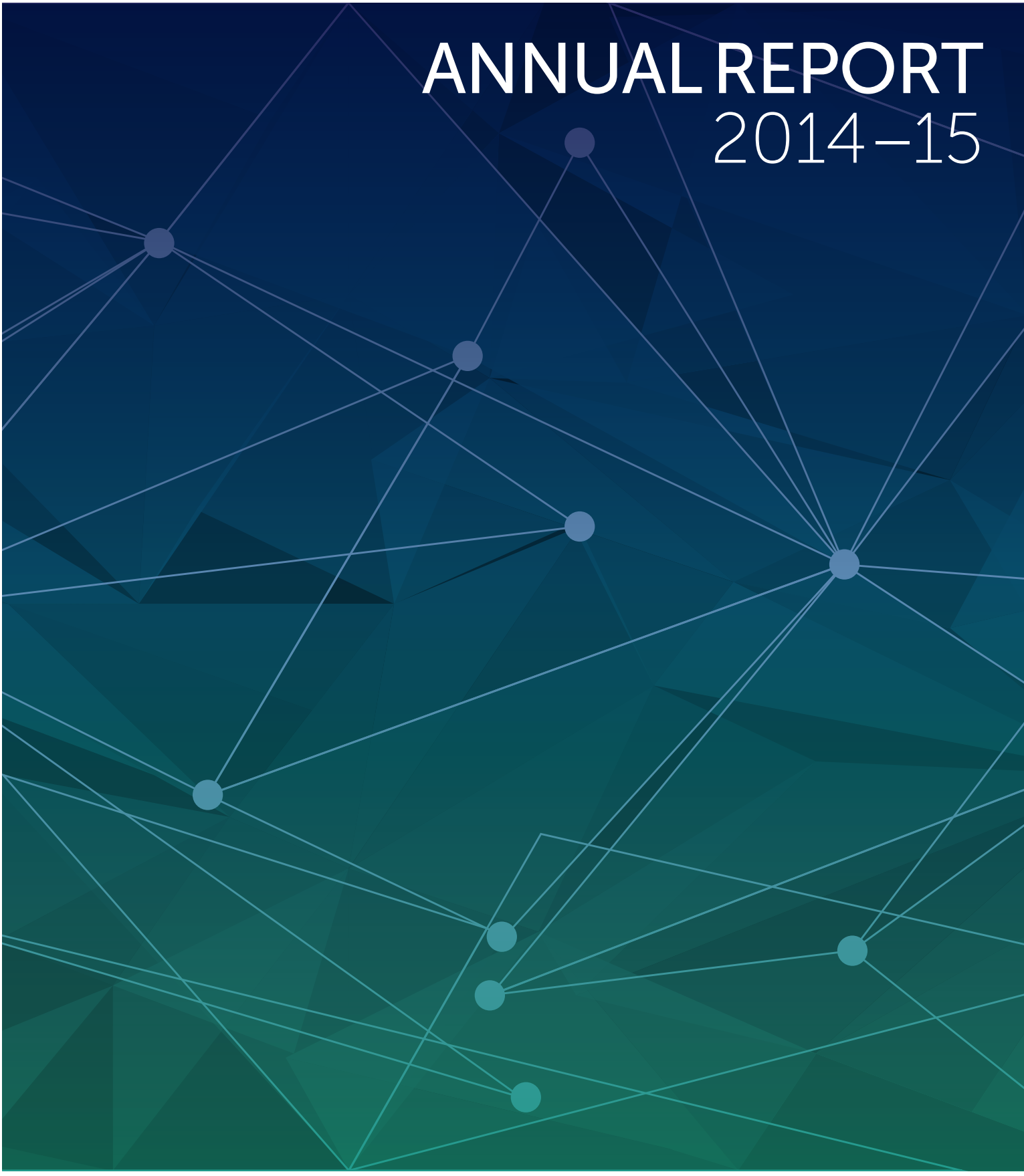
Education Services Australia Limited

ANNUAL REPORT 2014–15



Education Services Australia Limited
ABN 18 007 342 421

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

© 2015 Education Services Australia Limited (unless indicated otherwise)

Use of this Annual Report

This annual report is licensed by Education Services Australia under a Creative Commons Attribution Licence (CC BY) 4.0 International licence.

CC BY Licence Summary
You are free to copy, communicate and adapt this annual report provided that on any copy, communication or adaptation you attribute Education Services Australia Limited using the following statement:

Copied from Education Services Australia Limited Annual Report 2014-2015 or
Adapted from Education Services Australia Limited Annual Report 2014-2015

To view a copy of the CC BY International 4.0 visit:
https://creativecommons.org/licenses/by/4.0/

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

CONTENTS

Introduction

Education Services Australia Report 2014–15

From the Chair 2

From the CEO 3

About Education Services Australia 4

Establishment 4

Role 4

Governance 4

Culture 4

Strategic Plan 5

Directors during 1 July 2014–30 June 2015 5

Directors' Report

Members' guarantee 8

Education Council 8

Directors 8

Committees 8

Benefits 8

Conflict of interest 8

Indemnification of Directors and Officers 8

Directors' qualifications and experience 9

Senior officers 11

Meeting attendance 12

Principal activities 13
Significant achievements for 2014–15 13
Reporting performance 14
Proceedings on behalf of the Company 14
Changes in state of affairs 14
Operating result 14
Environmental regulations 14
Events subsequent to the end of the financial year 15
Future developments 15
Auditor's independence declaration 15

Report on Operations

Supporting National Education Reforms—Education Council Priorities 18
Supporting National Education Reforms—Australian Government Projects 24
Corporate Responsibility 28

Financial Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 32
Notes to the financial statements for the financial year ended 30 June 2015 36
Directors' declaration 60
Auditor's report 61

Appendixes

Appendix 1: Letter of Expectation 2014-15 and 2015-16 64
Appendix 2: Strategic Plan 2014–15 71

INTRODUCTION

Education Services Australia is a national not-for-profit company owned by the state, territory and Australian Government education ministers. It operates as a sustainable education service provider working collaboratively in the interests of all Australian education jurisdictions to provide technology-based services for education, including:

- the development, sharing and deployment of nationally-owned technical data and assessment systems
- Digital teaching and learning resources, tools and services
- ICT services.

Education Services Australia provides cost-efficient products and services that can be adapted in response to emerging technologies and changing needs of the education and training sector.

This Annual Report presents an account of the activities of Education Services Australia from 1 July 2014 to 30 June 2015 including a Directors' Report and the general purpose financial statements for the period 1 July 2014 to 30 June 2015.

EDUCATION SERVICES AUSTRALIA REPORT 2014-15

FROM THE CHAIR

I am pleased to present the 2014–2015 Annual Report of Education Services Australia (ESA).

It continues to be a privilege for us to use technology in innovative ways to advance national education outcomes in line with the expectations of our owners, Australian Government and state and territory government ministers.

Over the past year ESA has continued to leverage its high-level capability, relationships and infrastructure to provide cost-effective national online products and services that respond to the needs of teachers, students and parents.

The Scootle suite of products is providing digital resources to an ever-increasing percentage of teachers and students across the nation. Most importantly, there has been encouraging feedback about the use of these resources and the ultimate test of ESA's contribution to Australian education is the value placed on our products in the classroom and beyond.

Development of the Online National Assessment Platform, funded by the Australian Government, was a key priority this year and will continue to be for a number of years to come. Initially there will be a focus on NAPLAN, but the potential value of the platform to support online assessment in the classroom is far broader.

A strategic focus this year has been increasing involvement in developing digital resources and infrastructure for the Early Childhood, Higher Education and VET sectors, complementing the more traditional school sector focus.

Ministers also expect ESA to seek commercial opportunities that contribute to efficiency and sustainability, whilst always retaining the capacity to respond to opportunities provided by its core stakeholders: the Education Council, Australian, state and territory governments, ACARA, AITSL and ACECQA.

The cooperation and collaboration of all our stakeholders is integral to ESA's success and the way in which our work has been supported by the state and territory education departments and the non-government sector has been uniformly outstanding.

ESA is proud of its achievements and they would not have been possible without the remarkable efforts of Ms Susan Mann, the Chief Executive, and her highly skilled staff. I would like to congratulate them on their dedication and commitment and to also thank each of my fellow Board members for their consistently insightful stewardship of the company.

Dr Tom Stubbs
Chair, Education Services Australia

FROM THE CEO

In accordance with its operating principles of innovation, quality, engagement, efficiency and sustainability, ESA has completed a broad variety of projects and services this financial year, tailored to the needs of teachers, early childhood educators, students, parents and specialist support staff.

ESA continues to work closely with ACARA, NSIP and all education jurisdictions on development of the Ministers' high priority National Online Assessment Project to deliver NAP Civics and Citizenship online in 2016 and NAPLAN online in 2017, with provision for other assessments in the future. After successfully completing work on the ICT Two Pass to enable Australian Government funding approval for the project, ESA completed the item development module and commenced the delivery module.

ESA continued to host and maintain the National Online Learning Services, including Scootle which links digital resources to the Australian Curriculum and has full registration of Australian teachers, and Scootle Community, an online teacher network, the use of which is growing daily. National application services including technical infrastructure, intellectual property, help desk, and technical, accessibility and metadata standards, crucial for ongoing national online work, also continued to be upgraded.

New work commenced in the Early Childhood sector with development of a hub for Early Childhood educators and apps for play-based language learning. This complimented the release of the Language Learning Space for Indonesian and Japanese for Years 4 to 6, which followed the successful release of Chinese last year.

Education Services Australia continually strives to provide the most efficient national services. This year, work commenced on sustainability options for the Myfuture careers information site, the Curriculum Leadership Journal was replaced by a more cost-effective online ESA News, the EdFest online conference was introduced, attracting over 4000 viewers on the day and the Publishing Unit was closed in response to schools' reduced interest in purchasing print products.

I am thankful to the Executive team and staff for their commitment and hard work and to the Board Chair, Dr Tom Stubbs and Board members for their guidance and support throughout the year.

Susan Mann
CEO, Education Services Australia

ABOUT ESA

Establishment

Education Services Australia Limited was formed through the consolidation of two ministerial companies, Curriculum Corporation and Education.au. It commenced operations on 1 March 2010 as a not-for-profit company limited by guarantee.

Role

Education Services Australia has been established by education Ministers to:

- advance key nationally-agreed education initiatives, programs and projects by providing services including:
  - researching, testing and developing effective and innovative technologies and communication systems for use in education
  - devising, developing and delivering curriculum and assessment, professional development, career and information support services
  - facilitating the pooling, sharing and distribution of knowledge, resources and services to support and promote e-learning
  - supporting 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
- act as required as the legal company for the Education Council.

Governance

Education Services Australia operates under its own constitution, with a Board of Directors. The Board is responsible for developing policies and governing operations and performance in accordance with the Company Objects, the Ministers' Letter of Expectation (Appendix 1) and relevant legislation. The Board has established a Finance, Risk and Audit Committee and a Remuneration Committee to assist it to fulfil its obligations.

The Board is led by an independent chairperson and comprises four members nominated by key stakeholder groups, and five members with specialist expertise.

The Directors bring diverse professional experience and expertise across the schools, higher education and vocational education and training (VET) sectors. They also bring specialist expertise across all aspects of Company operations.

Education Services Australia reports its performance to Company members at its Annual General Meeting. It reports its progress to Ministers at each meeting of the Education Council.

Culture

Education Services Australia is committed to achieving its objectives by adopting ways of working that are:

Collaborative

- Collaboration between stakeholders and with networks to exchange data, share practice and achieve nationally-agreed goals and develop working relationships with relevant industry and community partners.

High Quality

- High standards are applied to all activities and appropriate training provided to staff to meet business needs and build capabilities.

Innovative

- A culture of research, experimentation and innovation is fostered and a flexible and agile business capability is developed to respond to changes in technology, educational funding and policy requirements.

Efficient and Sustainable

- All products and services are made cost-effective and are sustainable into the future by:
  - leveraging existing investment, tools and technology infrastructure
  - continually evaluating activities to implement best practice processes and pursuing new efficiencies
  - managing and allocating resources efficiently in a way that contributes to long-term sustainability
  - seeking opportunities for commissioned work and providing products and services commercially.

Responsible

- Environmentally and socially responsible business practices are followed and best standards of financial and corporate governance and of workplace health and safety are applied.

Strategic Plan

The Strategic Plan (Appendix 2) is developed and reviewed on an annual basis to ensure Education Services Australia can quickly adapt to changing priorities and stakeholder requirements.

Directors during 1 July 2014–30 June 2015

In October 2014, the Education Services Australia Constitution was amended to alter the representation on the Board in recognition of the abolition of the National Senior Officials Committee (NSOC). In the absence of a similar body to replace NSOC, a fifth Director with specialist expertise was added, and the sitting NSOC representative reappointed to that position.

Dr Tom Stubbs
Independent Chair

Ms Sharyn O'Neill
Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee (AEEYSOC) nominee

Ms Louise Hanlon
Australian Government nominee
Resigned 26 June 2015

Dr Brian Croke
Non-government schools sector nominee

Mr Bill Daniels
Alternate non-government schools sector nominee
Resigned 23 February 2015

Mr Malcolm Wells
National Senior Officials Committee (NSOC) nominee to 29 October 2014
Independent expert from 30 October 2014

Professor Barney Glover
Universities Australia nominee

Ms Fran Hinton
Independent expert

Ms Helga Kolbe
Independent expert

Ms Leslie Loble
Independent expert

Dr Jim Watterston
Independent expert

The Directors' Report provides further information on Directors' qualifications and experience.

DIRECTORS' REPORT

Education Services Australia is owned by all Australian Government Ministers with responsibility for education. It is governed by a Board of Directors.

The Directors' Report for the financial year that ended on 30 June 2015 includes the General Purpose Financial Statements.

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.

Education Council

Education Services Australia acts as the legal entity for the Education Council. The Council's financial results are included within the financial statements.

Directors

The Board is led by an independent chairperson. It comprises members nominated by the Australian Government, the Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee (AEEYSOC), the non-government schools sector, Universities Australia and five independent expert members. As at 30 June 2015 the Australian Government position was vacant.

Committees

The Board of Directors has established two committees with agreed terms of reference. The Board retains the responsibility for performance and decisions and receives regular reports from its committees.

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 risk control and compliance.

The Remuneration Committee advises the Board of Directors on the salary, conditions and performance of the Chief Executive Officer.

Benefits

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 15 of the Financial Report.

Conflict of interest

There were no conflict of interest declarations made during 2014-15.

Indemnification of Directors and Officers

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

Directors' qualifications and experience

Directors as at 30 June 2015

Dr Tom Stubbs

BSc (Hons) University of WA, PhD, Dip Ed, L Mus, A University of Adelaide, FAICD, FAIM Chair
Director: March 2010 – current
Board chair; Remuneration Committee chair

Tom Stubbs is Managing Director, Executive Advisory Services Pty Ltd. He previously held many senior executive roles in the South Australian Government, most recently as Chief Executive of the Government Reform Commission. Earlier he was involved in physics teaching and research at the University of Adelaide.

Ms Sharyn O'Neill

Dip Tch, BEd, MEd Edith Cowan University
Director: December 2010 – current

Sharyn O'Neill is Director General, Department of Education, Western Australia. She is responsible for providing quality education for all Western Australians who choose public schooling.

Dr Brian Croke

BA (Hons), Dip Ed Macquarie University, DPhil, Oxford University
Director: March 2010 – current

Brian Croke is the Executive Director, Catholic Education Commission NSW, Deputy Chair of the NSW Board of Studies, Teaching and Educational Standards, a member of the National Catholic Education Commission and a Director of the Australian Council for Educational Research. He is also Adjunct Professor in History at Macquarie University.

Mr Malcolm Wells

BA, Dip Ed, Grad Cert Ed, University of Tasmania
Director: December 2012 – current
Finance, Risk and Audit Committee member

Malcolm Wells is a former Deputy Secretary in the Tasmanian Department of Education, with responsibility for further education and training. Prior to this he was General Manager responsible for public education in the state's north-west. He has extensive experience in the school sector and more recently in vocational education and training. Malcolm is a member of the Teachers Registration Board of Tasmania.

Professor Barney Glover

BSc (Hons), MSc, Dip Ed, PhD, University of Melbourne, MAICD
Director: December 2011 – current

Professor Barney Glover is Vice-Chancellor and President of the University of Western Sydney since January 2014 and was formerly Vice-Chancellor of Charles Darwin University from 2009 to 2013. He has held previous positions as Deputy Vice-Chancellor, Research at The University of Newcastle and Pro Vice-Chancellor, Research and Development at Curtin University of Technology. Barney has an extensive research record in applied mathematics, particularly optimisation and operations research and mathematics education.

Ms Fran Hinton

BA, Dip Ed, University of New England, FACE, FAIM, FACEL
Director: March 2010 – current
Finance, Risk and Audit Committee member
Remuneration Committee member

Fran Hinton is an independent education policy advisor who has held senior executive education policy and management positions, including Chief Executive Officer of the ACT Department of Education, Youth and Family Services and Chief Executive of Teaching Australia.

Ms Helga Kolbe

BEc, University of Adelaide, CPA
Director: March 2010 – current
Finance, Risk and Audit Committee chair

Helga Kolbe is an independent policy advisor who has held both private and public sector executive positions in South Australia, New South Wales and Queensland, including Deputy Chief Executive of the South Australian Department of Education and Children's Services.

Ms Leslie Loble

BSci Cornell University, MPA Harvard University
Director: March 2010 – current

Leslie Loble is the Deputy Secretary, External Affairs and Regulation in the New South Wales Department of Education and Communities. She leads strategy and policy on cross-sector, state-wide and national developments in education, spanning early childhood education, schooling, training and higher education.

Dr Jim Watterston

Dip Ed, Edith Cowan University, Bed, Edith Cowan University, Dip Ed Admin, Curtin University, P-Grad Med Admin EdD, Curtin University, EdD, University of Western Australia
Director: December 2012 – current
Remuneration Committee member

Jim Watterston is Director General, Department of Education, Training and Employment Queensland. He has held executive roles in the Victorian, Australian Capital Territory and Western Australian governments, most recently Deputy Secretary, School Education Group in the Victorian Department of Education and Early Childhood Development. He is National President of the Australian Council for Education Leaders.

Senior Officers

Chief Executive Officer

Ms Susan Mann held the position of Chief Executive Officer for the financial year ended 30 June 2015. She was appointed to the position on 1 March 2010.

Company Secretary

Mr Victor Peplow held the position of Company Secretary at 30 June 2015. He was appointed to the position on 22 November 2012.

Meeting attendance

The Board met four times from 1 July 2014 to 30 June 2015 to steer and monitor the Company's strategic direction and financial and overall performance. Directors also attended the Annual General Meeting.

The number of meetings attended by Directors is shown in the table.

Directors and Alternates		Directors' 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
Dr Tom Stubbs	Independent Chair	4	4			1	1
Ms Sharyn O'Neill	AEEYSOC nominee	4	3				
Ms Louise Hanlon	Australian Government nominee	4	2				
Dr Brian Croke and Mr Bill Daniels	Non-government schools sector nominee and alternate	4	4				
Mr Malcolm Wells	NSOC nominee	4	4	3	3		
Professor Barney Glover	Universities Australia nominee	4	2				
Ms Fran Hinton	Independent expert	4	4	3	3	1	1
Ms Helga Kolbe	Independent expert	4	4	3	3		
Ms Leslie Loble	Independent expert	4	2				
Dr Jim Watterston	Independent expert	4	2			1	1

Dr Tom Stubbs attended the three Finance, Risk and Audit Committee meetings as an observer.

Mr Sam Spadavecchia attended the three Finance, Risk and Audit Committee meetings as a Board-endorsed member of the committee.

Principal activities

Principal activities during 2014–15 were the provision of cost-effective and competitive services to support national education initiatives under the COAG reform agenda as outlined in the Ministers' Letter of Expectation 2014–2016 (see Appendix 1), including:

- Working in partnership with the Australian Curriculum, Assessment and Reporting Authority (ACARA), the National Schools Interoperability Program (NSIP), the Australian, state and territory education departments and the non-government schools sector on the introduction of online assessment for the National Assessment Program.
- Continuing collaboration with, and support for, the work of the other national entities, ACARA and the Australian Institute for Teaching and School Leadership (AITSL), in relation to the introduction of the Australian Curriculum and National Teacher Standards.
- Undertaking a range of Australian Government funded projects, particularly in relation to supporting the implementation of the Australian Curriculum, language education and early childhood education.
- Working towards making services sustainable, by exploring user-pays models and other sources of funding, such as seeking sponsorship or providing products and services commercially.

Significant achievements for 2014–15

In the period 1 July 2014 to 30 June 2015 Education Services Australia:

- made substantial progress towards the development of the Online National Assessment Platform, including:
  - Development of documentation to support the successful application for Australian Government funding to build the Platform
  - Completion of an Item Authoring and Review System to enable ACARA to develop test items for all NAP assessments
  - Commencement of work on the Assessment Delivery System, the major component of the Platform
  - Initiation of a tender process for the development of the Student Registration and Management Systems;
- provided advice and assistance with school and system readiness for online assessment by working with states and territories and the non-government school sectors, through ESA's Data Readiness Reference Group, workshops and individual jurisdictional meetings;
- released major upgrades to Scootle and Scootle Community to improve their usability and refresh the look and feel of the sites;
- successfully conducted a pilot study and field trial of the online delivery system for the National Assessment Program (NAP) Science Literacy sample assessment in readiness for the main study to be conducted in October 2015;
- released the Language Learning Space sites for Indonesian and Japanese and updated the Chinese site. The Language Learning Space won the Platinum Global Learning Impact Award 2015;
- released an expanded and updated national online directory of training, MySkills, to enable students, employers and training organisations to access VET data regarding courses and training provisions, skills shortages and industry sector opportunities;
- completed development and commenced trialling of three of the seven apps for the Early Languages Learning Australia (ELLA) programme;
- completed development of the Early Childhood Hub that provides online access to resources for Early Childhood educators;

- released parent resources and student resources in addition to existing professional learning modules for educators on the Safe Schools Hub website, which also won the category - E-Learning – Academic Division at the International E-Learning Association (IELA) awards;
- extended national and international usage of the School Catalogue Information Service market by nine per cent;
- identified and created resources for the ABC Splash website, including teaching resources, videos games and mobile apps;
- developed a sustainable business model for the national career exploration platform, Myfuture;
- organised the first Edfest, a national online conference, with themes covering curriculum implementation and new models of learning;
- introduced *ESA News* a monthly email bulletin targeted at teachers and pre-service teachers, which promotes the suite of ESA products and services;
- achieved a better than budgeted financial result for the year;
- developed and implemented a Business Continuity Plan;
- raised staff awareness and understanding of Aboriginal and Torres Strait Islander histories, cultures and contributions and supported literacy programs for Aboriginal students;
- developed and implemented a Fraud Control Plan
- maintained accreditation as a carbon-neutral company under the Australian Government's National Carbon Offset Standard scheme.

Reporting performance

Performance was reported to company owners at the October 2014 Annual General Meeting and to Ministers at each meeting of the Education Council.

Progress against the Work Plan and the financial budget was reported to each meeting of the Board of Directors. 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 fourth Annual Report was published in November 2014. The 2014–15 Annual Report will be published in November 2015.

Proceedings on behalf of the Company

No person applied for leave of court to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not party to any such proceedings during the year.

Changes in state of affairs

There were no significant changes in the state of affairs during 2014–15.

Operating result

The Company reported an operating deficit of $185,180 for 2014–15.

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

Environmental regulations

Education Services Australia's operations are not subject to any particular and significant environmental regulation under the law of Australia, or of any state or territory.

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.

Future developments

In the coming year, Education Services Australia will pursue a work program that builds on its successful work during 2014–2015.

The major focus will be on completing the Online National Assessment Platform by 1 July 2016 in readiness for a familiarisation period for jurisdictions before delivering the NAP Civics and Citizenship sample assessment in October 2016 and the first NAPLAN Online in May 2017.

Delivery of the NAP Science Literacy sample assessment online will also occur in October 2015.

Work in the Early Childhood sector will continue, with the development and trialling of further apps for online language learning for pre-school age children. A comprehensive paper will also be developed that outlines key considerations and issues associated with implementing a rollout of the apps post the trial period.

Curating and making quality resources freely available to support teaching and learning will continue to be a key work area, focussing on resources that support the implementation of the Australian Curriculum for coding, mathematics and technologies. A public website aimed at parents and carers of primary school children will also be developed to provide engaging digital resources, including apps, that encourage parental engagement with their children's learning at home.

Management of copyright is an important part of making learning resources freely available and ESA will continue to ensure that resources are developed under Creative Commons Licences, that quality Open Education Resources are sourced, and that third party resources due for relicensing are reviewed in terms of usage and alternative free resources provided, where possible.

In an era of constricted government funding and changing Commonwealth–State relationships in education, another focus for the coming year will be moving established services onto a sustainable basis, ensuring new services are sustainable for the long-term and seeking out new sources of revenue to sustain the organisation.

All future work will continue to involve close collaboration and active consultation with the teaching profession, education jurisdictions and government and non-government agencies.

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2015 was received and is included at page 16.

Signed in accordance with a resolution of the Board of Directors

Dr Tom Stubbs
Chair of the Board of Directors

Dated this 25th day of September 2015

Auditor's independence declaration

Grant Thornton

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2015, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

b No contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S. C. Trivett
Partner - Audit & Assurance

Melbourne, 25 September 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

REPORT ON OPERATIONS

The report on operations provides a progress report on the priorities in the Letter of Expectation (Appendix 1) and against the five strategic goals in the Strategic Plan for 2014-15 (Appendix 2). Relevant Strategic Plan outcomes are addressed within each project or service report. Financial outcomes, including the result of the independent audit are addressed in the Financial Report section.

Supporting National Education Reforms—Education Council Priorities

The Education Services Australia Letter of Expectation identifies a number of collaborative activities as priority work for 2014-15 and 2015-16. These activities support the Education Council's collaborative efforts to progress national education reforms, including the development and delivery of the Australian Curriculum, promoting quality teaching and school leadership, promoting improved outcomes for Aboriginal and Torres Strait Islander students, and improving the quality of early childhood education and care.

Online Assessment

Online Assessment is Education Services Australia's highest work priority. This is a major collaborative effort being undertaken in partnership with the Australian Curriculum, Assessment and Reporting Authority (ACARA), the Australian and state and territory education departments and the non-government schools sector.

The Assessment Platform is required to be completed by 1 July 2016 in readiness for a period of familiarisation by teachers, students and administrators before delivering the NAP Civics and Citizenship sample assessment in October 2016 and the first NAPLAN Online assessment in May 2017. In the longer term, it is envisaged that the Assessment Platform could also be utilised by individual jurisdictions for state-wide assessments, as well as for classroom-based assessment.

In December 2014, the Australian Government confirmed that it would fund Education Services Australia to develop the Online National Assessment Platform to support delivery of the National Assessment Program (NAP), in particular, NAP Literacy and Numeracy (NAPLAN) as well as the NAP sample assessments in science literacy, civics and citizenship and information and communication technology.

This followed a rigorous six-month Federal Cabinet approval process for funding large-scale ICT projects. Education Services Australia, in conjunction with the Australian Department of Education and Training, prepared and submitted a detailed business case and supporting documentation including Business Requirements, a Concept of Operations report, an Interoperability Framework and plans for implementation, procurement, quality, training, risk management, and security.

An innovative platform design was developed to meet the challenge of providing a system that can be used by any student, teacher or jurisdiction in Australia, on a multiplicity of devices and with a range of broadband access. Meeting the privacy and security obligations of all jurisdictions was also an essential element of the design.

The Platform design comprises five high level technical components:

- Item Authoring and Review
- Student Registration and Management
- Assessment Delivery including test construction, test administration and delivery and event reporting
- Automated Essay Scoring (Artificial Intelligence scoring)
- Longitudinal data storage, including long term reporting and analytics.

The Item Authoring and Review System was completed and work commenced on the Assessment Delivery component.

The Item Authoring and Review system was developed to initially support the NAP Science Literacy sample assessment in October 2015. This system provides an online capability for creation, review, modification and approval of assessment items. Use of the system for the NAP Science Literacy pilot study and field trial enabled further enhancements to be incorporated into this component.

The Assessment Delivery System provides the core test taking facilities and is the central system with which other systems in the Assessment Platform will be integrated. Following a procurement process in early 2015, work commenced to start project planning and to conduct a series of functional workshops with ACARA. The workshops focused on test construction, test delivery, marking and scoring tenancy management, user management, test registration, post-test administration, reporting and accessibility with students.

Business requirements for the Student Registration and Management System were prepared and the procurement process commenced. This component will provision student details, manage identifiers and ensure a quality-assured data feed of student data is provided to the Assessment Delivery System for test event scheduling and reporting.

Throughout the year Education Services Australia continued to work closely with the Australian Curriculum Assessment and Reporting Authority (ACARA), all government and non-government education jurisdictions and the National Schools Interoperability Program (NSIP) on development of the Assessment Platform.

To ensure that the local jurisdictional systems and processes are ready to integrate with the Assessment Platform and to exchange data, Education Services Australia supported consultations and workshops conducted by NSIP. Education Services Australia also established a Data Readiness Reference Group to provide advice on issues relating to student data management and jurisdictional interaction with the Assessment Platform. This work will assist to minimise the time and effort required to register students for national assessment, return results to schools and integrate national assessments with local approaches to online learning and reporting of student progress.

Education Services Australia is a key member of the governance structure established by the Education Council to oversee the transition to online assessment and provided significant advice to the Online Assessment Working Group, the Project Control Board and the Online Assessment Committee.

Substantial input was provided to the cost-benefit analysis and risk assessment prepared for Ministers by PricewaterhouseCoopers and information was prepared as required for the Project Management Office, including a comprehensive risk review and implementation plan.

Work progressed on the delivery system for the 2015 NAP Science Literacy sample assessment to a sample size of approximately 13,000 students nationally. The pilot study was successfully completed in December 2014 and the pre-practice sessions, technical readiness tests and field trials were conducted in March 2015 with 51 schools from New South Wales, Queensland and Victoria participating and using a range of devices. A report prepared by ACARA's contractor on the field trials will identify feedback and areas of improvement for the main NAP Science Literacy assessment in October 2015.

National Online Learning Services

The focus over the past year for the national online services—Scootle, and Scootle Community—has been to host and maintain the existing services, including front end services, technical infrastructure, intellectual property, help desk, and technical, accessibility and metadata standards.

Scootle

The Scootle portal is the interface to the national resource repository of free-for-education and commercial digital resources aligned to the Australian Curriculum and described with educational metadata.

A major upgrade was released in late March 2015 to improve the system usability and refresh the look and feel with a new interface design. The new interface is also able to support mobile and tablet platforms.

Over the period 1 July 2014 to 30 June 2015, Scootle had 1,787,602 sessions, which is a 20 percent increase on the previous year, averaging 4,897 sessions per day. There were 18,432,469 page views, with an average of 10.31 pages per session. The average session duration was 5 minutes 12 seconds. The page views and length of sessions indicates a high level of engagement with the site.

Work to upgrade and maintain back-end infrastructure continued, including the completion of a new content management system. Work began on the Scootle Pass Thru project to provide support for Victorian and Western Australian government teachers to access other national online services without going through Scootle.

A three-year project commenced to manage intellectual property for resources that are impacted by third party licences expiring by 30 June 2018. Resource assessments are made to determine whether to obtain additional permissions for expiring licenses and to ensure funds are deployed strategically and value is maximised.

In deciding whether to renew licences, resources were analysed in terms of their value to the national collection. This value test took into consideration Scootle usage information, education value, technical quality and known reuse in other projects including Improve. Jurisdictions that access the content via local portals were also invited to provide usage information to further inform decision-making.

In addition, where the source code enables cost-effective substitution of Creative Commons images and sounds, new versions of resources were prepared that enable open access.

Scootle digital resources and infrastructure also support other services such as the Language Learning Space and the Improve formative assessment tool. Resources for which Education Services Australia owns the intellectual property rights, or that have open access, were made available for the ABC Splash education portal.

The advantage of the Scootle repository is that all resources are quality assured, free from copyright remuneration and aligned to the Australian Curriculum. Using this advantage, and in line with Ministers' request to seek other sources of funding and provide services commercially, ESA sought to curate and package resources tailored for specific needs of new clients.

Consideration is being given to how Scootle will evolve to become more sustainable and respond to future needs of schools and teachers.

Scootle Community

Scootle Community is a social networking platform for teachers to communicate and collaborate about the Australian Curriculum and the Professional Standards for Australian Teachers. The platform allows teachers to form networks, search for resources in Scootle, establish discussion forums and post events.

The Scootle Community platform underwent a significant upgrade, including technology and infrastructure changes and major enhancements to the look and feel of the front end. Enhancements included notifications across both mobile and desktop devices to alert users of activity in the platform, which is expected to lead to improved user engagement and enhanced discovery of resources in Scootle as well as selected international open education resource repositories.

Over the year, Scootle Community had 19,311 active users participating in 715 networks, with continuing steady growth in registrations.

User Engagement

Education Services Australia continued to deliver a multi-channel strategy to increase user awareness, registration and use of the National Online Learning Services. This included face-to-face conferences and workshops, webinars, social media campaigns through Twitter and Facebook and media promotion through professional journals and media releases as well as utilising, community networks including subject associations, education thought leaders and teacher champions to increase user uptake.

Principal user engagement initiatives introduced during the year were the organisation of the first Edfest, a national online conference, and the introduction of the *ESA News*.

EdFest was held in January 2015 and was used to promote the National Online Learning Services. The conference themes covered curriculum implementation and new models of learning, and was organised with in-kind support from AITSL, ACARA and the Asia Education Foundation.

The event featured 14 half-hour presentations across the day. The event hash tag trended nationally throughout the day featuring over 2,000 posts and a potential reach of 3,491,669. There were over 4,000 visitors to the event page during the course of the day and over 7,000 new visitors during the *EdFest* promotion period, which included visitors from 74 countries. The recording of the event had over 1,000 views in its first 12 hours.

Another *Edfest* is planned for July 2015, focusing on pre-service and early career teachers.

ESA News is a monthly email bulletin targeted at teachers and pre-service teachers. It promotes the suite of Education Services Australia products and services, highlighting different elements each month. *ESA News* is now the primary communication channel, which had over 63,000 subscribers as at 30 June 2015.

Australian Curriculum Assessment and Reporting Authority (ACARA) Projects

In addition to the partnership with ACARA to deliver online assessment, support was also given to the introduction of the Australian Curriculum, by enabling access to quality resources through Scootle, and maintaining and further developing ACARA's Australian Curriculum website, including its consultation portal.

A new Australian Curriculum website was released in July 2014 that included an improved design and curriculum browser functionality, including multiple combinations of any subject and year level, enhanced Word print/download capability, a "what's

new" spotlight on the homepage, and improved information grouping and navigation.

Updates subsequently made to the new site included:

- a new administrative interface and metadata management system that allows ACARA to enter and manage metadata related to Illustrations of Personalised Learning, Illustrations of Primary Curriculum Management and link those records to related videos on the ACARA YouTube channel;
- publication of the Machine Readable Curriculum for The Arts, Humanities – Economics and Business, Humanities – Civics and Citizenship, Technologies and Health and Physical Education and updates for English, Mathematics, Science and Humanities – History and Humanities – Geography;
- the addition of seven languages – Arabic, German, Korean, Japanese, Modern Greek, Spanish & Vietnamese;
- an update to the Australian Curriculum consultation portal to support the release of the Hindi and Turkish curriculum for consultation;
- links to the Language Learning Space Japanese, Indonesian and Chinese resources via the Australian Curriculum homepage and content descriptions;
- new General Capability and Cross-curriculum priority tagging and sub-element tagging for content descriptions and elaborations, including an enhanced content description pop-up showing general capabilities and cross-curriculum priorities tagged to elaborations.

Work also commenced on updates to key resources as part of the outcomes from the Australian Curriculum review.

Australian Institute of Teaching and School Leadership (AITSL) Projects

A major redevelopment of AITSL websites involved upgrades to the corporate and Australian Professional Standards for Teachers websites that included over 40 new features, and changes to improve the usability and functionality across the website. Notable improvements were designed and developed for Teacher Standards (Illustrations of Practice), Newsroom (Multimedia Centre) and the School Leadership eCollection (Clearinghouse).

Education Services Australia worked with AITSL to identify any technical and project risks for the Australian Professional Standards for Principals (APSP) leadership profiles, developed by IceMedia. This work resulted in the successful integration and launch of phase 1 of the Online Profiles project on the website in June 2015.

Nationally Consistent Collection of Data on School Students with Disability

Education Services Australia supported the nationally consistent collection of data on school students with disability (NCCD) through the development of an online professional learning website that assists support staff and school leaders in collection of the required data.

An evaluation of the data collection process, including the usefulness of the NCCD website, followed the August 2014 data collection, using an online survey, analytics and discussions with jurisdictions. The School Survey tool, developed by Education Services Australia, was utilised to conduct the survey and minimise survey costs.

Usage of the site was high, with 21,643 sessions recorded during the data collection period (1 May to 1 August 2014). Eighty-five percent of survey participants found the site to be useful or very useful to navigate and the content easy to understand.

An updated NCCD website was launched in April 2015 with enhancements including, the consolidation and integration of resources from a range of jurisdictional websites into the NCCD website, strategies to support decision-making, guidance on adjustment level selection and eight new level of adjustment case studies.

Trans-Border Attendance Strategy

The Education Council's Trans-Border Attendance Strategy aims to support continuous learning for highly mobile students by sharing a range of information (student enrolment, attendance, teaching and learning) across state and territory borders via a Central School System (CSS).

The system, originally developed and operated by the Western Australian Department of Education, enables the tracking of attendance and the provision of appropriate learning supports to be established as the student moves from school to school.

In 2013, Education Services Australia was commissioned to develop a new CSS with increased capacity and functionality; to take over its operation, maintenance, support and business processes from Western Australia; and to increase jurisdictional participation in the Strategy.

The new CSS went live in August 2014, followed by a series of enhancements completed in early 2015. These included a new support page, access to reports for jurisdiction administrators, a new account management functionality, security improvements, pagination improvements, inclusion of Google Chrome as a supported browser, broadening of the CSS data matching criteria and the ability for users to manage their own user credentials.

The remaining business and operational functions were transferred to Education Services Australia in February 2015. Activity then focused on working with non-participating jurisdictions to include them in the Strategy. Meetings were held to identify the needs of potential participants and an information pack prepared for distribution.

At the commencement of the project it was envisaged that eventually the service would be fully funded by participating jurisdictions, commencing in 2015-16, when participants would be required to make up a shortfall in Education Council funding.

While most jurisdictions indicated an interest in utilising the service, no additional jurisdictions were in a position to join by 1 July 2015. In view of this, additional Education Council funding to 30 June 2016 was allocated to provide more time to obtain the participation of other jurisdictions before applying a usage charge.

Myfuture

Myfuture is an online careers service providing up-to-date data on courses and programs, scholarships, occupations, public and private providers, industry advice, career exploration tools and a range of interactive resources for young people and career advisors in schools.

Enhancements to the service during the year included the introduction activity sheets that provide teachers with an opportunity to introduce students to various components of Myfuture, while also asking them to reflect on careers and occupations.

Eight online 'career conversation' webinars were completed during the year. These enable participants to ask questions of guest presenters about their occupations in real time. Conversations were recorded and uploaded to the site as an on-going resource.

Myfuture recorded 2,208,383 sessions in the twelve months to 30 June 2015 with the average session duration increasing from 6.12 to 11.24 minutes during this period. The number of new sessions increased slightly from 73.5% to 75.9% in the corresponding period.

In accordance with a request from Ministers to provide advice on the capacity of Myfuture to become more sustainable, Education Services

Australia developed options based on:

- consultations with states and territories
- market research on national and international trends in career information, and development platforms
- an evaluation of the functionality and pricing structures of competitor services
- discussions with potential business and industry sponsors.

School Survey

Launched in August 2013, School Survey is a survey data collection tool that enables schools to gain valuable feedback from their school community using ministerially-agreed national parent and student opinion items, and/or creating and distributing their own items. From the creation of surveys through to the production of versatile reports, schools can obtain data anonymously and maintain privacy of the collected survey data.

Funded by the Australian Government until 30 June 2015, Education Services Australia was asked to work with interested states and territories to develop options for continuing the service beyond the funded period.

The jurisdictions requested options for continuing a reduced service at a lower cost. Estimates for three levels of service were provided and the group committed funding for the Base Level service plus helpdesk support for a period of six months to the end of 2015, after which another decision about the ongoing sustainability of the service is expected.

Supporting National Education Reforms—Australian Government Projects

The Letter of Expectation notes that Education Services Australia was engaged by the Australian Government to undertake specific projects and activities to support the national reform agenda and acknowledges that, while the Education Council does not have governance responsibility for these projects, they are integral to the achievement of the Council's remit.

The report below provides information on key projects funded solely by the Australian Government, in addition to the Online National Assessment Platform. The Australian Government also funded a range of other projects, particularly in relation to making resources available to support the implementation of the Australian Curriculum.

Early Learning Languages Australia

The Early Language Learning (ELLA) project consists of two parts—the development of play-based apps to help generate interest in language studies that can be built upon in later schooling and a year-long trial of that software in pre-schools during 2015.

Seven apps are being developed in five languages—Arabic, Chinese, French, Indonesian and Japanese. Each of the 41 pre-schools in the trial is focussing on one of the five languages.

Development of four of the seven apps, which have been named *The Polyglots*, was completed and trialling commenced in January 2015 with the first app *The Polyglots* in the Playroom in Indonesian, followed by this app in the four other languages. *The Polyglots at the Beach* and *The Polyglots at the Birthday Party* were released between March and June 2015 with the fourth app, Polyglots at the Zoo, completed and scheduled for release in July 2015.

Three pedagogical areas underpin the apps—language and cultural awareness, play-based digital learning experiences and the Early Years Learning Framework.

Using these apps children are able to hear the language in context, see clear visuals to support understanding, experience elements of the culture associated with the language, use the language to play and play with the language.

Each app has a language focus such as introductions and greetings in the first app, colours in the second, numbers in the third and food in the fourth app. Subject matter experts were consulted for all five languages and in each language app a unique approach to the situations was incorporated to suit the cultural context.

Education Services Australia provided support to the participating pre-schools via the ELLA website, trial site visits, maintenance of the ELLA helpdesk, publication and distribution of the ELLA newsletter, weekly email updates, maintenance and monitoring of the ELLA Facebook group for educators to post questions and share experiences, and two webinars held in March and June 2015.

Usage data from the apps was collected and provided to Deloitte Access Economics for independent evaluation. Feedback from the participating pre-schools indicated enthusiasm for the trial and that children were hearing and reproducing language within the pre-school and beyond.

Education Services Australia was also commissioned to develop an Implementation Paper that provides options for a roll-out of the ELLA apps should the evaluation prove favourable.

ecrh
early childhood resource hub

Early Childhood Resource Hub

Education Services Australia developed the Early Childhood Resource Hub with funding from the Australian Government, Department of Social Services. The website provides access to a central repository of information and resources for the early childhood learning and child care sector. This includes practical information for improving and measuring quality within each service aligned to the National Quality Framework and National Quality Standards.

The Hub was completed in June 2015 and a preview release provided to the Australian Government for final approval before its anticipated release by September 2015.

Key features of the site are:

- a user interface that is simple, easy to use and supports access via desktop and mobile devices
- information about the National Quality Framework for early childhood education and care and other early childhood topics, including a digital representation of the National Quality Standard (NQS), practically focussed discussion of each Quality Area in the NQS, and recommended resources

- a resource gallery with advanced search capability that enables educators to search resources by each Quality Area in the NQS.

Further development work commenced to enable forums for educators to interact with their peers about professional development topics, and to include a sector update page and e-bulletins.

Language Learning Space

The Language Learning Space (LLS) is a web-based platform offering resources and services to support teachers and students of Chinese, Indonesian and Japanese languages. Australian teachers are able to deliver language learning programs, monitor student progress, communicate with other teachers within Australia and engage in professional learning.

The LLS Chinese was first released in June 2013, and work over this year focussed on development and release of the LLS for Indonesian and Japanese, based on the Chinese design. The LLS Indonesian was released in September 2014 and the LLS Japanese in December 2014. A revised version the LLS Chinese was also published in September 2014, with resources aligned to the Australian Curriculum.

Each of the Language Learning Spaces includes:

- immersive, game-based student challenges set in each country
- resources and lessons aligned to the Australian Curriculum
- practice in core language concepts
- online language course materials
- teacher development material in formats such as videos, blogs and e-books
- the ePublication series, 'World Student', with advice for first time visitors to China, Indonesia and Japan.

All students are also able to access qualified tutors (via Skype or similar services) based in China, Indonesia or Japan to practise their pronunciation and listening skills.

Over the past year, the number of registered users for the LLS Chinese increased by 52%, totalling 23,074 and comprising 7,834 teachers and 15,240 students. Most of this growth was in student registrations, which have grown by 66%.

Since their release, user registrations for the LLS Indonesian and the LLS Japanese increased to a total of 7,316 (777 teachers and 6,539 students) and 6,119 registrations (786 teachers and 5,333 students) respectively.

The Language Learning Space achieved both national and international recognition, winning its third award, the Platinum Global Learning Impact Award 2015 which recognises the most effective and influential uses of technology in support of learning.

Promotion of the Language Learning Space was also a major focus using a multi-faceted approach including:

- presentations and workshops at Language teacher conferences and other professional development events
- establishment of a Facebook site for the LLS, with regular posts relating to the teaching of languages and to content available on the LLS
- promotion through email, Twitter and groups such as the Japanese Language Teachers of Australia Facebook Group
- distribution of marketing collateral in the form of posters and postcards.

Safe Schools Hub

The Safe Schools Hub provides information and resources on safe school strategies to assist teachers, students, parents, specialist professional support staff and pre-service teachers. It is underpinned by the National Safe Schools Framework.

Education Services Australia works with the Education Council's Safe and Supportive Schools Committee to obtain advice and feedback for continual improvement of the site. Subject matter experts are also consulted to validate changes and information requests. On advice from the Committee, additional resources were included and improvements made to the student section and professional learning modules for teachers and pre-service teachers.

Feedback was also received from the National Safe Schools Coalition regarding the sexuality and gender related content of the Hub. The feedback was reviewed by the subject matter experts in conjunction with the project team to determine how the recommendations could best be implemented.

An independent evaluation of the Safe Schools Hub was completed in May 2015 by the University of South Australia, who consulted teachers, school leaders, pre-service teachers, specialist support staff, parents, students, ESA, the Australian Government Department of Education and members of the Strategic Advisory Group. The evaluation included qualitative and quantitative research, (interviews, focus groups and an online survey) data analyses and case studies.

The Safe Schools Hub won the category - E-Learning – Academic Division at the 2014 International E-Learning Association awards and was also a finalist in the category - Excellence in a Learning Resource at the 2014 Australia Institute of Training and Development awards.

The Safe Schools Hub recorded over 50,000 sessions during the year, with over 37,000 unique users. Seventy percent of traffic was new visits to the site. There were over 6,000 visits to the professional learning modules from over 5,000 users.

Myskills

The Myskills website is a national directory of vocational education and training (VET) organisations and courses that assists students, job seekers and workers select appropriate training pathways.

Myskills was given a new look and new functions. Enhancements included:

- a location identifier to help users search in their area for the nearest training organisations
- courses linked to skills in demand in each state or territory
- overall student satisfaction and employment outcomes for the 230 most popular courses
- a news section with information about skills, training programmes and events
- a faster, more intuitive search engine
- career pathways information to see how courses relate to occupations within an career stream
- a VET FEE-HELP calculator to help trainees understand their loan obligations
- identification of sanctioned training providers
- course and training provider comparison tools.

Myskills had more than one million visitors over the year, treble the previous year's visits.

ABC Splash

The Australian Broadcasting Commission (ABC) and Education Services Australia worked collaboratively to deliver ABC Splash, an online education portal that provides students and families with access to an extensive library of educational resources aligned to the Australian Curriculum.

The project was completed on 30 June 2015. Over the project duration, ESA identified, created and published more than three and a half thousand resources. The resources included:

- 3,416 media resources including video, games and mobile apps
- 60 digibooks
- 28 teaching resources
- 12 live events
- 10 digital interactives and mobile apps.

Corporate Responsibility

Business Processes

Education Services Australia continually monitors and reviews its financial and business policies, processes and practices overseen by the Board and its Finance, Risk and Audit Committee.

During the year, the Business Continuity Plan (BCP) was developed and approved by the Board. The BCP followed on from the Company's Disaster Recovery Plan, with the focus of the BCP being the Company's response to a major incident in order to minimise the impact on critical business functions. The BCP was also designed to work in conjunction with the Emergency Communications Plan and the Emergency Management Plan. The BCP will be updated periodically to reflect and respond to any changes in the structure or operations of ESA, or if the exercise or testing of a procedure or plan identifies any changes that need to be made.

The Fraud Control Plan was also completed and approved by the Board. The Plan includes the fraud control policy, roles and accountabilities, fraud control strategies and a fraud response and investigation procedure.

Occupational Health and Safety

Education Services Australia is committed to providing and maintaining a safe work environment consistent with the provisions of the Occupational Health and Safety Act 2004. It is the company's policy to make every reasonable effort to prevent accidents, protect employees from injury, provide information and training, and promote the health, safety and welfare of all employees.

Maintainance and review of policies and procedures continued as part of the focus on continual improvement. An annual report was prepared and provided to the Board on activity during the year.

Activity conducted included:

- ongoing induction of new staff, which includes the provision of relevant OH&S policies, information on location of tools and services and company emergency procedures
- individual workstation assessments and provision of specialist equipment as required, as well as training to maintain ergonomically sound workstations and advice on preventing injuries
- emergency response procedures and drills, training for floor wardens and the provision of an Emergency Contacts card to all staff that is updated periodically
- a risk hazard inspection of the premises
- maintenance inspections on all equipment
- flu vaccinations provided free-of-charge to all employees
- continuation of a confidential professional counselling service delivered by an external provider that can be accessed by employees for assistance with work related or personal problems.

Reconciliation Action Plan

Education Services Australia's Reconciliation Action Plan was approved by Reconciliation Australia in July 2014 for a period of twelve months. A working party was established to plan activities and review progress.

The Plan focuses on raising staff awareness of Aboriginal and Torres Strait Islander histories, cultures and contributions, with the intention that project staff will include Aboriginal and Torres Strait Islander perspectives in project development, where possible, and a corporate culture of understanding and respect for Aboriginal and Torres Strait Islander peoples is developed.

A number of activities and events were held, including lunchtime forums, guest speakers invited to talk to staff and two fund raising activities to support programs aimed at improving literacy amongst Aboriginal and Torres Strait Islander children.

During Reconciliation Week *ESA News* featured a range of learning resources, activities and events to share knowledge and pride in Aboriginal and Torres Strait Islander histories, cultures and contributions. These were also promoted through Scootle Community, Twitter and Facebook.

The key event was a staff discussion with Geoff Aigner, Director of Social Leadership Australia, and one of the authors of Lost Conversations, which aims to generate a new dialogue between black and white Australians.

Environment Report

Education Services Australia maintains a strong ethos of environmental responsibility. The Company has an Environment Policy, and the Board receives an annual environment report, which is published on the Company website.

In March 2012, accreditation as a carbon-neutral company under the Australian Government's National Carbon Offset Standard scheme was achieved. The carbon-neutral accreditation was retained, with the Company reaching or exceeding its targets.

During the year, the Environment Committee continued to look at ways to reduce the carbon footprint.

FINANCIAL REPORT

Statement of profit or loss and other comprehensive income for the year ended 30 June 2015

	Note	2015 $	2014 $
Project income		28,531,770	45,317,377
Revenue from sales and subscriptions		4,108,739	4,250,763
Other income		1,439,534	1,202,755
Total revenue	**2(a)**	**34,080,043**	**50,770,895**
Project expenses		(13,253,984)	(22,482,584)
Publication and subscription product expenses		(1,346,626)	(1,473,959)
Employee benefit expenses		(13,898,339)	(19,873,295)
Depreciation and amortisation expenses		(999,013)	(1,004,140)
Other expenses		(4,767,261)	(5,833,340)
Total expenditure	**2(b)**	**(34,265,223)**	**(50,667,318)**
(Loss)/Profit before income tax		(185,180)	103,577
Income tax expense		–	–
(Loss)/Profit from operations attributable to members of the Company		(185,180)	103,577
Other comprehensive income		–	–
Total comprehensive (loss)/income attributable to members of the Company		**(185,180)**	**103,577**

The accompanying notes on pages 36 to 59 form part of this financial statement.

Statement of financial position as at 30 June 2015

	Note	2015 $	2014 $
Current assets			
Cash and cash equivalents	18(b)	32,180,600	30,340,099
Trade and other receivables	3	5,376,512	9,374,228
Inventories	4	–	100,766
Financial assets	5	13,900,000	6,900,000
Other assets	6	665,950	752,413
Total current assets		**52,123,062**	**47,467,506**
Non-current assets			
Property, plant and equipment	7	866,125	1,257,032
Financial assets	5	–	6,000,000
Intangible assets	8	1,382,280	1,796,404
Total non-current assets		**2,248,405**	**9,053,436**
Total assets		**54,371,467**	**56,520,942**
Current liabilities			
Trade and other payables	9	4,013,217	3,029,665
Other liabilities	10	31,119,373	34,336,988
Provisions	11	2,177,354	1,931,100
Total current liabilities		**37,309,944**	**39,297,753**
Non-current liabilities			
Provisions	11	515,161	491,647
Total non-current liabilities		**515,161**	**491,647**
Total liabilities		**37,825,105**	**39,789,400**
Net assets		**16,546,362**	**16,731,542**
Equity			
Reserves	12	3,700,000	3,700,000
Net contribution from administrative restructure		1,418,429	1,418,429
Retained earnings		11,427,933	11,613,113
Total equity		**16,546,362**	**16,731,542**

The accompanying notes on pages 36 to 59 form part of this financial statement.

Statement of changes in equity for the year ended 30 June 2015

	Contributions $	Retained earnings $	Capital reserve $	Total $
Balance at 30 June 2013	**1,418,429**	**11,509,536**	**3,700,000**	**16,627,965**
Profit for the year	–	103,577	–	103,577
Total comprehensive income for the year	–	103,577	–	103,577
Balance at 30 June 2014	**1,418,429**	**11,613,113**	**3,700,000**	**16,731,542**
Loss for the year	–	(185,180)	–	(185,180)
Total comprehensive loss for the year	–	(185,180)	–	(185,180)
Balance at 30 June 2015	**1,418,429**	**11,427,933**	**3,700,000**	**16,546,362**

The accompanying notes on pages 36 to 59 form part of this financial statement.

Statement of cash flows for the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from operating activities		32,732,770	41,440,691
Payments to suppliers and employees		(31,062,682)	(51,186,210)
Payment of grants direct to schools		–	(181,602)
Goods and Services Tax recovered from the ATO		2,625,585	1,555,540
Goods and Services Tax paid to the ATO		(2,192,392)	(2,478,273)
Net cash provided by/ (used in) operating activities	**18(a)**	**2,103,281**	**(10,849,854)**
Cash flows from investing activities			
Payment for investments		(1,000,000)	(3,942,159)
Payment for property, plant and equipment and intangibles		(193,982)	(993,166)
Interest received from investments		931,202	1,042,310
Net cash used in investing activities		**(262,780)**	**(3,893,015)**
Cash flows from financing activities			
Net cash provided by financing activities		**–**	**–**
Net increase / (decrease) in cash held		**1,840,501**	**(14,742,869)**
Cash and cash equivalents at the beginning of the financial year		**30,340,099**	**45,082,968**
Cash and cash equivalents at the end of the financial year	**18(b)**	**32,180,600**	**30,340,099**

The accompanying notes on pages 36 to 59 form part of this financial statement.

Notes to the financial statements for the financial year ended 30 June 2015

1 Summary of accounting policies

2 Results from operations

3 Trade and other receivables

4 Inventories

5 Financial assets

6 Other assets

7 Property, plant and equipment

8 Intangible assets

9 Trade and other payables

10 Other liabilities

11 Provisions

12 Reserves

13 Lease commitments

14 Members' guarantee

15 Remuneration of Directors and executives

16 Remuneration of auditors

17 Subsequent events

18 Notes to the statement of cash flows

19 Related party transactions

20 Contingent liabilities

21 Financial instruments

22 Adoption of new and revised accounting standards

23 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 2015; the comparative information presented in these financial statements is for the year ended 30 June 2014.

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 with original maturities of three months or less.

1(b) Bad debts

Provision is made for debts that are outstanding beyond 90 days with the exception of project-related debtors. All amounts receivable from project grants were assessed to be recoverable. All of the Company's receivables have been reviewed for indicators of impairment.

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) Inventories

Inventories held for resale are measured at the lower of cost or net realisable value. For inventory of publications for sale, the Company has a policy of fully providing for inventory where the publishing date is greater than three years and the quantity on hand is greater than twice the most recent level of annual sales. In addition, provision is also made for stock that has a publication date of less than three years when sales are significantly below projected levels.

1(i) Leases

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

Operating leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits derived from the leased property.

1(j) 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

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Management determines the classification of its investments at initial recognition. The classification depends on the purpose for which the investments were acquired. The Company currently holds investments classified as held-to-maturity.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Assets held to maturity

Where the Company has the positive intent and ability to hold investments to maturity, they are stated at amortised cost less impairment losses.

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(k) Revenue recognition

Project income is recognised as revenue when the Company gains control of the underlying assets. Where project funding is reciprocal, revenue is recognised as performance occurs under the contract. Non-reciprocal project funding is recognised as revenue when the project income is received.

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

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

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

Income from a contract to provide services is recognised by reference to the stage of completion of the contract.

Royalty income is recognised as earned.

Income of $823,089 (2014: $568,548) (included in Project Income) from the contract to manage the edu.au domain registry is recognised on a cash basis.

1(l) Make-good provision

Provisions are recognised when the company has 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 7, 440 Collins Street, Melbourne and 31 Pelham Street, Carlton, Melbourne. 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(m) 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 incurred.

1(n) 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:

	2015	2014
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(o) 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:

	2015	2014
Business software	5 years	5 years

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

1(p) 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 taxation has been provided for in these accounts.

1(q) Grants in advance

The Company invoices in advance of project work and recognises associated revenue as project work is completed. The Company invoices in advance for subscriptions to products and services issued over a 12-month period and associated revenue is recognised evenly over the period to which the subscription relates.

At 30 June 2015 amounts shown as other liabilities represent the unrecognised revenue for projects invoiced or received in advance and for future subscription activities. It is possible that on completion of project work, balances that have not been fully expended could be returned to clients dependent on the particulars of the specific client contracts.

1(r) Critical accounting estimates and judgements

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

Key estimates – impairment

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

Key judgements – doubtful debts provision

Receivables in respect of publication and subscription sales outstanding in excess of 90 days were deemed to be impaired and a provision of $9,529 (2014: $6,070) has been recorded accordingly. All amounts receivable from project grants were assessed to be recoverable.

Key judgements – make-good provision

On 1 June 2008 the Company obtained a quote for the make-good on the premises at levels 5, 6 and 7, 440 Collins Sreet, Melbourne. This figure was used as the basis for the provision shown in the Statement of financial position. This quotation has been indexed in order to reflect the make-good liability at 30 June 2015. 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(s) Restructuring of administrative arrangements

Net assets received from another entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

1(t) Rounding of amounts

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

2. Results from operations

2(a) Revenue

	2015 $	2014 $
Project income	28,531,770	45,317,377
Subtotal – project income	**28,531,770**	**45,317,377**
Schools Cataloguing Information Service subscriptions	2,933,358	2,780,367
Publication sales	780,481	961,276
Maths 300 subscriptions	299,656	273,048
Resourcebank subscriptions	7,368	8,527
Other subscriptions and product sales	87,876	227,545
Subtotal – revenue from sales and subscriptions	**4,108,739**	**4,250,763**
Royalties	58,361	97,857
Interest – at bank and other short-term investments	543,584	537,653
Interest – investments current	523,749	410,721
Other	313,840	156,524
Subtotal – other income	**1,439,534**	**1,202,755**
Total revenue	**34,080,043**	**50,770,895**

2(b) Expenditure

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

	2015 $	2014 $
Project expenses	(13,253,984)	(22,482,584)
Publication and subscription product expenses	(1,346,626)	(1,473,959)
Employee benefit expenses	(13,898,339)	(19,873,295)
Depreciation and amortisation expenses	(999,013)	(1,004,140)
Make good write back or (expense)	(980)	38,200
Administration and secretariat expenses	(2,482,042)	(3,001,077)
Occupancy expenses	(1,551,650)	(1,910,775)
IT maintenance and services expenses	(732,589)	(959,688)
Total expenditure	**(34,265,223)**	**(50,667,318)**
(Loss)/Profit from operations	**(185,180)**	**103,577**

2(c) Grants to schools

Note: In the prior year an amount of $181,602 (2015: $nil) was recognised as revenue for distribution of grants direct to schools. All of this revenue was distributed to schools during the 2014 financial year and recognised as a reduction to revenue rather than an expense. The Company has elected to treat the grants in this manner so as not to misrepresent the financial operations in the Statement of comprehensive income and therefore the gross value of these grants is not shown as an income or expenditure item. Revenue from contracts for the management and distribution of these grants are included within project grants.

3. Trade and other receivables

	2015 $	2014 $
Current		
Project receivables	5,209,522	9,147,766
Other receivables	176,519	232,532
Allowance for doubtful debts	(9,529)	(6,070)
Total trade and other receivables	**5,376,512**	**9,374,228**
Doubtful debts movement		
Balance at beginning of the financial year	(6,070)	(11,217)
Reduction / (increase) in provision	(3,459)	5,147
Balance at end of the financial year	**(9,529)**	**(6,070)**

At 30 June 2015 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. Inventories

	2015 $	2014 $
Current		
Inventory – publications at cost	116,604	201,532
Allowance for obsolescence	(116,604)	(100,766)
Total inventories	**–**	**100,766**
Obsolescence movement		
Balance at beginning of the financial year	(100,766)	(580,232)
Inventory written off or disposed of	–	379,000
(Increase) decrease in provision	(15,838)	100,466
Balance at end of the financial year	**(116,604)**	**(100,766)**

5. Financial assets

	2015 $	2014 $
Current		
Investments held to maturity	13,900,000	6,900,000
Total current financial assets	**13,900,000**	**6,900,000**
Non-current		
Investments held to maturity	–	6,000,000
Total non-current financial assets	**–**	**6,000,000**
Total financial assets	**13,900,000**	**12,900,000**

6. Other assets

	2015 $	2014 $
Current		
Prepayments	247,996	269,335
Accrued revenue	417,954	483,078
Total other assets	**665,950**	**752,413**

7. Property, plant and equipment

	2015 $	2014 $
Leasehold improvements at cost	2,512,298	2,492,530
Accumulated depreciation	(1,923,900)	(1,635,959)
Total	**588,398**	**856,571**
Fixtures and fittings at cost	366,797	345,574
Accumulated depreciation	(290,264)	(276,168)
Total	**76,533**	**69,406**
Plant and equipment at cost	3,030,318	2,932,637
Accumulated depreciation	(2,829,124)	(2,601,582)
Total	**201,194**	**331,055**
Total property, plant and equipment	**866,125**	**1,257,032**

Movement in carrying amounts	Leasehold improvements $	Fixtures and fittings $	Plant and equipment $	Total $
Balance at beginning of year 1 July 2014	856,571	69,406	331,055	1,257,032
Additions	19,768	21,223	98,495	139,486
Disposals	–	–	(813)	(813)
Depreciation write back on disposal	–	–	813	813
Depreciation expense	(287,941)	(14,096)	(228,356)	(530,393)
Carrying amount at end of year 30 June 2015	**588,398**	**76,533**	**201,194**	**866,125**

Movement in carrying amounts	Leasehold improvements $	Fixtures and fittings $	Plant and equipment $	Total $
Balance at beginning of year 1 July 2013	945,581	26,786	444,233	1,416,600
Additions	175,459	50,767	167,698	393,924
Reclassification cost	–	–	(1,413,539)	(1,413,539)
Reclassification accumulated depreciation	–	–	1,413,539	1,413,539
Gross up cost	397,618	48,440	–	446,058
Gross up accumulated depreciation	(397,618)	(48,440)	–	(446,058)
Depreciation expense	(264,469)	(8,147)	(280,876)	(553,492)
Carrying amount at end of year 30 June 2014	**856,571**	**69,406**	**331,055**	**1,257,032**

8. Intangible assets

	2015 $	2014 $
Business software at cost	3,717,387	3,662,892
Accumulated amortisation	(2,335,107)	(1,866,488)
Total intangible assets	**1,382,280**	**1,796,404**

Movement in carrying amounts		
Balance at beginning of the financial year	1,796,404	1,647,810
Additions	54,496	599,242
Reclassification cost	–	1,413,539
Reclassification accumulated amortisation	–	(1,413,539)
Amortisation expense	(468,620)	(450,648)
Carrying amount at the end of the financial year	**1,382,280**	**1,796,404**

9. Trade and other payables

	2015 $	2014 $
Current		
Trade and other payables	3,293,440	2,743,082
ATO – GST	719,777	286,583
Total trade and other payables	**4,013,217**	**3,029,665**

At 30 June 2015 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.

10. Other liabilities

	2015 $	2014 $
Current		
Project funds in advance	28,140,377	32,720,052
Subscriptions received in advance	2,978,996	1,616,936
Total other liabilities	**31,119,373**	**34,336,988**

11. Provisions

	2015 $	2014 $
Current		
Employee benefits – annual leave	839,341	881,459
Employee benefits – long service leave	788,043	865,139
Employee benefits – salaries and wages	549,970	159,502
Make good on premises (note 11a)	–	25,000
Total current provisions	**2,177,354**	**1,931,100**
Non-current		
Employee benefits – long service leave	120,935	97,421
Make good on premises (note 11a)	394,226	394,226
Total non-current provisions	**515,161**	**491,647**
Total provisions	**2,692,515**	**2,422,747**

11(a) Make-good provision

	2015 $	2014 $
Balance at beginning of the financial year	419,226	457,426
Make good write back	(25,000)	(38,200)
Balance at end of the financial year	**394,226**	**419,226**

12. Reserves

	2015 $	2014 $
Capital reserve		
Balance at beginning of the financial year	3,700,000	3,700,000
Balance at end of the financial year	**3,700,000**	**3,700,000**

As a company limited by guarantee, Education Services Australia has no formal issued capital and therefore must fund its capital requirements from retained earnings. At 30 June 2005 the Directors established a Capital reserve to fund the fixed-asset infrastructure requirements and to meet working capital requirements.

13. Lease commitments

Operating leases

Operating leases relate to the tenancies at levels 5, 6 and 7 at 440 Collins Street Melbourne & level 3 at 31 Pelham Street Melbourne. The Collins Street operating lease contracts contain market review clauses in the event that the Company exercises its option to renew. The Company does not have an option to purchase the leased asset at the expiry of the lease period.

	2015 $	2014 $
Non-cancellable operating leases		
Not longer than 1 year	1,509,144	1,425,826
Longer than 1 year and not longer than 5 years	2,250,209	3,696,858
Longer than 5 years	–	–
Total non-cancellable operating leases	**3,759,353**	**5,122,684**

14. 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.

15. 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).

	2015 $	2014 $
Remuneration		
Short-term employee benefits – executives	1,280,000	1,560,950
Directors' remuneration	77,405	85,454
Total remuneration of Directors and executives	**1,357,405**	**1,646,404**

16. Remuneration of auditors

	2015 $	2014 $
Remuneration		
Audit of the financial report	49,000	48,000
Other audit services	11,000	13,000
Total auditor remuneration	**60,000**	**61,000**

17. Subsequent events

There were no subsequent events.

The financial report was authorised for issue by the Board of Directors on the 25th day of September 2015.

18. Notes to the statement of cash flows

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

	2015 $	2014 $
(Loss)/Profit for the year	(185,180)	103,577
Reclassify interest as investing cash flow	(931,202)	(1,042,310)
Depreciation and amortisation expenses	999,013	1,004,140
Net result after adjustments	**(117,369)**	**65,407**
Changes in net assets and liabilities		
(Increase) or decrease in assets		
Trade and other receivables	3,997,716	9,362,425
Inventories	100,766	(89,136)
Other assets	86,463	310,935
Increase or (decrease) in liabilities		
Trade and other payables	983,552	(957,873)
Other liabilities	(3,217,615)	(17,909,000)
Current provisions	246,254	(1,362,041)
Non-current provisions	23,514	(270,571)
Net cash provided by/(used in) operating activities	**2,103,281**	**(10,849,854)**

18(b) Cash and cash equivalents

	2015 $	2014 $
Cash on hand	1,100	1,300
Cash at bank	26,179,500	30,338,799
Investments at call	6,000,000	–
Total cash and cash equivalents	**32,180,600**	**30,340,099**

19. Related party transactions

The Australian Government education department and also every state and territory government education department, through the single Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee (AEEYSOC) nominee are represented on the Company's Board. These governments can therefore exert significant influence over the Company. Of the Company's total revenue, 87 per cent (2014: 84 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 Minister for Employment is one of nine member's of Education Services Australia Limited and is the sole owner of the Australian Curriculum, Assessment and Reporting Authority (ACARA) and of the Australian Institute for Teaching and School Leadership (AITSL).

Of the Company's total revenue, 5 per cent (2014: 4 per cent) was earned from ACARA and AITSL combined.

20. Contingent liabilities

The Company has provided a registered mortgage debenture over its assets in respect of security on the leasehold properties at levels 5, 6 and 7 at 440 Collins Street Melbourne.

	2015 $	2014 $
Bank guarantee – tenancy lease Collins St, Melbourne	700,000	700,000
Total contingent liabilities	**700,000**	**700,000**

21. Financial instruments

21(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.

21(b) Categorisation of financial instruments

	Note	Category	Carrying amount 2015 $	Carrying amount 2014 $
Financial assets				
Receivables	**3**	Loans and receivables (at amortised cost)	5,376,512	9,374,228
Financial assets	**5**	Held-to-maturity investments (at cost)	13,900,000	12,900,000
Financial liabilities				
Payables	**9**	Trade and other payables (at amortised cost)	4,013,217	3,029,665

21(c) Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables, and investments held to maturity. 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 only deal with entities with high credit ratings.

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.

21(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 provided for doubtful debts amounting to $9,529 (2014: $6,070). All other receivables are expected to be collected in full.

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

Ageing analysis of financial assets

	Not past due and not impaired $	Past due but not impaired $			Impaired financial assets $	Total $
		less than 1 month	1–3 months	3–12 months		
2015						
Receivables						
Project debtors	5,173,321	27,795	–	–	8,406	5,209,522
Other receivables	175,396	–	–	–	1,123	176,519
Other financial assets						
Investments held to maturity	13,900,000	–	–	–	–	13,900,000
Total	**19,248,717**	**27,795**	**–**	**–**	**9,529**	**19,286,041**
2014						
Receivables						
Project debtors	5,953,027	3,194,739	–	–	–	9,147,766
Other receivables	39,447	175,622	11,393	–	6,070	232,532
Other financial assets						
Investments held to maturity	12,900,000	–	–	–	–	12,900,000
Total	**18,892,474**	**3,370,361**	**11,393**	**–**	**6,070**	**22,280,298**

21(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 five months of fixed operating cost plus working capital. The Company's capital reserve of $3,700,000 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 investments held to maturity.

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

Maturity analysis of financial liabilities

	Not past due $	Maturity dates $			Total $
		less than 1 month	1–3 months	3–12 months	
2015					
Financial liabilities					
Payables	3,691,155	258,337	62,145	1,580	4,013,217
Total	**3,691,155**	**258,337**	**62,145**	**1,580**	**4,013,217**
2014					
Financial liabilities					
Payables	1,984,505	196,965	848,195	–	3,029,665
Total	**1,984,505**	**196,965**	**848,195**	**–**	**3,029,665**

21(f) Interest rate risk

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

Interest rate exposure analysis of financial assets

	Interest rate* %	Carrying amount $	Interest rate exposure $		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2015					
Cash					
Cash and cash equivalents	2.77	32,180,600	6,000,000	26,179,500	1,100
Receivables					
Project receivables	–	5,201,116	–	–	5,201,116
Other receivables	–	175,396	–	–	175,396
Other financial assets					
Investments held to maturity	3.67	13,900,000	13,900,000	–	–
Total		**51,457,112**	**19,900,000**	**26,179,500**	**5,377,612**
2014					
Cash					
Cash and cash equivalents	3.05	30,340,099	–	30,338,799	1,300
Receivables					
Project receivables	–	9,147,766	–	–	9,147,766
Other receivables	–	226,462	–	–	226,462
Other financial assets					
Investments held to maturity	3.91	12,900,000	12,900,000	–	–
Total		**52,614,327**	**12,900,000**	**30,338,799**	**9,375,528**

* Weighted-average effective interest rate.

Interest rate exposure analysis of financial liabilities

	Interest rate* %	Carrying amount $	Interest rate exposure $		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2015					
Financial liabilities					
Payables	–	4,013,217	–	–	4,013,217
Total	**–**	**4,013,217**	**–**	**–**	**4,013,217**
2014					
Financial liabilities					
Payables	–	3,029,665	–	–	3,029,665
Total	**–**	**3,029,665**	**–**	**–**	**3,029,665**

* Weighted-average effective interest rate.

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

Market risk exposure

	Carrying amount $	Interest rate risk			
		–2.00% (200 basis points)		2.00% (200 basis points)	
		Net result	Equity	Net result	Equity
2015					
Financial assets					
Cash and cash equivalents	26,179,500	(523,590)	(523,590)	523,590	523,590
Total increase/(decrease)		**(523,590)**	**(523,590)**	**523,590**	**523,590**
2014					
Financial assets					
Cash and cash equivalents	30,338,799	(606,776)	(606,776)	606,776	606,776
Total increase/(decrease)		**(606,776)**	**(606,776)**	**606,776**	**606,776**

21(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 that 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.

22. Adoption of new and revised accounting standards

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.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory have not been adopted by the Company for the reporting period ending 30 June 2015. The Company has assessed the impact of these new or amended but not yet effective Accounting Standards and Interpretations and has determined that these standards will not affect the measurement but may result in additional disclosures.

23. Company details

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

Directors' declaration

Education Services Australia

The Directors declare that:

1. The financial statements and notes for Education Services Australia Limited as set out on pages 31 to 59 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 2015 and of its performance for the financial year ended on that date; and

   b. complying with the Australian Accounting Standards (including Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2013.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dr Tom Stubbs
Chair of the Board of Directors
Education Services Australia Limited

Dated this 25th day of September 2015

Education Services Australia Ltd ABN 18 007 342 421 ACN 007 342 421
L5 440 Collins Street Melbourne Victoria 3000 PO Box 177 Carlton South Victoria 3053 **T**+61 3 9207 9600 **F**+61 3 9910 9800
www.esa.edu.au

Auditor's report

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of Education Services Australia Limited

We have audited the accompanying financial report of Education Services Australia Limited (the "Company"), which comprises the statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration of the Company.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Grant Thornton

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board and the *Australia Charities and Not-for-profits Commission Act 2012*.

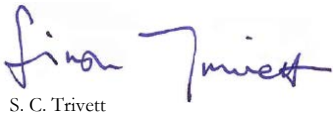
Auditor's opinion

In our opinion the financial report of Education Services Australia Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards, the *Corporations Regulations 2001* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S. C. Trivett
Partner - Audit & Assurance

Melbourne, 25 September 2015

APPENDIXES

Appendix 1: Letter of Expectation 2014-15 and 2015-16

Education Council

27 April 2015

The Board of Directors
Education Services Australia Ltd
Level 5, 440 Collins Street
Melbourne VIC 3000

Dear Directors

EDUCATION SERVICES AUSTRALIA (ESA) LETTER OF EXPECTATION JULY 2014 – JUNE 2016

I am writing on behalf of the Council of Australian Governments' (COAG) Education Council (the Council), as company owners of Education Services Australia Ltd (ESA), to set out the Council's priorities and expectations for ESA during the 2014-15 and 2015-16 financial years.

PURPOSE

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

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

CONTEXT

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

The Education Council was established on 1 July 2014 to assist COAG, through national collaborative action, to improve educational outcomes for all Australians across all stages of the learning and development lifecycle. It is the successor body to the Standing Council on School Education and Early Childhood (SCSEEC). The Council's remit covers: early childhood education and care; primary and secondary education including vocational education and training in schools (VETiS); higher education; and international education. For the purpose of this Letter of Expectation any reference to the 'education sector' also encompasses early childhood education and care.

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

3rd floor, 15-31 Pelham Street, Carlton Victoria 3053 ■ PO Box 202 Carlton South, Victoria 3053 Australia
T: +61 3 9639 0588 F: +61 3 3 9639 1790 E: enquires@ec.edu.au www.educationcouncil.edu.au

The Council is responsible for ensuring that performance information is in place to monitor outcomes and addressing data gaps. All Australian governments are undertaking initiatives to support the effective integration of Information & Communication Technologies (ICT) into teaching and learning in the context of these reforms.

The ministerial companies and authorities that comprise the national education architecture are integral to this reform agenda. The Australian Curriculum, Assessment and Reporting Authority (ACARA) is developing the Australian Curriculum, implementing national frameworks for assessment, and reporting on educational outcomes. The Australian Institute for Teaching and School Leadership (AITSL) has a leadership role in the teacher quality initiatives. The Australian Children's Education and Care Quality Authority (ACECQA) is responsible for supporting States and Territories in the implementation of the National Quality Framework for early childhood education and care and school age care.

ESA has an important role in supporting the development and delivery of the COAG reform agenda as a leading service provider for the education sector in Australia and in supporting the other ministerial companies and authorities in their work.

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

OPERATING PRINCIPLES

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

Innovation and Quality: ESA should deliver high-quality and innovative products and services and creatively work through innovative engagement models, to meet the requirements of the education sector in implementing the broader reform agenda.

Engagement: ESA should engage closely with all jurisdictions, systems, the bodies that comprise the national education architecture, and where appropriate, individual providers, in the education sector to determine the sector's requirements as consumers and to ensure that ESA products and services are aligned with these requirements and do not replicate existing service delivery offered by jurisdictions.

Leveraging existing capital: Wherever possible, ESA should work to leverage existing investment in resources, tools and infrastructure that is either owned nationally or by states or territories, and existing knowledge, expertise and capacity in jurisdictions and the non-government education sector, where practical and mutually beneficial.

Efficiency: ESA should ensure products and services are cost-effective and delivered competitively. In developing products and services ESA should consider, where possible, hosting and maintenance arrangements that support long term sustainability.

Sustainability: ESA should continue to build its capability to ensure its financial viability into the future such as proactive exploration of business opportunities across all sectors of education and related industries.

PRIORITIES

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

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

Development of an Online National Assessment Platform

The Education Council requests that ESA considers, as a key priority, work on the development of an online national assessment platform (the platform). In the first instance, the platform will deliver NAP Civics and Citizenship online in 2016 and NAPLAN online in 2017, with provision for other systemic assessment (subject to states and territories making modifications to enable this to be delivered via the technical platform) and provision for classroom assessment in the future, subject to further funding being made available.

In undertaking this work ESA must operate within the governance arrangements, implementation timeframes and models, agreed by the Council, including working co-operatively with the independent Project Management Office (PMO) established by AESOC[1] at the request of the Council to co-ordinate the effective transition to the delivery of NAPLAN online. ESA must also work closely with the National Schools Interoperability Program (NSIP) Steering Group in ensuring interoperability issues are considered and managed. ESA is expected to deliver:

a) Platform and infrastructure development - to design build/buy and implement the IT hardware and software systems and infrastructure requirements to create/deliver tests, mark, analyze and generate reports, including undertaking work to deliver an updated design, scope, budget, schedule and risk mitigation plan.
b) Technical and system operations – to configure, manage and maintain the IT hardware, software and infrastructure and ensure it performs at the required level.
c) Technical advice and assistance to ACARA, the Online Assessment Working Group (or its successor), and the PMO including, but not limited to, advice on system requirements, privacy issues and solutions, risk, identity, and technical requirements at the school level.

[1] This acronym is reflective of the anticipated name change resulting from the COAG decision to create the Education Council. Subject to approval of the Council's terms of reference the senior officials committee is expected to be renamed the Australian Education Senior Officials Committee (AESOC).

Nationally Consistent Collection of Data on School Students with Disability

The Education Council acknowledges the work undertaken to date by ESA in the development, delivery, evaluation and enhancements to the online professional learning module that provides guidance and support for teachers, support staff and school leaders to enable nationally consistent collection of data on students with a disability.

The Council requests that ESA undertakes further evaluation of, and enhancements to, the professional learning module and continues to host and maintain the online site.

Trans-border Attendance Strategy Central Schools System (CSS)

The Education Council is responsible for improving Indigenous attendance with additional effort in remote schools and communities. Ministers acknowledge the work undertaken by ESA in the transfer of the existing Central School System functionality and business processes from Western Australia to ESA, the upgrade of the system and the work with participating jurisdictions. The Council expects ESA to maintain and support the Central Schools System for participating jurisdictions and their selected schools for the funded period and to develop advice and options for AESOC consideration on the CSS sustainability beyond June 2015.

National Online Learning Services (NOLS) for Australian Teachers, Students and Parents.

The Education Council expects that ESA will continue to host and maintain the national digital resources repository, Scootle, and Scootle Community, and back-end application services including technical infrastructure, intellectual property, help desk, and technical, accessibility and metadata standards. The Council notes that ESA will provide advice to Council on the sustainability of the NOLS beyond the current funding period, which expires at the end of June 2017.

National Career Information Service (myfuture)

Jurisdictions have supported an extension of the *myfuture* information service, with state and territory funding continuing at current levels to 30 June 2015. The Education Council expects that ESA will continue to manage, host and maintain information services for this national career information system.

The Council requests ESA to also provide advice to Council by May 2015 on the capacity for *myfuture* to become self-sustaining and options for its future viability beyond June 2015. In doing so ESA should consider the efficacy of changes such as the use of cloud-based services, industry sponsorship, reduced data costs and direct user services.

School Survey System

The Australian Government will support maintenance of the School Survey system until 30 June 2015. The Education Council notes that ESA will maintain and support the School Survey system, which includes the Ministerial-agreed national parent and student opinion items, until this time. Council expects ESA to work with the Data Strategy Group (or its successor) on the preparation of advice to AESOC by May 2015 on options for the ongoing viability of the national satisfaction data collection.

Support for ACARA and AITSL

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

The Council expects ESA to maintain and support the Australian Curriculum website including the consultation portal and mobile version and assist with its further development to support the ongoing introduction of the Australian Curriculum, including curriculum for the arts, languages civics and citizenship, business and economics and technologies.

The Council expects ESA to maintain the National Teacher Standards website, the School Leadership Development Strategies Clearinghouse, and the AITSL website and intranet site and provide systems and website development support for AITSL. It is acknowledged that this work is contingent on funding provided by these agencies.

Other Work Supporting National Education Reform

The Education Council notes that ESA has been engaged by a number of organizations, including the Australian Government, to undertake specific projects and activities to support the national education reform agenda. While the Council does not have governance responsibility for these works they are integral to the achievement of the Council's remit. The Council expects ESA to undertake this work within the context of the principles and four priority areas identified in this Letter of Expectation above. This work includes:

- development of online language learning applications for pre-school age children through the Early Learning Languages Australia Programme;
- development, delivery and maintenance of an Early Childhood Resource Hub that provides a one-stop-shop to access early childhood materials and information aligned to the National Quality Framework and the implementation of the National Quality Standard;
- supporting flexible delivery of language teaching and learning, including enhancements and promotion of the online Language Learning Space in Chinese, Indonesian and Japanese;
- maintaining and refining the *Improve* online assessment system which provides support for teachers, students and parents;
- hosting, supporting and improving content of the Safe Schools Hub website; and
- supporting parents to more effectively engage with their child's learning by making available a range of online resources and tools for parents;
- enhancing and supporting the provision of seamless access to the national portal, Scootle.

Corporate Responsibilities

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

- act as the legal entity for the Education Council as required;
- provide legal, human resource, financial and IT services as required to the Education Council

Secretariat while ensuring that the essential independence of the Council Secretariat as set out in the Memorandum of Understanding between ESA and the Secretariat is maintained;

- provide support for the Education and Care Services Ombudsman, the National Education and Care Services, Privacy Commissioner and the National Education and Care Services Freedom of Information Officer;
- ensure that the development and delivery of products and services include Aboriginal and Torres Strait Islander content and perspectives, where appropriate, and that ESA includes this element of its work in its progress reports to the Council;
- provide accommodation, technical and corporate services to support the National Schools Interoperability Program;
- undertake the registration of domain names for education organizations in Australia;
- manage the Schools Cataloguing Information Service (SCIS) online subscription service; and
- maintain licensing and copyright for the national digital resource collection to ensure, where possible, open access to educational resources through Creative Commons licensing arrangements.

GOVERNANCE OF ESA WORK

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

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

REPORTING

The Education Council asks that ESA prepares a Work Plan that builds on this Letter of Expectation and details ESA's proposed relationships, services and engagements in relation to all relevant work. At a minimum the Work Plan must identify for each project included in the Work Plan: its relative priority to other work; governing jurisdiction(s)/body; budget and resources; commencement and end dates and key milestones; and its alignment with ESA's identified priorities as set out in its Company Objects. The Council requests that ESA reports against its Work Plan at least twice per year (to coincide with scheduled Council meetings) or more frequently if requested by the Council, and that ESA consults with and is responsive to the Australian Education Senior Officials Committee (AESOC). Progress reports against the Work Plan should at a minimum identify the project status (whether commenced, completed or percentage partially completed) and key issues.

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

The Council requests that this Annual Report specifically includes:

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

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

FUNDING

The Education Council acknowledges the valuable role ESA plays in providing cost-effective services to Australian, state and territory Governments and other national agencies given its not for profit status and its specialist educational ICT expertise. It notes that, while ESA does not receive baseline operational funding from Council in the same way as ACARA and AITSL, it does rely on funding from Council for core national services (including NOLS), as well as for Council approved projects, which it is expected to deliver within the agreed funding commitments. The Council also expects ESA to seek opportunities for commissioned work and to provide products and services commercially. It is expected that ESA will retain and build capacity to respond to opportunities provided by the Council, the Australian, state and territory governments, ACARA, AITSL, ACECQA and other key stakeholders.

CONCLUSION

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

Yours sincerely

KATE JONES MP
Chair
Education Council

Appendix 2: Strategic Plan 2014–15

Purpose

To fulfil the following functions set out in Education Services Australia's Charter:

a. advance key nationally-agreed education initiatives, programs and projects by providing services such as:

   - researching, testing and developing effective and innovative technologies and communication systems for use in education;
   - devising, developing and delivering curriculum and assessment, professional development, career and information support services;
   - facilitating the pooling, sharing and distribution of knowledge, resources and services to support and promote e-learning; and
   - supporting national infrastructure to ensure access to quality assured systems and content and interoperability between individuals, entities and systems;

b. create, publish, disseminate and market curriculum and assessment materials, ICT-based solutions, products and services to support learning, teaching, leadership and administration; and

c. act as required as the legal company for the Education Council.

Vision

To be the national digital service provider of choice for the education sector.

Value Proposition

Education Services Australia operates collaboratively in the interests of all Australian education authorities. It understands their individual contexts and requirements and it is able to take on demands and meet deadlines to achieve Australian education Ministers' expectations. It has extensive national and international networks, proven expertise in the application of digital technologies to education, and understands the importance of reusing online systems and digital resources and the need to manage intellectual property so there are no ongoing remuneration costs for jurisdictions and education institutions.

Strategic Goals

Education Services Australia has five strategic goals that support its purpose:

- User-Focused
- Collaborative
- High Quality
- Innovative
- Efficient

Outcomes

User-Focused

- Provide relevant services and products that support the needs of education systems, learners and teachers
- Build user engagement with the national online learning services

Collaborative

- Support collaboration between stakeholders and with networks to exchange information, share practice and achieve nationally-agreed goals
- Develop working relationships with relevant industry and community partners
- Conduct thorough consultation to achieve national consensus on key issues

High Quality

- Apply high standards to all activities
- Provide appropriate training to meet business needs and build capabilities

Innovative

- Foster a culture of experimentation and innovation
- Build a flexible and agile business capability to respond to changes in technology and educational policy requirements

Efficient

- Leverage existing investment, tools and technology infrastructure, where possible
- Continually evaluate activities to implement best practice processes and pursue new efficiencies
- Manage and allocate resources efficiently in a way that contributes to long-term sustainability

Responsible

- Pursue environmentally and socially responsible business practices
- Apply best standards of financial and corporate governance
- Achieve highest standards of workplace health and safety

Performance Measures

- Levels of user engagement with services
- Relationships established with industry and community
- Record of project consultations
- Assessment of quality against industry benchmarks
- Availability and effectiveness of training and development activities
- Innovative and creative solutions developed
- Project evaluation reports
- Compliance with appropriate and recognised standards
- Levels of revenue from non-government sources
- Independent audit results
- Health and safety performance
- Performance against targets in the Reconciliation Action Plan
- Performance against targets in the Environment Report
- Efficiency of corporate operations