Safer Technologies 4 Schools Service pilot, as it is now known, has been extended to undertake a further 100 assessments in 2020–21.

### **1.1.5 NOLS**

The National Online Learning Services (NOLS) comprises online tools, digital resources and back-end processes, standards and systems, including Scootle, the digital curriculum resource repository, the Language Learning Space that supports teaching of Chinese, Japanese and Indonesian languages, and the formative assessment tool, Improve.

ESA continued to maintain and host NOLS with funding provided by state and territory education departments up to 30 June 2020. Consideration of future development of the services beyond June was postponed pending Education Council decisions regarding the Online Formative Assessment Initiative (OFAI).

In December 2019, Education Council agreed to progress to Alpha phase of the OFAI and bring forward the development of the suggestion engine to enable transition of NOLS to the new infrastructure during 2020. States and territories extended NOLS maintenance and hosting funding to 31 December 2020, to cover the period in which OFAI development work is undertaken.

Work in the first half of 2020 focused on maintenance activities and preparations for the transition. In particular, a user communications strategy was developed and implemented to provide at least six months' notice to all stakeholders and known users of the changes to the services, which will include the decommissioning of Improve, archiving of Flash-based content and changes to back-end services.

In April 2020, the Scootle infrastructure was upgraded to support the increasing usage and a Guest login feature implemented to enable parent and student access to over 20,000 Scootle resources during the COVID-19 remote learning period. This has in part contributed to the 45 per cent increase in users for 2019–20 of 942,769.

### **1.1.6 myfuture**

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

Ongoing expansion of content available on the website continued. In 2019–20 this included written and video case studies, information about the future of work and vocational education and training, a new 'Career exploration at home' webpage, and PDF resources developed to support education communities during the COVID-19 pandemic.

Four *Insights* papers were published and associated webinars conducted:

- *Vocational capabilities: what the research shows*, which explored the provision of career information using the concept of vocational capabilities.
- *Exploring post-school education and training*, which explained how myfuture helps students and other young people to explore higher education and vocational education and training education pathways.
- *Online career information and career development*, which discussed the use of online information and the role of career websites in career development.
- *How the world of work works*, which explored the terms and frameworks we use to understand what we do in employment – such as activity, job title, occupation and industry.

The Electronic Direct Messaging Service continued, with the myfuture team sending a total of 682,290 targeted email newsletters to teachers, career practitioners, parents and years 7–12 students during the 2019–2020 financial year. Following the success of a parent email pilot, parent newsletters are now being sent every term.

Single sign-on (SSO) access has been implemented for teachers and staff in ACT, NT, SA, TAS, NSW, VIC and QLD and for students in NT, SA, TAS, NSW and VIC, with future plans to implement it in the ACT and QLD.

The myfuture work plan continues to be informed by the National Strategic Reference Group, feedback from teachers and career practitioners, surveys of users and ongoing engagement with industry, tertiary and other stakeholders. Additionally, external reviews of myfuture were commissioned from internationally recognised career development experts to identify opportunities for providing information that would align better with international best practice. A three-phase enhancement project has been developed using the feedback and recommendations from all these sources.

In December 2019, the ESA Board gave approval to proceed with Phase 1 of the project (January–July 2020). It focused on user-experience improvements to deliver a more intuitive interface and simpler, clearer and cleaner navigation to make it easier for learners and their influencers to explore information on the site. These enhancements to the design and navigation were completed and the enhanced site is expected to go live in September 2020.

During 2019–20, myfuture recorded 617,133 sessions and 8,410,829 page views. Users completed a total of 1,325,856 activities in the 'My career profile' section of the site.

### **1.1.7 School Survey**

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

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

ESA continued to provide technical support and maintenance for School Survey, including enhancements as required. ESA also communicates monthly with the funding jurisdictions.

## 1.2 Australian Government projects

### 1.2.1 Early Learning Languages Australia (ELLA)

The Early Learning Languages Australia (ELLA) program is a digital, play-based program that includes a series of apps. Its purpose is to make language learning engaging and interesting to young children in preschool and the early years of school. ESA has had responsibility for the overall management and promotion of the program since its inception in 2014. This includes the development of 11 apps in each of 13 languages, support materials, educator training, and establishing support networks.

Since 1 July 2019, an extra 628 preschools have joined the program, totalling 4,229 registered preschools. A number of independent analyses have demonstrated the success of the ELLA apps in introducing preschool children to a language other than English.

The second year of the ELLA F–2 schools trial is underway, with 300 primary schools across Australia participating. The trial will seek to understand the benefits of the ELLA program for primary-school children. Year 1 students are now participating in the second year of the trial, using two new apps specifically developed for this age group. Two final apps for Year 2 students are on track for release in 2021.

The COVID-19 pandemic has brought disruption to the program and trial in many ways; however, the ELLA team has responded quickly to the challenges of remote learning. This response has included increasing online professional learning for educators and developing new support materials for parents and children at home.

### 1.2.2 English Language Learning for Indigenous Children trial

ESA successfully tendered for an Australian Government project to undertake the English Language Learning for Indigenous Children (ELLIC) trial to improve English language outcomes for Aboriginal and Torres Strait Islander preschool children for whom English is an additional language or dialect.

The project, which commenced in December 2019, involves the development of a series of play-based apps for children in the year before full-time school, together with resources for educators, families and communities that are co-designed and aligned to the Early Years Learning Framework and the Australian Curriculum: Foundation.

Implementation in preschools will be supported through educator training, the provision of technical assistance and the development of a range of resources to complement app-based activities. A public website will assist the flow of information about the trial and access to associated resources to key stakeholders.

The Discovery phase of the project has been completed and reported to the Australian Government with recommendations for the Alpha phase of the project, including a co-design plan. Co-design with Indigenous communities is integral to this project and was originally planned to take place in Indigenous communities. However, COVID-19 restrictions led to a suspension of activities while a range of options for an alternative co-design approach were developed and a proposal for these made to the Australian Government. The Alpha phase co-design plan has been agreed by all stakeholders and the timeframe for the whole project extended to allow for the period of suspension.

Other elements integral to the project are the exercise of cultural awareness and sensitivity throughout the ELLIC trial approach and obtaining ethics approvals from relevant state and territory education departments for each of the ELLIC trial pre-schools and from the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) Research Ethics Committee. To date, ESA has applied for and obtained ethics approval from AIATSIS and Queensland, and work has begun on a request to the Northern Territory. Letters

of support have been received from communities in Mackay and Logan and are being sought from Alice Springs.

### **1.2.3 Phonics Check and Literacy Hub**

During the year, ESA completed work on a voluntary and free Phonics Check for Year 1 students available online and off-line for teachers to conduct one-on-one with students. To complement the Phonics Check, a Literacy Hub was developed for a July/August 2020 launch. It provides access to quality, evidence-based resources and professional learning materials for teachers and quality, existing, evidenced-based resources for families.

The Phonics Check uses an assessment in use in the United Kingdom, which is licensed under an Open Government Licence v3.0 and is free for use. This check is currently in use in South Australia and is being trialled in New South Wales and Tasmania. ESA completed the digitisation of the UK check following a Discovery phase that determined user needs and then tested the developing Check with users and stakeholders.

Development of a Parent Awareness Check and information was also completed. This Check is designed to help parents understand how well their child is learning to read, and to provide a basis for parent discussions with the classroom teacher.

Initial development of the Hub was completed, providing support to schools to implement the Phonics Check, analyse the results and consider next steps for students identified as needing more help in learning to read. A small sample of literacy activities for families was also made available.

As at 30 June 2020 ESA expects that the Phonics Check and Literacy Hub will be launched in August 2020.

The Discovery phase for further Hub development has commenced. Reference group members and subject matter experts have been identified, and user research is underway to identify needs for further Hub functionality and content development.

### **1.2.4 Girls in STEM Toolkit**

Funded by the Australian Government Department of Industry, Science, Energy and Resources, the Girls in STEM Toolkit (The GiST) project involved the development of an online STEM toolkit that provides girls with tools for understanding how their existing skills and interests can link to STEM careers and study pathways.

As well as providing information for students, the GiST includes resources for use by teachers, school leaders and families. These resources are provided to inspire and encourage girls to feel confident and enthusiastic about STEM and to take advantage of the increasing number of current and projected STEM-related jobs.

The GiST was completed by ESA and published in August 2019, and has reached over 16,000 users in its first year. It features a quiz in which girls indicate their interests, then shows them how these interests align with STEM subjects and careers. This component of the site has proven to be the most popular, along with the four STEM-based lessons designed to engage girls in classroom activities.

A video of interviews with the female recipients of last year's Prime Minister's Prizes for Science has been added to the site. The GiST also now features 12 posters of women in STEM and five full-length online profiles, with more scheduled for publication in the coming financial year.

During the year, The GiST has been showcased at a total of five events across Australia, with three more currently scheduled for 2020 via the Science Teachers Association Victoria. Three e-newsletters have been sent. However, due to the Covid-19 situation, webinars scheduled for the first half of 2020 had to be

postponed until Term 3. A GiST workshop formed part of the Catalysing Gender Equity 2020 agenda in February 2020.

### 1.2.5 Digital Technologies Hub

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

The DT Hub now houses 900 resources comprising ESA-developed lesson plans and webinars, curated third-party resources, assessment resources, and curriculum and information pages.

Work completed during 2019–20 included:

- Inclusive Education lesson plans with 36 annotated lessons filterable by year band
- a school leaders' section that provides support to plan, implement and review a whole-school approach to Digital Technologies
- a revised family section with new 'learn at home' tasks filterable by age
- a review of resources available on the DT Hub, with outdated resources removed and replaced with new resources
- an Artificial Intelligence (AI) lesson plan page, filterable by year band, comprising 15 AI-focused lessons
- delivery of three webinars, workshops focused on data science and an online presentation for the STEM Summit on AI and Machine Learning
- access to specially developed remote learning resources for use in schools during the COVID-19 pandemic lockdown period.

The Australian Government provided additional funding during the year to rebuild the DT Hub. Development, based on user-centred design principles, is in its early stages.

In 2019–20 the number of users of the DT Hub has increased by 25 per cent to 138,541. The Hub now has 5,440 Facebook followers and 5,774 subscribers to its newsletter.

### 1.2.6 Student Wellbeing Hub

The Student Wellbeing Hub provides resources tailored to students, parents and educators, to support the development of safe, inclusive and connected school communities that promote wellbeing and learning. The Hub is underpinned by the Australian Student Wellbeing Framework.

In August 2019 a re-designed Hub was released, with enhancements based on user feedback. New content included additional professional learning courses; an evidence and research section to provide up-to-date information related to student wellbeing; an updated section for parents, with articles on issues of most concern to them; and new topic pages on Respectful Relationships Education (RRE).

Since the launch of the new Hub, new content has been developed and added, including RRE content for students from culturally and linguistically diverse backgrounds, Aboriginal and Torres Strait Islander families, and students with disability. A one-hour professional learning module on Principal and Teacher Wellbeing and five additional Illustrations of Practice containing videos and support materials have also been developed.

RRE resources for Aboriginal and Torres Strait Islander students have been created by Aboriginal communities for use within their community. The first set of resources were created by and for the Yolŋu people of north-eastern Arnhem Land. These resources include videos, a teacher guide, advice for non-Indigenous people working in community, a series of radio plays in Yolŋu Matha and an exploration of how Borroloola's school-wide program seeks to enable Aboriginal students to become 'double culture people'.

During the year, resources were curated for educators, parents, students and local communities in response to the impact of the devastating bushfires and to support wellbeing during the COVID-19 pandemic. The COVID-19 resources also included a webinar program on topics such as mindfulness meditation and hope and resilience during extraordinary times of change.

### **1.2.7 Endeavour 250**

To acknowledge the 250th anniversary of the arrival of the *Endeavour*, the Australian Government Department of Education, Skills and Employment contracted ESA to develop a package of eight learning sequences. These sequences consider the complex context of the voyage, the arrival of Europeans in Australia and their contacts with Aboriginal and Torres Strait Islander peoples.

The Endeavour 250 sequences cover a range of subjects from Foundation to Year 10 and can be implemented using currently available digital resources. These short inquiry-based learning sequences can be used as focused learning topics or integrated into longer units of work. Each sequence is linked to relevant content descriptions from the Australian Curriculum, and delivers opportunities for developing content knowledge related to the voyage of the *Endeavour* as well as learning domain skills and knowledge in the focus subject.

### **1.2.8 Civics and Citizenship scoping study**

ESA conducted a scoping study to determine how to better engage school students in contemporary civics and citizenship education (CCE) and to provide teachers with easily accessed, engaging, current and evidence-informed teaching resources via the development of a new civics and citizenship education online hub.

ESA consulted with relevant stakeholders and undertook a stocktake of existing online CCE and related values education resources for Australian primary and secondary schools. This included assessment of existing resources and analysis of resource gaps. Content sources encompassed content on the Discovering Democracy website, the Civics and Citizenship Education website, Values for Australian Schooling website and content discoverable through the Scootle portal.

Based on the findings of the scoping study, advice for resource developers was prepared to guide external content providers. The advice articulated a method and approach to refreshing and/or curating existing resources and developing new resources.

Preliminary work on the design of a Civics and Citizenship Education hub is underway.

### **1.2.9 Early Childhood Resources Hub**

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

ESA continued to host and maintain the Hub, which includes the publication of monthly newsletters and the curation of additional resources to support the themes and topics of interest. The Hub also contains professional learning modules, including modules supporting cultural competencies in early years centres.

Since it was founded however, the extent of equivalent resources to be found on the Australian Children's Education and Care Quality Authority's (ACECQA) website, particularly around the National Quality Framework (NQF), National Quality Standards (NQS) and learning frameworks have become increasingly comprehensive, leading to a decision to close the Hub on 1 October 2020.

After that date, the ACECQA site will become the primary repository for information, resources and materials associated with the NQF, Qualifications, Assessment and Ratings.

## 1.3 National education services

### 1.3.1 Schools Catalogue Information Service

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

SCIS continues to be a popular service, with 84.7 per cent of Australian schools and 45 per cent of New Zealand schools currently subscribing to the service. SCIS has also attracted subscribers from 145 schools in 22 other nations, including 87 from the United Kingdom. In June, SCIS finalised a 'bundled package' arrangement with a library system vendor selling to UK schools. This is expected to result in further UK usage of the service.

In June 2020, work commenced on a major upgrade of the current SCIS cataloguing management system.

SCIS cataloguers created 39,310 records in 2019–20. COVID-19 impacted book deliveries from schools and publishers. This resulted in reduced cataloguing rates in April to June 2020, which were 16 per cent less than for the same period in 2019. The long-term impact is likely to be negligible, with total 2019–20 rates being only 5 per cent less than those for 2018–19. Hit-rates remained high in 2019–20, with SCIS provisioning data for over 94 per cent of all customer book requests – one percentage point better than the hit-rate for the previous financial year.

SCIS has continued to offer professional-development webinars for subscribers, and to publish *Connections* magazine.

### 1.3.2 Edu.au domain

ESA manages the edu.au Domain Registrar service for eligible education providers. The service issues domain names and provides ongoing support for all education sectors, including preschools and childcare centres, schools, higher education institutions, training organisations, peak industry and research bodies, and professional associations.

From its peak of 17,250 domain name registrations in 2019, the total number of registrations has fallen to just below 17,000. This is primarily the result of the Registrar assisting the Queensland Department of Education in auditing domains under their management, to align with new internal guidelines. It is not the consequence of a decreased number of applications or reduced interest from education and training entities in securing edu.au domains for their online presence.

Following a review of the au Domain Authority (auDA) by the former Department of Communications and the Arts, the edu.au Domain Advisory Committee (eDAC) has been reformed to be in line with auDA's other sub-committees to become the edu.au Advisory Committee (eAC).

Registrar staff have continued to review and provide feedback to auDA in relation to new registrar and registry agreements, proposed new licensing rules for the whole of the .au country code top-level domain (ccTLD) and proposed implementation of second level registrations throughout this reform period.

Following an onsite audit by Vectra Corporation in 2019, ESA was certified as being compliant with the International Security Standard (ISS) for Registrars Policy.

ESA's Domain Registrar team continues to seek ways to improve and promote its service. More than 3,650 inquiries were responded to by team members, and there are ongoing discussions with external registry services and data systems providers to maximise the value of the service to edu.au registrants.

## 1.4 Insights

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

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

Key contributions made in 2019–20 include:

- A submission to the Education Council's Review of Senior Secondary Pathways, which drew on expertise from across the company and focused on how technology can be used to support better career and pathway choices for successful student employment outcomes. The submission also pointed to work that ESA has is currently doing or that is part of our forward work plan, and to ideas that could potentially build on existing ESA technology/services or other technologies available in the marketplace.
- During the period of remote learning, ESA has assisted educators and parents via the provision of digital teaching and learning resources for both classroom and home. It has also gathered insights that the company is sharing with education policy makers, as well as using them to improve its own services to education.
- The myfuture team published four insights papers and conducted these associated webinars: *Vocational capabilities; Exploring post-school education and training; Online career information and career development; and How the world of work works.*

## 1.5 Stakeholder engagement

The ESA Strategic Plan commits the company to be 'a trusted strategic partner that helps stakeholders to achieve their goals'.

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

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

ESA participated in a Schools Policy Group workshop focused on the Learning Progressions and Online Formative Assessment Initiative (LPOFAI), the National Evidence Institute (NEI) and Unique Student Identifier (USI) reform initiatives. ESA senior staff presented on LPOFAI and have provided significant consultancy input to the development of USI options for consideration by ministers.

The Board Chair and CEO continued to meet with individual ministers and department CEOs to better understand the unique needs of all jurisdictions. In 2019–20, meetings occurred with the Australian Government Minister and the CEOs of the ACT, Qld, SA and WA departments. Meetings with CEOs have also involved other senior officials in the respective departments. In the case of SA and WA, the CEO spent

several days both within the departments in individual meetings with Department executives and visiting schools in remote communities and distance education providers.

In February 2020, the ESA CEO also met with the Australian Government Minister of Industry, Science and Technology in relation to promotion of the Girls in STEM Toolkit (The GiST) and opportunities for promoting women's participation in STEM careers.

The ESA CEO and General Manager Digital Services met with officials from the National Careers Institute (NCI). The NCI was established by the Australian Government in July 2019 with a remit to provide a single authoritative government source of careers information, with a particular focus on marketing and promoting vocational careers. ESA was keen to meet with the NCI to determine what partnership role ESA could have with it, particularly in relation to myfuture and sharing of resources.

ESA is committed to regular review of its performance via independent surveys of key stakeholders. The last such survey was conducted in November 2018, and plans are underway for future regular surveys. During this year, ESA considered issues raised in the report of the *Review of the National Architecture for Schooling in Australia* to determine what learnings could be drawn for improvement of ESA operations.

## 2 Strengthening our service

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

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

### 2.1 Enabling our people

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

#### 2.1.1 Engagement

ESA conducts its Employee Engagement Survey every 18 months, to guide the focus of the company's efforts to enhance the workplace experience of all ESA staff. The last survey was conducted in February 2019 and identified four areas for improvement – cross-unit cooperation, career opportunities, learning and development and processes.

During 2019–20, ESA implemented a range of actions to improve performance in these areas, including a new project management framework and project management office; establishment of a bid management process and capability; a new performance management system; an online learning management system; additional activities for the Workplace Wellbeing Program and the training of volunteer staff as Mental Health First Aid officers.

## 2.1.2 Wellbeing

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

This year, due to the COVID-19 situation and working from home requirements in Victoria from mid-March, the program was adapted to remote working and additional measures implemented to ensure that staff were well supported with the appropriate tools for working from home and that their physical and mental wellbeing was maintained. However, one of the key programs, health checks, could not be undertaken due to COVID-19 restrictions.

These are some of the ways specific measures were put in place:

- Information on COVID-19 and a suite of resources for working from home were placed on the ESA Intranet.
- All staff completed an OH&S working from home safety check.
- More frequent all-staff and leadership group meetings were held to maintain a sense of organisational connectedness.
- The Health and Wellbeing program was adapted to online with a focus on mental health.
- Regular pulse surveys of staff were conducted to gauge how they were finding working from home and what challenges they faced, with a view to continuous improvement of working conditions.

## 2.2 Sustainability

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

Business cases were approved by the ESA Board during the year for investment in income-generating services that leverage off current services. These were in relation to expansion of ESA's secured managed hosting services to a niche market of small education-related organisations; upgrade of the Schools Cataloguing Information Service (SCIS) cataloguing system to maintain the high quality of this service; supplementing jurisdictional funding for enhancement of the myfuture career service; and a discovery phase to explore the feasibility and potential of delivering work experience online.

The establishment of a tender bid management process and part-time dedicated staff member has contributed to successful tenders during the year, including the Phonics Check and Literacy Hub project and the Mathematics Online Courses and Hub.

## 2.3 Social and environmental responsibility

### 2.3.1 Reconciliation Action Plan

ESA is committed to fostering respect, finding opportunities for reconciliation, and embedding reconciliation into our governance. We also continue to share and celebrate the positive groundswell of actions and attitudes that foster mutual understanding, respect and collaboration throughout Australia. By embedding culture and implementing reconciliation at the core of what we do, ESA will help to empower education, communities and future generations.

During the year, ESA completed development of its Reflect Reconciliation Action Plan (RAP), which was approved by Reconciliation Australia and launched in May 2020. ESA was privileged to have Ms Keisha

Leon – a proud Waanyi and Kalkadoon woman, graphic designer and digital artist – as the cover artist for our RAP. The cover artwork is titled ‘Growing and learning’ and represents the journey of growth, and working together to co-create the future of education.

Actions taken in implementing the RAP included:

- ensuring compliance with Commonwealth Procurement Rules and the IPP Minimum Mandatory Indigenous Participation Requirement (MMR) targets for Indigenous supplier use for ESA high value contracts (valued from \$7.5 million)
- draft business cases for procurement from Aboriginal and Torres Strait Islander owned businesses and employment within ESA, including exploration of Supply Nation membership options
- internal and external communication focusing on ESA's commitment to reconciliation, including promotion of Reconciliation Australia's Narragunnawali: Reconciliation in Education program via *ESA News*.

Guided by our Reconciliation Action Group, ESA celebrated National Reconciliation Week from 27 May to 3 June. Though we were apart due to COVID-19, ESA staff were encouraged to come together in the spirit of this year's theme, *In this together*, to develop a deeper understanding of our country and its first peoples.

Across the week, members of the RAP Working Group provided all staff with a range of activities that they, their teams, families and friends could participate in, and also shared stories of their own reconciliation journeys. ESA also provided tickets for ESA staff to take part in the virtual screening of *In my Blood it Runs* on 3 June, followed by a Q&A session.

### **2.3.2 International Women's Day**

On Friday 6 March, ESA hosted a breakfast in celebration of International Women's Day attended by over 70 ESA staff, and heard from colleagues and guest speaker Jane Ward.

Our panel shared information on the day's history, as well as personal stories. They talked about the role we can play in challenging stereotypes and gender bias through our work. We ended the event by making pledges that will help forge a more gender-equal world.

The CEO also hosted two tables of ESA staff at a luncheon later that day. The attendees represented a cross-section of the organisation and, for many, this was a unique experience that they greatly appreciated.

### **2.3.3 Environment report**

ESA maintains a strong ethos of environmental responsibility. Since 2011, the company has had in place an Environment Policy focused on reducing the company's carbon footprint.

Education Services Australia is one of 67 companies in Australia to have achieved certification as a carbon-neutral company under the Australian Government's Climate Active Carbon Neutral Standard (formerly known as the National Carbon Offset Standard (NCOS) scheme).

ESA was first certified for the 2010-11 year, and has maintained certification every year since then. To be certified as Climate Active, ESA is required to measure its emissions against the standard on an annual basis; reduce them where possible; offset remaining emissions; and publicly report on its achievements. An emissions inventory audit is also required every three years. The Board receives an annual environment report on the previous financial year, which is published on the ESA website.

Education Services Australia  
Annual report 2019–20  
Attachment: Directors' Report and Financial Statements

# Contents

<b>1</b>	<b>Directors' report</b>	<b>3</b>
1.1	Directors as at 30 June 2020	3
1.1.1	Directors' qualifications and experience	3
1.1.2	Resignations and Cessations	5
1.2	Meeting attendance	6
1.3	Conflicts of interest	7
1.4	Reporting	7
1.5	Proceedings on behalf of the company	8
1.6	Changes in state of affairs	8
1.7	Operating result	8
1.8	Impact of COVID-19 pandemic	8
1.9	Events subsequent to the end of the financial year	8
1.10	Auditor's independence declaration	8
1.11	Auditor's independence declaration	9
<b>2</b>	<b>Financial statements for the year ended 30 June 2020</b>	<b>10</b>
2.1	Notes to the financial statements for the financial year ended 30 June 2020	14
2.2	Directors' declaration	41
2.3	Auditor's report	42

# 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 2020 and the auditor's report. As ESA acts as the legal entity for the Education Council, the Council's financial results are included within the financial statements.

## 1.1 Directors as at 30 June 2020

### 1.1.1 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**

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 Kerri-Lee Krause**

PhD, MAICD, FSRHE

**Director: 6 February 2019 – current**

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

**Mr Mark Lamont**

BA, DipEd (UNSW)

**Director: 1 March 2017 – current**

**Finance, Risk and Audit Committee Member**

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

**Mr 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**

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 Rick Persse**

MBA University of Adelaide; GCert Public Sector Management, Griffith University.

**Director: 6 February 2018 – current**

**Remuneration Committee Member**

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

**Mr Mark Sawade**

Bachelor of Computer and Information Science, University of South Australia

**Director: 3 February 2020 – current**

Mark Sawade is the First Assistant Secretary, Funding and Data Collection Division in the Schools Group of the Australian Government Department of Education, Skills and Employment. Mark has over 19 years' experience across the Australian Federal Government sector, having fulfilled a number of senior leadership roles in the Australian Bureau of Statistics, ComSuper, Department of Immigration and Border Protection, and the Department of Education and Training.

**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.

**1.1.2 Resignations and Cessations**

The Board would like to acknowledge the significant contributions of the following Directors who resigned or whose term of office ceased during 2019–20.

**Ms Suzi Hewlett**

Australian Government nominee

*Resigned 4 October 2019*

**Mr Malcolm Wells**

Independent expert

*Retired 14 November 2019*

## 1.2 Meeting attendance

The Board met six times from 1 July 2019 to 30 June 2020, including two Extraordinary Meetings. 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*	6	6	4	4*	4	4
Ms Lynn Davie	6	6	—	—	—	—
Ms Kathe Kirby	6	6	—	—	—	—
Prof Kerri-Lee Krause	6	4	—	—	—	—
Mr Mark Lamont	6	5	4	4	—	—
Mr Bret Morris <i>Commenced 28 November 2019</i>	4	4	2	2	—	—
Mr John Mula	6	5	—	—	—	—
Mr Rick Persse	6	5	—	—	4	—
Mr Mark Sawade <i>Commenced 3 February 2020</i>	3	3	—	—	—	—
Mr Sam Spadavecchia	6	6	4	4	2	2
Mr Malcolm Wells <i>Retired 14 November 2019</i>	2	2	1	1	1	1
Ms Suzi Hewlett <i>Resigned 4 October 2019</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.

## 1.3 Conflicts of interest

Conflict of interest declarations made at meetings during 2019–20 were as follows:

Meeting	Item of Discussion	Director/Committee Member	Action
28 February 2020 Board Extraordinary Meeting	Review of the Education Architecture	Rick Persse and Mark Sawade	Declared conflicts of interests in that the bodies they represent (AESOC and the AG respectively) commissioned the review and the subsequent consultation process.  It was noted that this will constrain the input from both these Directors on this matter.
26 September 2019 Finance, Risk and Audit Committee Meeting	PAYG and Superannuation on Directors' Fees	Mark Lamont, Malcolm Wells, Sam Spadavecchia, Jenny Johanson*, Diane Joseph	The conflicts involved personal interests. Item was for noting and did not involve decision-making.
12 February 2020 Remuneration and Nominations Committee Meeting	Appointment of FRAC Member	Rick Persse	The conflict related to the longstanding relationship the member has with the candidate being considered for appointment to the Finance, Risk and Audit Committee. This was noted by the other members.

\*Jenny Johanson is the non-Director member of the Finance, Risk and Audit Committee.

## 1.4 Reporting

ESA reported to company Members at the 27 November 2019 Annual General Meeting and at meetings of the Education Council.

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.

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

The 2018–19 Annual Report was published on the ESA website in December 2019.

## 1.5 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.

## 1.6 Changes in state of affairs

There were no significant changes in the state of affairs during the financial year 2019–20.

## 1.7 Operating result

The Company reported an operating deficit of \$89,449 for 2019–20.

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

## 1.8 Impact of COVID-19 pandemic

During the financial year the COVID-19 pandemic has had a significant impact on local and international economies. The longer-term impacts of COVID-19 are uncertain, particularly in relation to cost impacts of future outbreaks and the associated preventative practices being required either due to an outbreak or increased threat of outbreaks in Australia. The costs currently incurred by the Company in relation to COVID-19 have not had a significant impact on the financial result for the 2020 financial year. The COVID-19 pandemic continues to evolve and will impact operations over the next 12 months and although these impacts cannot be reliably estimated at this time the Directors do not believe the impact will be significant to the Company's operations.

## 1.9 Events subsequent to the end of the financial year

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

## 1.10 Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2020 was received and is included at page 9.

Signed in accordance with a resolution of the Board of Directors



Ms Diane Joseph

Chair of the Board of Directors

Dated this 1<sup>st</sup> day of October 2020.

## 1.11 Auditor's independence declaration



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### Auditor's Independence Declaration

To the Directors of Education Services Australia Limited

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Education Services Australia Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

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

Grant Thornton Audit Pty Ltd  
Chartered Accountants

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

S C Trivett  
Partner – Audit & Assurance

Melbourne, 1 October 2020

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## 2 Financial statements for the year ended 30 June 2020

### Statement of surplus or deficit and other comprehensive income for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Project income		36,892	32,990
Revenue from subscriptions and services		6,073	6,009
Other income		786	1,029
<b>Total revenue</b>	<b>2(a)</b>	<b>43,751</b>	<b>40,028</b>
Project expenses		(22,335)	(20,083)
Subscription expenses		(840)	(955)
Employee benefit expenses		(16,214)	(13,973)
Depreciation and amortisation expenses		(1,166)	(988)
Other expenses		(3,285)	(3,377)
<b>Total expenditure</b>	<b>2(b)</b>	<b>(43,840)</b>	<b>(39,376)</b>
(Deficit) / Surplus before income tax		(89)	652
Income tax expense		–	–
(Deficit) / Surplus from operations attributable to Members of the company		(89)	652
Other comprehensive income		–	–
<b>Total comprehensive (loss) / income attributable to Members of the company</b>		<b>(89)</b>	<b>652</b>

The accompanying notes on pages 15 to 40 form part of this financial statement.

## Statement of financial position as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	18(b)	32,438	24,601
Trade and other receivables	3	27,433	11,880
Financial assets	4	20,700	23,200
Other assets	5	863	821
<b>Total current assets</b>		<b>81,434</b>	<b>60,502</b>
Non-current assets			
Property, plant and equipment	6	1,802	2,132
Intangible assets	7	696	871
<b>Total non-current assets</b>		<b>2,498</b>	<b>3,003</b>
<b>Total assets</b>		<b>83,932</b>	<b>63,505</b>
Current liabilities			
Trade and other payables	8	5,980	3,252
Other liabilities	9	55,738	37,364
Provisions	10	3,153	3,038
<b>Total current liabilities</b>		<b>64,871</b>	<b>43,654</b>
Non-current liabilities			
Provisions	10	807	1,508
<b>Total non-current liabilities</b>		<b>807</b>	<b>1,508</b>
<b>Total liabilities</b>		<b>65,678</b>	<b>45,162</b>
<b>Net assets</b>		<b>18,254</b>	<b>18,343</b>
Equity			
Reserves	11	5,100	5,100
Retained earnings		13,154	13,243
<b>Total equity</b>		<b>18,254</b>	<b>18,343</b>

The accompanying notes on pages 15 to 40 form part of this financial statement.

## Statement of changes in equity for the year ended 30 June 2020

	Other contributed equity \$'000	Retained earnings \$'000	Capital reserve \$\$'000	Total \$'000
<b>Balance at 30 June 2018</b>	–	<b>12,862</b>	<b>5,100</b>	<b>17,962</b>
Impact of change in accounting policy	–	(271)	–	(271)
<b>Restated Balance at 01 July 2019</b>	–	<b>12,591</b>	<b>5,100</b>	<b>17,961</b>
Restated profit for the period	–	652	–	652
Other comprehensive income for the period	–	–	–	–
<b>Restated comprehensive income for the period</b>	–	<b>652</b>	–	<b>652</b>
<b>Balance 30 June 2019</b>	–	<b>13,243</b>	<b>5,100</b>	<b>18,343</b>
Deficit	–	(89)	–	(89)
Total comprehensive loss for the year	–	(89)	–	(89)
<b>Balance 30 June 2020</b>	–	<b>13,154</b>	<b>5,100</b>	<b>18,254</b>

The accompanying notes on pages 15 to 40 form part of this financial statement.

## Statement of cash flows for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from operating activities		46,470	42,859
Payments to suppliers and employees		(38,366)	(38,003)
Goods and Services Tax recovered from the ATO		2,934	2,219
Goods and Services Tax paid to the ATO		(5,031)	(4,349)
<b>Net cash provided by/(used in) operating activities</b>	<b>18(a)</b>	<b>6,007</b>	<b>2,726</b>
Cash flows from investing activities			
Proceeds from investments		2,500	(2,300)
Payment for property, plant and equipment and intangibles		(661)	(422)
Interest received from investments		662	872
<b>Net cash used in investing activities</b>		<b>2,501</b>	<b>(1,850)</b>
Cash flows from financing activities			
Principal repayment of leases		(671)	(599)
<b>Net cash provided by/ (used in) financing activities</b>		<b>(671)</b>	<b>(599)</b>
<b>Net movement in cash held</b>		<b>7,837</b>	<b>277</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>			
		<b>24,601</b>	<b>24,324</b>
<b>Cash and cash equivalents at the end of the financial year</b>			
	<b>18(b)</b>	<b>32,438</b>	<b>24,601</b>

The accompanying notes on pages 15 to 40 form part of this financial statement.

## 2.1 Notes to the financial statements for the financial year ended 30 June 2020

- 1 Summary of accounting policies
- 2 Results from operations
- 3 Trade and other receivables
- 4 Financial assets
- 5 Other assets
- 6 Property, plant and equipment
- 7 Intangible assets
- 8 Trade and other payables
- 9 Other liabilities
- 10 Provisions
- 11 Reserves
- 12 Members' guarantee
- 13 Remuneration of Directors and executives
- 14 Remuneration of auditors
- 15 Subsequent events
- 16 Related party transactions
- 17 Contingent liabilities
- 18 Notes to the statement of cash flows
- 19 Financial instruments
- 20 Adoption of new and revised accounting standards
- 21 Company details

## 1. Summary of accounting policies

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

### Basis of preparation of the financial report

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

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

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

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2020; the comparative information presented in these financial statements is for the year ended 30 June 2019.

## Accounting policies

### 1(a) Cash and cash equivalents

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

### 1(b) Receivables

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

### 1(c) Employee benefits

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

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

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

### 1(d) Goods and Services Tax (GST)

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

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

## 1(e) Comparative figures

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

## 1(f) Impairment of assets

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

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

## 1(g) Foreign currency

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

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

## 1(h) Leases

As set out in Note 20, the Company has applied the new accounting standard AASB 16 'Leases' for the first time in the current financial year to 30 June 2020.

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 surpluses remain as liabilities in project funds in advance until the customer determines the appropriate use.

Where performance obligations are satisfied evenly over the period of a contract, revenue is recognised evenly over the contract period, based on the effluxion of time.

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 both methods 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 two methods 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.

Income of \$486,265 (2019: \$689,027) from the contract to manage the edu.au domain registry is recognised on receipt. This is considered the most appropriate method of revenue recognition as the work required to renew a domain subscription is largely complete once the payment has been made. In operating the closed second-level domain edu.au the primary obligation of ESA as Registrar is to ensure entitlement to register the relevant domain and to maintain the records of the individual holders. The domain fee is non-refundable and there is not a significant on-going service component.

### 1(k) Make-good provision

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

The Company holds lease agreements to occupy premises at levels 5, 6 and 15 at 440 Collins Street, Melbourne and level 3 at 31 Pelham Street, Carlton. These leases contain clauses to make-good on the Company vacating the premises. These costs include the costs of dismantling and removing an asset and restoring the site on which the asset was created, together with recognition of a provision at present value in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'.

### 1(l) Non-current physical assets

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

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

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

## 1(m) Depreciation

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

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

	2020	2019
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:

	2020	2019
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 2020 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; incurrence 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. The lease agreement states an agreed make-good figure. This figure was used as the basis for the provision shown in the statement of financial position. The make-good provision for the level 3, 31 Pelham Street, Carlton, Melbourne premise is based on an amount that has been agreed with the Landlord.

## 1(r) Rounding of amounts

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

## 2. Results from operations

### 2(a) Revenue

	2020 \$'000	2019 \$'000
Project income	36,892	32,990
<b>Subtotal – project income</b>	<b>36,892</b>	<b>32,990</b>
Schools Cataloguing Information Service subscriptions	3,591	3,481
Myfuture subscriptions	1,265	1,217
Other subscriptions and services	1,217	1,311
<b>Subtotal – revenue from subscriptions and services</b>	<b>6,073</b>	<b>6,009</b>
Royalties	39	41
Interest	630	905
Other	117	83
<b>Subtotal – other income</b>	<b>786</b>	<b>1,029</b>
<b>Total revenue</b>	<b>43,751</b>	<b>40,028</b>

### 2(b) Expenditure

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

	2020 \$'000	2019 \$'000
Project expenses	(22,335)	(20,083)
Subscription expenses	(840)	(955)
Employee benefit expenses	(16,214)	(13,973)
Depreciation and amortisation expenses	(1,166)	(988)
Administration and secretariat expenses	(1,515)	(1,995)
Finance expenses – interest on lease liabilities	(84)	(119)
Occupancy expenses	(591)	(385)
IT maintenance and services expenses	(1,094)	(878)
Loss on disposal of property, plant and equipment	(1)	–
<b>Total expenditure</b>	<b>(43,840)</b>	<b>(39,376)</b>
<b>(Deficit) / Surplus from operations</b>	<b>(89)</b>	<b>652</b>

## 2(c) Depreciation and amortisation

	2020 \$'000	2019 \$'000
Depreciation of property, plant and equipment	(333)	(151)
Depreciation of right of use assets - buildings	(612)	(612)
Amortisation of intangibles	(221)	(225)
<b>Total Depreciation and amortisation expenses</b>	<b>(1166)</b>	<b>(988)</b>

## 3. Trade and other receivables

	2020 \$'000	2019 \$'000
<b>Current</b>		
Project receivables	25,574	11,760
Other receivables	1,869	138
Allowance for expected credit losses	(10)	(18)
<b>Total trade and other receivables</b>	<b>27,433</b>	<b>11,880</b>
<b>Allowance for expected credit losses movement</b>		
Balance at beginning of the financial year	(18)	(21)
Reduction / (increase) in allowance	8	3
<b>Balance at end of the financial year</b>	<b>(10)</b>	<b>(18)</b>

At 30 June 2020 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

	2020 \$'000	2019 \$'000
<b>Current</b>		
Term Deposits – amortised	20,700	23,200
<b>Total current financial assets</b>	<b>20,700</b>	<b>23,200</b>

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 2020, \$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

	2020 \$'000	2019 \$'000
<b>Current</b>		
Prepayments	700	585
Contract assets	163	236
<b>Total other assets</b>	<b>863</b>	<b>821</b>

## 6. Property, plant and equipment

	2020 \$'000	2019 \$'000
Leasehold improvements at cost	2,550	2,532
Accumulated depreciation and amortisation	(2,538)	(2,524)
<b>Total</b>	<b>12</b>	<b>8</b>
Fixtures and fittings at cost	550	397
Accumulated depreciation	(361)	(339)
<b>Total</b>	<b>189</b>	<b>58</b>
Right of Use Assets at cost	3,340	3,340
Accumulated depreciation	(2,388)	(1,776)
<b>Total</b>	<b>952</b>	<b>1,564</b>
Plant and equipment at cost	4,080	3,675
Accumulated depreciation	(3,431)	(3,173)
<b>Total</b>	<b>649</b>	<b>502</b>
<b>Total property, plant and equipment</b>	<b>1,802</b>	<b>2,132</b>

Movement in carrying amounts	Leasehold Improvements \$'000	Fixtures and Fittings \$'000	Right of Use Asset * \$'000	Plant and equipment \$'000	Total \$'000
Balance at beginning of year 1 July 2018	–	61	2,176	277	2,514
Additions	10	9	–	362	381
Disposals	–	–	–	–	–
Depreciation expense	(2)	(12)	(612)	(137)	(763)
<b>Carrying amount at end of year 30 June 2019</b>	<b>8</b>	<b>58</b>	<b>1,564</b>	<b>502</b>	<b>2,132</b>
Additions	18	151	–	444	613
Disposals	–	–	–	(1)	(1)
Depreciation expense	(14)	(20)	(612)	(297)	(943)
<b>Carrying amount at end of year 30 June 2020</b>	<b>12</b>	<b>189</b>	<b>952</b>	<b>649</b>	<b>1,802</b>

\*The total cash outflow for leases in 2020 was \$755,478.

## 7. Intangible assets

	2020 \$'000	2019 \$'000
Intangibles in progress	26	—
Business software at cost	4,879	4,859
Accumulated amortization	(4,209)	(3,988)
<b>Total intangible assets</b>	<b>696</b>	<b>871</b>
<b>Movement in carrying amounts</b>		
Balance at beginning of the financial year	871	1,055
Additions	46	41
Amortisation expense	(221)	(225)
<b>Carrying amount at the end of the financial year</b>	<b>696</b>	<b>871</b>

## 8. Trade and other payables

	2020 \$'000	2019 \$'000
<b>Current</b>		
Trade and other payables	5,980	3,252
<b>Total trade and other payables</b>	<b>5,980</b>	<b>3,252</b>

At 30 June 2020 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. Contract liabilities

	2020 \$'000	2019 \$'000
<b>Current</b>		
Project funds in advance	52,666	35,007
Subscriptions received in advance	3,072	2,357
<b>Total other liabilities</b>	<b>55,738</b>	<b>37,364</b>

## 10. Provisions

	2020 \$'000	2019 \$'000
<b>Current</b>		
Employee benefits – annual leave	1,152	897
Employee benefits – long service leave	1,127	1,007
Employee benefits – salaries and wages	132	463
Capital lease liability	743	671
<b>Total current provisions</b>	<b>3,153</b>	<b>3,038</b>
<b>Non-current</b>		
Employee benefits – long service leave	165	143
Make good on premises	209	189
Capital lease liability	433	1,176
<b>Total non-current provisions</b>	<b>807</b>	<b>1,508</b>

## 11. Reserves

	2020 \$'000	2019 \$'000
<b>Capital reserve</b>		
Balance at beginning of the financial year	5,100	5,100
Movement during the year	–	–
<b>Balance at end of the financial year</b>	<b>5,100</b>	<b>5,100</b>

As a company limited by guarantee, Education Services Australia has no formal issued capital and therefore must fund its capital requirements from retained earnings. During the 2017-18 financial year the Directors resolved to increase the capital reserve, to reflect their expectations of the current and future needs of the Company.

## 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).

	2020 \$	2019 \$
<b>Remuneration</b>		
Short-term employee benefits – executives	1,814,998	1,802,622
Termination - benefits - executives	–	63,115
Directors' remuneration	161,858	142,448
<b>Total remuneration of Directors and executives</b>	<b>1,976,856</b>	<b>2,008,185</b>

## 14. Remuneration of auditors

	2020 \$	2019 \$
<b>Remuneration</b>		
Audit of the financial report	53,550	52,550
Other audit services	5,000	16,000
Other non-assurance services	11,000	4,515
<b>Total auditor remuneration</b>	<b>69,550</b>	<b>73,065</b>

## 15. Subsequent events

There were no subsequent events.

The financial report was authorised for issue by the Board of Directors on the 1st day of October 2020.

## 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, 81 per cent (2019: 94 per cent) was earned from government departments. All transactions relating to organisations in which Directors are employed are completed at arm's length and Directors cannot personally benefit from these transactions.

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

Of the Company's total revenue, 0.2 per cent (2019: 0.1 per cent) was earned from ACARA and AITSL combined.

## 17. Contingent liabilities

	2020 \$'000	2019 \$'000
Bank guarantee – tenancy lease Collins St, Melbourne	700	700
<b>Total contingent liabilities</b>	<b>700</b>	<b>700</b>

## 18. Notes to the statement of cash flows

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

	2020 \$'000	2019 \$'000
(Deficit) / Surplus for the year	(89)	652
Reclassify interest as investing cashflow	(662)	(872)
Depreciation and amortisation expenses	1,166	988
Loss on disposal of non-current assets	1	–
<b>Net result after adjustments</b>	<b>416</b>	<b>768</b>
<b>Changes in net assets and liabilities</b>		
<b>(Increase) or decrease in assets</b>		
Trade and other receivables	(15,553)	4,858
Other assets	(43)	(216)
<b>Increase or (decrease) in liabilities</b>		
Trade and other payables	2,728	(1,000)
Other liabilities	18,374	(2,033)
Current provisions	43	476
Non-current provisions	42	(127)
<b>Net cash provided by / (used in) operating activities</b>	<b>6,007</b>	<b>2,726</b>

### 18(b) Cash and cash equivalents

	2020 \$'000	2019 \$'000
Cash at bank	32,438	24,601
<b>Total cash and cash equivalents</b>	<b>32,438</b>	<b>24,601</b>

## 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 2020 \$'000	Carrying amount 2019 \$'000
<b>Financial assets</b>				
Receivables	3	Receivables (at amortised cost)	27,433	11,880
Financial assets	4	Term Deposits (at amortised cost)	20,700	23,200
<b>Financial liabilities</b>				
Payables	8	Trade and other payables (at amortised cost)	5,980	3,252

### 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 \$10,047 (2019:\$18,231). 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 month	3-12 months		
<b>2020</b>						
<b>Receivables</b>						
Project receivables	21,367	4,121	23	63	–	25,574
Other receivables	98	1,754	7	–	10	1,869
<b>Other financial assets</b>						
Term Deposits	20,700					20,700
<b>Total</b>	<b>42,165</b>	<b>5,877</b>	<b>30</b>	<b>63</b>	<b>10</b>	<b>48,145</b>
<b>2019</b>						
<b>Receivables</b>						
Project receivables	4,580	7,043	66	71	–	11,760
Other receivables	113	7	0	–	18	138
<b>Other financial assets</b>						
Term Deposits	23,200					23,200
<b>Total</b>	<b>27,893</b>	<b>7,050</b>	<b>66</b>	<b>71</b>	<b>18</b>	<b>35,098</b>

## 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.

### Maturity analysis of financial liabilities

	Not past due \$'000		Maturity dates \$'000		Total \$'000
		less than 1 month	1-3 months	3-12 Months	
<b>2020</b>					
<b>Financial liabilities</b>					
Payables	2,841	3,137	2	0	5,980
<b>Total</b>	<b>2,841</b>	<b>3,137</b>	<b>2</b>	<b>0</b>	<b>5,980</b>
<b>2019</b>					
<b>Financial liabilities</b>					
Payables	2,475	755	3	19	3,252
<b>Total</b>	<b>2,475</b>	<b>755</b>	<b>3</b>	<b>19</b>	<b>3,252</b>

## 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
<b>2020</b>					
<b>Cash</b>					
Cash and cash equivalents	0.76	32,438	–	32,438	–
<b>Receivables</b>					
Project receivables		25,574	–	–	25,574
Other receivables		1,859	–	–	1,859
<b>Other financial assets</b>					
Term Deposits	1.04	20,700	20,700	–	–
<b>Total</b>		<b>80,571</b>	<b>20,700</b>	<b>32,438</b>	<b>27,433</b>
<b>2019</b>					
<b>Cash</b>					
Cash and cash equivalents	1.64	24,601	–	24,601	–
<b>Receivables</b>					
Project receivables	–	11,760	–	–	11,760
Other receivables	–	120	–	–	120
<b>Other financial assets</b>					
Term Deposits	1.76	23,200	23,200	–	–
<b>Total</b>		<b>59,681</b>	<b>23,200</b>	<b>24,601</b>	<b>11,880</b>

\* 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
<b>2020</b>					
<b>Financial liabilities</b>					
Payables	–	5,980	–	–	5,980
<b>Total</b>	<b>–</b>	<b>5,980</b>	<b>–</b>	<b>–</b>	<b>5,980</b>
<b>2019</b>					
<b>Financial liabilities</b>					
Payables	–	3,252	–	–	3,252
<b>Total</b>	<b>–</b>	<b>3,252</b>	<b>–</b>	<b>–</b>	<b>3,252</b>

\* 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 risk rate			
		–2.00% (200 basis points)		2.00% (200 basis points)	
		Net result	Equity	Net result	Equity
<b>2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	32,438	(649)	(649)	649	649
<b>Total increase/(decrease)</b>		<b>(649)</b>	<b>(649)</b>	<b>649</b>	<b>649</b>
<b>2019</b>					
<b>Financial assets</b>					
Cash and cash equivalents	24,601	(492)	(492)	492	492
<b>Total increase/(decrease)</b>		<b>(492)</b>	<b>(492)</b>	<b>492</b>	<b>492</b>

## 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. Adoption of new and revised accounting standards

### Accounting standards adopted during the financial year

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

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

### AASB 16 Leases – effective date 1 July 2019

The Company has applied AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities have been recognised in the statement of financial position. Straight-line operating lease expense recognition has been replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the leases under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will improve as the operating expense will be replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion has been disclosed in operating activities and the principal portion of the lease payments will be separately disclosed in financing activities.

## Impact on financial statements - Consolidated Statement of Financial Position

01 July 2018	As previously reported	Adjustments	As restated
Property Plant & Equipment	338	2,176	2,514
Other	63,622	–	63,622
<b>Total Assets</b>	<b>63,960</b>	<b>2176</b>	<b>66,136</b>
Loans and provisions	–	2,446	2,446
Other	45,451	–	45,541
<b>Total Liabilities</b>	<b>45,451</b>	<b>2,446</b>	<b>47,987</b>
Retained Earnings	12,862	(271)	12,591
Other	5,100	–	5,100
<b>Total Equity</b>	<b>17,962</b>	<b>(271)</b>	<b>17,691</b>
30 June 2019	As previously reported	Adjustments	As restated
Property Plant & Equipment	568	1,564	2,132
Other	61,373	–	61,373
<b>Total Assets</b>	<b>61,941</b>	<b>1,564</b>	<b>63,505</b>
Loans and provisions	–	1,848	1,848
Other	43,314	–	43,314
<b>Total Liabilities</b>	<b>43,314</b>	<b>1,848</b>	<b>45,162</b>
Retained Earnings	13,527	(284)	13,243
Other	5,100	–	5,100
<b>Total Equity</b>	<b>18,627</b>	<b>(284)</b>	<b>18,343</b>

## Impact on financial statements - Consolidated Statement of Surplus/(Deficit) and OCI

For the year ended 30 June 2019	As previously reported	Adjustments	As restated
<b>Total Revenue</b>	<b>40,028</b>	–	<b>40,028</b>
<b>Expenditure</b>			
Project expenses	(20,083)	–	(20,083)
Subscription expenses	(955)	–	(955)
Employee benefits expense	(13,973)	–	(13,973)
Depreciation and amortisation expense	(376)	(612)	(988)
Finance cost	–	(119)	(119)
Other expenses	(3,976)	718	(3,258)
<b>Total expenditure</b>	<b>(39,363)</b>	<b>(13)</b>	<b>(39,376)</b>
Surplus/(Deficit) for the period	665	(13)	652
<b>Total comprehensive income/(loss) for the period</b>	<b>665</b>	<b>(13)</b>	<b>652</b>

## Impact on financial statements - Consolidated Statement of Cash Flows

For the year ended 30 June 2019	As previously reported	Adjustments	As restated
<b>Surplus for the period</b>	<b>665</b>	(13)	<b>652</b>
Adjustments for:			
Depreciation	376	612	988
Finance costs	–	119	119
<b>Net cash from operating activities</b>	<b>XXX</b>	<b>718</b>	<b>XXX</b>
Principle repayment of leases	–	(599)	(599)
<b>Net cash from finance activities</b>	<b>–</b>	<b>(599)</b>	<b>(599)</b>

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

The Company has applied AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that the Company shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The standard introduces a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk will be presented separately as an expense rather than adjusted against revenue.

Contracts with customers will be presented in the Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract will, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The adoption of this standard has not had a significant impact on the financial performance or position of the Company.

### AASB 1058 Income of Not-for-Profit Entities – effective date 1 July 2019.

The Company has applied AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the Company to further its objectives.

For transfers of financial assets to the Company which enable it to acquire or construct a recognisable non-financial asset, the Company must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the Company satisfies its performance obligation. If the transaction does not enable the Company to acquire or construct a recognisable non-

financial asset to be controlled by the Company, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit Company can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

The adoption of this standard has not had a significant impact on the financial performance or position of the Company and the Company does not receive significant volunteer services.

## **21. Company details**

The Company's registered office is level 5, 440 Collins Street, Melbourne. The Company operates its business from levels 5, 6 and 15 at 440 Collins Street, Melbourne and level 3 at 31 Pelham Street, Carlton, Melbourne.

## 2.2 Directors' declaration



Education  
Services  
Australia

The Directors declare that:

1. The financial statements and notes for Education Services Australia Limited as set out in pages 10 to 40 of the *2019-20 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 2020 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 Regulations 2013*.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

Dated this 1st day of October 2020

## 2.3 Auditor's report



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### Independent Auditor's Report

To the Members of Education Services Australia Limited

[Report on the audit of the financial report](#)

#### Opinion

We have audited the financial report of Education Services Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a. presents fairly, in all material respects, the Company's financial position as at 30 June 2020 and of its performance and cash flows for the 2020 then ended; and
- b. complies with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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#### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, 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 accordingly we do not express any form of assurance conclusion thereon.

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

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

#### Responsibilities of the Directors for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

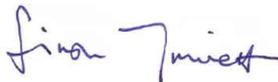
#### Auditor's responsibilities for the audit of the financial report

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

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



Grant Thornton Audit Pty Ltd  
Chartered Accountants



S C Trivett  
Partner – Audit & Assurance

Melbourne, 1 October 2020