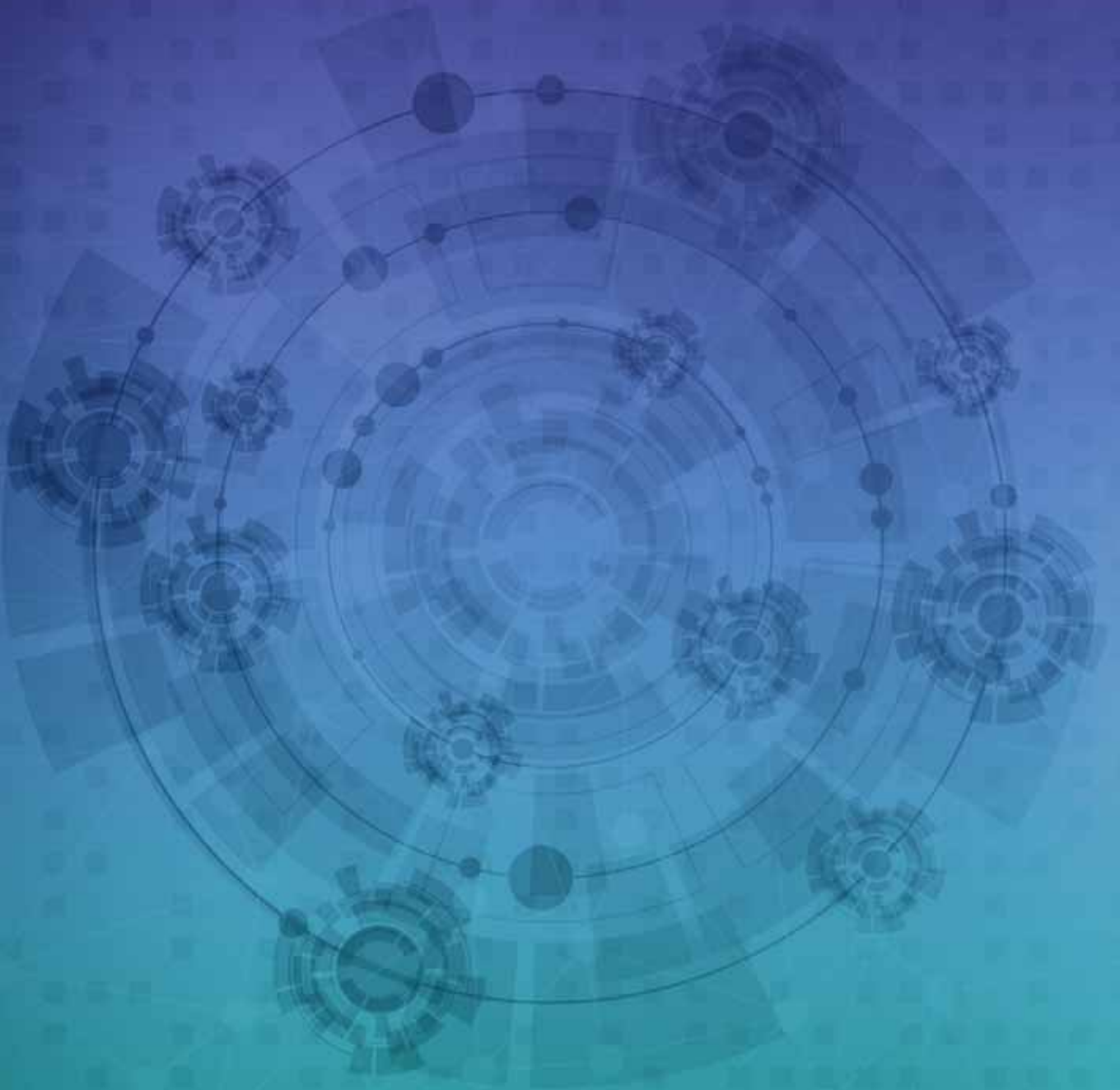




Education
Services
Australia
Limited

ANNUAL REPORT

2012 – 13



Education Services Australia Limited
ABN 18 007 342 421

Education Services Australia Annual Report
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As used in this Annual Report, 'Education Services Australia' means Education Services Australia Limited and 'Company' means Education Services Australia Limited and 'Education.au' means Education.au Limited.



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INTRODUCTION

This Annual Report presents an account of the activities of Education Services Australia from 1 July 2012 to 30 June 2013.

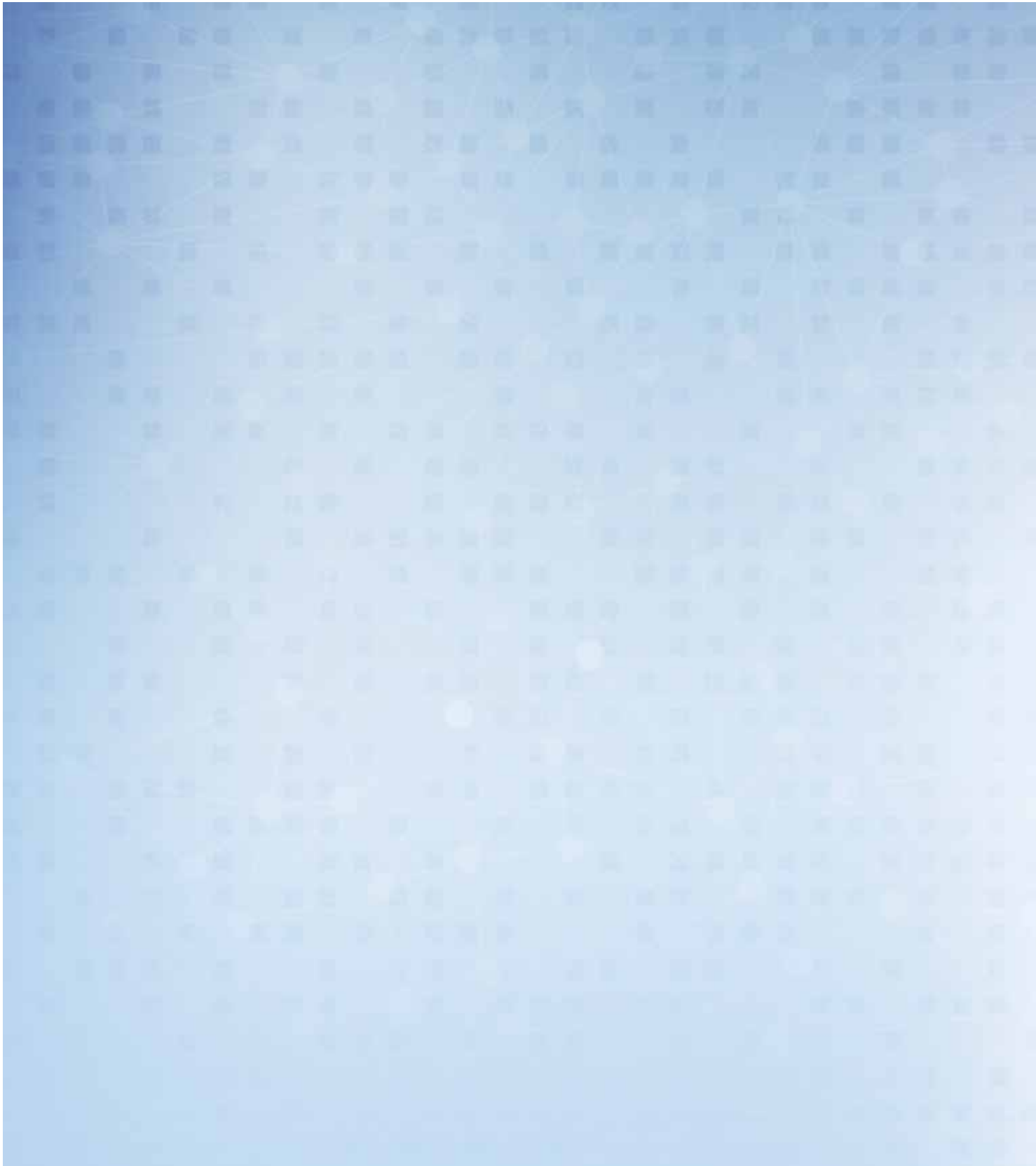
Education Services Australia is a national company owned by the Australian Government and state and territory education Ministers. The Company commenced operations as a legal entity on 1 March 2010.

Education Services Australia aims to be the national e-service provider of choice for the education and training sector, providing cost-effective and competitive e-services to advance the national reform agenda for all education and training Ministers. It understands the business of education and training and is able to take on demands and meet deadlines to achieve ministerial and jurisdiction requirements.

Education Services Australia has extensive national and international networks, and understands the application of digital technologies to education and training, the importance of reusing online systems and digital resources and the need to manage intellectual property so there are no ongoing copyright remuneration costs for jurisdictions and education institutions.

The Directors' Report is presented as a section of this report. In compliance with the *Corporations Act 2001*. It includes the general purpose financial statements applying from 1 July 2012 to 30 June 2013.

EDUCATION SERVICES AUSTRALIA REPORT 2012-13



FROM THE CHAIR



It is my pleasure to present the 2012–2013 Annual Report of Education Services Australia.

This is an exciting time in education in Australia and Education Services Australia is privileged to be entrusted by Education Ministers with a pivotal role in the provision of infrastructure and resources to support high quality teaching and learning.

In 2012–13 projects covered digital resource production and procurement, curriculum and student welfare support, school library support, careers education, domain registration, web services and information systems development and service provision.

A major focus was on the procurement, curation and distribution of digital curriculum and professional learning resources to support implementation of the Australian Curriculum and the sharing and uptake of these resources by teachers and students.

Education Services Australia is mindful of the importance of leveraging national investment, adding value to the work of jurisdictions and other national agencies and involving key stakeholders in collaboratively developing national products and services. I would especially like to acknowledge the great support we have received from our colleagues in jurisdictions, ACARA and AITSL.

Education Services Australia is proud of its achievements in support of Ministers' national priorities in education and training. These would not have been possible without the support of an excellent Board and the skills and dedication of the Chief Executive, Ms Susan Mann, and her committed team.

A handwritten signature in blue ink that reads "Thomas Stubbs". The signature is written in a cursive, slightly slanted style.

Dr Tom Stubbs
Chair, Education Services Australia

FROM THE CEO



I'm proud to report that Education Services Australia has achieved important milestones this year.

Education Services Australia provided access to over 20,000 digital resources for teachers and students, including the Chinese Language Learning Space, and linked these directly to the Australian Curriculum.

Over fifty per cent of teachers now have access to these resources through Scootle, a comprehensive digital environment for school education. They are also beginning to participate in the national online social network, Scootle Community, launched in May 2013.

National services for digital library support, careers advice and domain name registration continued to improve their reach and impact.

Education Services Australia will continue to focus on supporting users of these important national services and to strive to improve their connections to jurisdictions.

This year, Education Services Australia successfully consolidated all its services and activity into its Melbourne office and implemented new digital business systems for finance and project management to support more effective and efficient service delivery.

The Education Services Australia team encourages and appreciates the engagement of all our stakeholders in our work and thanks all those who have contributed throughout the year.

A handwritten signature in blue ink that reads "Susan Mann". The signature is fluid and cursive.

Susan Mann
CEO, Education Services Australia

BOARD OF DIRECTORS

Education Services Australia is governed by a Board of Directors. The Board is led by an independent chairperson and comprises five members nominated by key stakeholder groups, and four independent expert members.

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.

The 2012 Annual General Meeting re-appointed Dr Tom Stubbs as an Independent Director as Chair of the Board, and Ms Fran Hinton and Ms Helga Kolbe as Company Directors. Dr Jim Watterston was appointed as a Company Director. Terms are three years commencing 1 December 2012.

The Board met four times from 1 July 2012 to 30 June 2013 to steer and monitor the Company's strategic direction and financial and overall performance. Directors also attended the Annual General Meeting.

Directors as at 30 June 2013

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

Dr Brian Croke
Non-government schools sector nominee

Mr Malcolm Wells
National Senior Officials Committee (NSOC) nominee

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, experience and responsibilities.

OVERVIEW

Role

Education Services Australia supports the delivery of national and state and territory priorities for schools, higher education and vocational education and training (VET). The Company objects are as follows:

- 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
- to create, publish, disseminate and market curriculum and assessment materials, ICT-based solutions, products and services to support learning, teaching, leadership and administration
- to act as required as the legal company for the Standing Council on School Education and Early Childhood (SCSEEC).

Education Services Australia has a pivotal support role in initiatives that are contributing to the implementation of the Australian Curriculum, the Australian Professional Standards for Teachers, online national assessment and sustainable change in Australian schools.

These include:

- Australian Curriculum and national assessment and reporting initiatives being delivered by the Australian Curriculum, Assessment and Reporting Authority (ACARA)
- national teacher quality initiatives being delivered by the Australian Institute for Teaching and School Leadership (AITSL)
- Australian and state and territory governments' initiatives to support the integration of information and communication technologies in teaching and learning
- state and territory and non-government school sectors' initiatives to improve the delivery of education

The Ministers' Letter of Expectation 2012–14 also directed the work of the Company for the 2012–13 financial year. It is at Appendix 1.

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 under the *Corporations Act 2001*.

Location

The Education Services Australia office is in Melbourne. The Adelaide office closed in December 2012.

Governance

Education Services Australia operates under its own constitution with a Board of Directors that has decision-making authority. Directors are appointed by Company members.

The Board is responsible for developing policies and governing operations and performance in accordance with the Company objects, the Ministers' Letter of Expectation and relevant legislation. The Board has established a Finance, Risk and Audit Committee and a Remuneration Committee to assist it to fulfil its obligations.

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

Revenue

Revenue is generated through commissioned or tendered projects for SCSEEC, the Australian Government, state and territory departments, ACARA, AITSL, education and training bodies, government agencies and community organisations and through the sale of products and services.

Operating principles

Education Services Australia operates by five principles: innovation, engagement, leveraging existing capital, efficiency and sustainability:

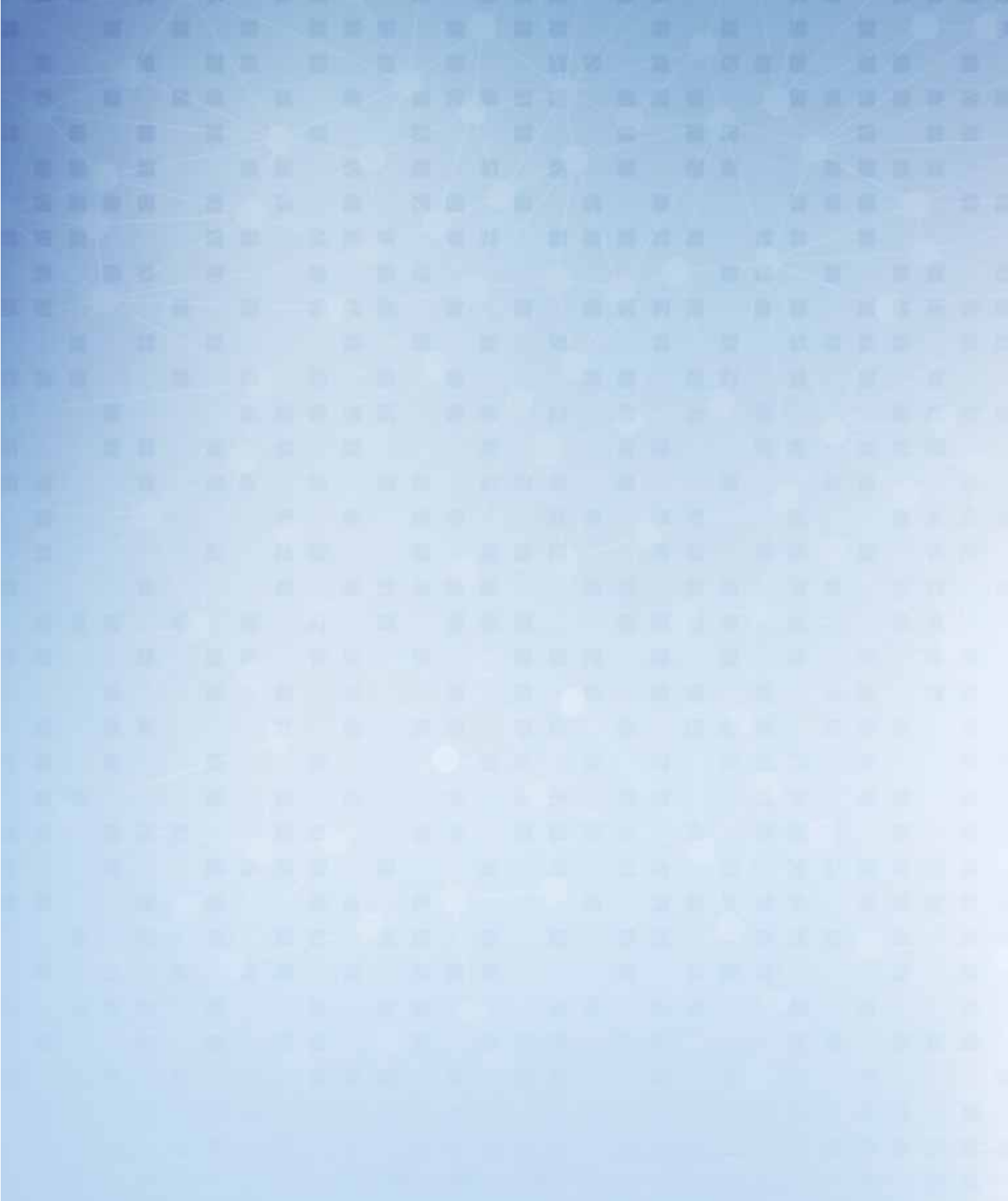
- **Innovation:** delivering high-quality, innovative products and services and creatively working through innovative engagement models to meet the requirements of the education and training sectors.
- **Engagement:** engaging closely with all jurisdictions and systems to ensure that products and services directly meet owners' needs.
- **Leveraging existing capital:** building on existing investment in resources, tools and infrastructure owned nationally or by jurisdictions and the knowledge, expertise and capacity in jurisdictions where practical and mutually beneficial.
- **Efficiency:** delivering competitive, cost-effective products and services.
- **Sustainability:** building capability to be financially viable into the future.

Strategic Plan

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

Summaries of the 2013–14 Strategic Plan and the Strategic Plan for 2012–13 can be accessed from the Education Services Australia website at www.esa.edu.au.

DIRECTORS' REPORT



Corporations Act 2001

Education Services Australia is owned by the Australian and state and territory 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 2013 includes the General Purpose Financial Statements. This complies with the *Corporations Act 2001*.

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.

Standing Council on School Education and Early Childhood

Education Services Australia acts as the legal entity for the Standing Council on School Education and Early Childhood (SCSEEC).

SCSEEC'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 National Senior Officials Committee (NSOC), the non-government schools sector, Universities Australia and four independent expert members. All positions were filled as at 30 June 2013.

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 under the *Corporations Act 2001* and provides independent advice and assistance 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

No Director had any interest in any contract or proposed contract with Education Services Australia.

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 2013



Dr Tom Stubbs

BSc (Hons) University of WA, PhD, Dip Ed, L Mus, A University of Adelaide, FAICD, FAIM Chair

Director: March 2010 – current

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 Chief Executive of the Government Reform Commission. Earlier he was involved in physics lecturing and research at the University of Adelaide.



Ms Sharyn O'Neill

Dip Tch, BEd, MEd Edith Cowan University

Director: February 2011 – 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.



Ms Louise Hanlon

BMath, GradDipEd, University of Wollongong, FACE

Director: March 2012 – current

Louise Hanlon is Group Manager, Schools Reform, Department of Education, Employment and Workplace Relations. She is responsible for managing the Australian Government's response to the Review of Funding for Schooling. Prior to this, she headed the secretariat for the Gonski Review of Funding for 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, New South Wales, Deputy Chair of the National Catholic Education Commission and a member of the Board of the Australian Curriculum, Assessment and Reporting Authority (ACARA). He is also Adjunct Professor in History at Macquarie University.



Mr Malcolm Wells

BA, Dip Ed, Grad Cert Ed, University of Tasmania

Director: September 2012 – current

Finance, Risk and Audit Committee member

Malcolm Wells is Deputy Secretary in the Department of Education, Tasmania with responsibility for further education and training. Prior to this he was General Manager, North West. He has extensive experience in the school sector and more recently in VET. He is the Department's representative on the National Senior Officials Committee.



Professor Barney Glover

BSc (Hons), MSc, Dip Ed, PhD, University of Melbourne, MAICD

Director: December 2011 – current

Professor Barney Glover is Vice-Chancellor of Charles Darwin University. 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, NSW 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 Chief Executive of the Office of Education in the NSW 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: November 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 2013. She was appointed to the position on 1 March 2010.

Company Secretary

Mr Victor Peplow held the position of Company Secretary at 30 June 2013. He was appointed to the position on 22 November 2012.

Meeting attendance

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	5	5			4	4
Ms Sharyn O'Neill	AEEYSOC nominee	5	5				
Ms Louise Hanlon	Australian Government nominee	5	3				
Dr Brian Croke	Non-government schools sector nominee	5	3				
Mr Malcolm Wells	NSOC nominee	4	4	3	3		
Professor Barney Glover	Universities Australia nominee	5	4				
Ms Fran Hinton	Independent expert	5	5	3	2	4	4
Ms Helga Kolbe	Independent expert	5	5	3	3		
Ms Leslie Loble	Independent expert	5	3				
Dr Jim Watterston	Independent expert	2	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

Education Services Australia was established to support the delivery of national and state and territory priorities for the schools, higher education and VET sectors. Ministers' priorities and expectations, including how the Company will work with its owners and stakeholders, are outlined in the constitution and the Letter of Expectation (see Appendix 1).

Principal activities during 2012–13 have been directed to the long-term objective of providing cost-effective and competitive services to advance the national agenda for all education Ministers.

Significant achievements for 2012–13:

- developed the [Australian Curriculum online website](#)
- released the Australian Curriculum [mobile app](#)
- developed and maintained the [National Digital Learning Resources Network](#), ensuring interoperable access to quality-assured systems and digital resources aligned to the Australian Curriculum
- increased the number of teachers registered to use the national digital learning environment [Scootle](#), to over 50 per cent, with numbers increasing
- achieved 100 per cent [digital resource coverage](#) for the published Australian Curriculum for English, mathematics, science and geography for Foundation to year 10
- developed and released the digital [Chinese Language Learning Space](#) to support flexible delivery of Chinese language
- developed and released [Scootle Community](#), an online social network that allows teachers to exchange ideas about teaching and learning
- worked with the ABC to deliver [ABC Splash](#), a public online library of digital resources aligned to the Australian Curriculum
- developed and released a [portal for publishers](#) that enables them to align their resources to the Australian Curriculum and make the records available to teachers
- developed over 85 [Illustrations of Practice](#) for AITSL that demonstrate the Australian Professional Standards for Teachers in teaching practice
- developed and released the digital [Safe Schools Hub](#) that supports school communities to implement the National Safe Schools Framework
- developed the [national School Survey](#) delivery system
- developed the delivery system for the National Assessment Program [Civics and Citizenship sample assessment](#)
- developed the [MyFuture](#) careers and information service and released a mobile version of the website
- developed and released the [My Skills](#) service that connects students and employers with training organisations
- planned and implemented the [IDEA 12](#) national technology conference for schools, higher education and VET
- planned and implemented the [2012 Biennial National Education Forum](#) for Ministers

- consolidated Adelaide-based services into the Melbourne operation with no disruption to national service provision or project completion
- implemented new digital business systems for finance, human resources and project management to support effective and efficient service delivery
- maintained National Carbon Offset Standard (NCOS) accreditation
- realised corporate efficiencies and secured a strong financial position for the 2013–14 financial year.

Reporting performance

Performance was reported to Company owners at the October 2012 Annual General Meeting and to Ministers at each meeting of SCSEEC.

Progress against the Strategic 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 second Annual Report was published in November 2012. The 2012–13 Annual Report will be published in November 2013.

Proceedings on behalf of the Company

No person has 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 2012–13.

Operating result

The Company reported an operating surplus of \$120,846 for 2012–13.

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

Education Services Australia will pursue the following strategic directions through to 30 June 2013:

- provide high-quality, cost-effective technology services and products to the schools sector and, where appropriate, to the VET and higher education sectors
- work closely with jurisdictions, ACARA, AITSL, the Australian Skills Quality Authority (ASQA) and education and training initiatives
- procure digital curriculum resources for Phase 3 of the Australian Curriculum, aligned to the Australian Curriculum and the Professional Standards for Teachers, and make these discoverable through Scootle and jurisdiction online learning environments
- provide the flexible delivery of Japanese and Indonesian languages through the Language Learning Space
- focus on supporting users of the national online services and improve the connections of services to jurisdictions
- deliver the School Survey and National Assessment Program Civics and Citizenship sample assessment technical systems and services
- develop the National Online Assessment Capability for trialling in 2015, working closely with ACARA
- release the new MyFuture website

- further develop the My Skills web service
- continue to build a capable, agile and financially sustainable organisation
- deliver services to SCSEEC and the office of the Education and Care Services Ombudsman, the National Education and Care Services Privacy Commissioner and the National Education and Care Services Freedom of Information Commissioner.

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2013 has been received and is included at page 16.

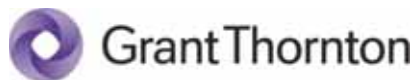
Signed in accordance with a resolution of the Board of Directors



Dr Tom Stubbs
Chair of the Board of Directors

Dated this 26th day of September 2013

Auditor's independence declaration



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Auditor's Independence Declaration To the Directors of Education Services Australia Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Education Services Australia Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

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

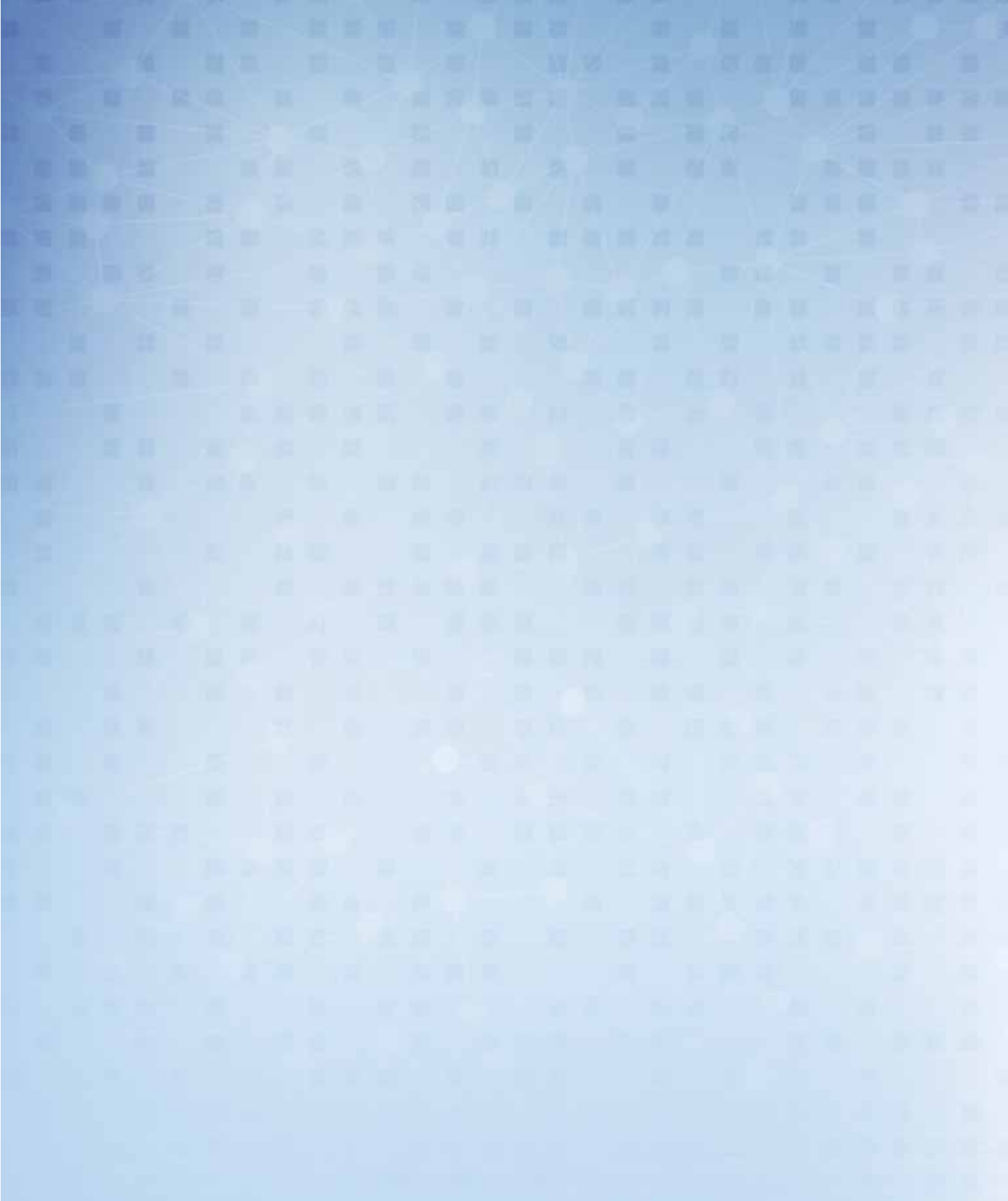
S.C. Trivett
Partner - Audit & Assurance

Melbourne, 26th September 2013

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REPORT ON OPERATIONS



Managing projects and services

Education Services Australia managed projects and services on behalf of the Australian Government and state and territory governments, education and training bodies and government agencies. Innovative services were developed and implemented to meet stakeholders' requirements and meet ministerial expectations.

Projects and services supported national priorities and policy initiatives and included:

- developing national digital systems and services
- procuring, publishing and distributing curriculum, assessment and professional support digital resources to support Australian Curriculum implementation
- working with government and non-government schools' authorities to assist them to link to the Australian Curriculum and national resources
- providing careers, school library, and domain registration services.

Significant large-scale national projects included the National Digital Learning Resources Network, Supporting the Australian Curriculum Online, MyFuture, My Skills, the Chinese Language Learning Space and the National Assessment and Survey Online Program.

Projects and services commissioned by SCSEEC

- National Digital Learning Resources Network
- Ministers' Biennial National Education Forum
- National Schools Interoperability Program (NSIP) support
- SCSEEC Secretariat support.

Projects commissioned by national education agencies

- ACARA Australian Curriculum online website services
- AITSL services
- Australian Skills Quality Authority (ASQA) Core Business System.

Projects commissioned by DEEWR

- Digital curriculum resources
- Digital Chinese Language Learning Space
- Digital teacher support materials
- Australian Curriculum Connect
- ABC Education Portal
- National Assessment and Survey Online Program
- Safe Schools Hub
- National Asian Languages and Studies in School Program (NALSSP) We Link website
- NALSSP CanUHanyu Chinese language app
- AICTEC Secretariat
- Australian Blueprint for Career Development website
- Careers Scholarship program
- IDEA 2012 national technology conference
- MyFuture careers and information service
- Australian Children's Education and Care Quality Authority (ACECQA) IT system.

Projects commissioned by jurisdictions

- National Not School Australia Pilot
- Ultranet evaluation.

Ongoing national services

- edu.au Domain Registration
- Schools Catalogue Information Service (SCIS)
- Schools Online Thesaurus (ScOT).

Projects commissioned by the VET sector

- My Skills website
- TVET legacy fund.

Projects commissioned by non-SCSEEC clients

- Educational Lending Right 2012–13 School Library Survey
- Global Education Online service.

This Annual Report features examples of national projects and services. Additional information on the full range of projects and services is available at Education Services Australia's website at www.esa.edu.au.

Engaging stakeholders

Collaborating with owners, jurisdictions, clients and stakeholders to identify opportunities and service requirements and to leverage existing investment and expertise has been central to the work of Education Services Australia.

Education Services Australia has engaged closely with the National Schools Interoperability Program to ensure that digital system development project outcomes directly meet jurisdictions' needs, interoperate with their systems, and provide sufficient scope for local customisation by states and territories.

Extensive consultation with steering committees, reference networks, jurisdictions and experts, as well as collaboration with education and training authorities, teachers, schools, professional associations and industry, has ensured successful delivery of complex national projects and services.

Twitter, Facebook and blogs were employed to engage stakeholders and support users of project services.

During 2012–13, the Board Chair and the Chief Executive Officer met with Ministers and key personnel in the Department of Education, Employment and Workplace Relations (DEEWR), jurisdictions, the Australian Curriculum, Assessment and Reporting Authority (ACARA), the Australian Institute for Teaching and School Leadership (AITSL), and other relevant agencies.

Progress and strategic issues were reported to each meeting of the Standing Council on School Education and Early Childhood (SCSEEC), the Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee (AEEYSOC) and discussed with the Strategic Policy Working Group.

Supporting the Standing Council on School Education and Early Childhood (SCSEEC)

Education Services Australia acted as the legal entity for SCSEEC and provided legal, human resources, finance and ICT services as required. Education Services Australia delivered MyFuture and the National Digital Learning Resources Network projects for SCSEEC as well as the Ministers' Biennial National Education Forum held in August 2012.

The Biennial National Education Forum showcased education innovation and focused on the achievement of Goal 1 of the Melbourne Declaration on Educational Goals for Young Australians: Excellence and Equity through Improvement and Innovation.

The Forum was ambitious in its format and style. A fully connected digital platform for combined national and international dialogue was created in conjunction with Telstra. This supported the live streaming of national and international presentations. It enabled higher rates and breadth of audience interaction and participation through live questions, tweets, SMS texts and web streaming.

Over 400 delegates attended state and territory venues and there were over 1,000 live website visits during the Forum. Nine-hundred and forty-one tweets generated 577,554 impressions and reached an audience of 82,911 followers.

Servicing national agencies and organisations

In 2012–13, Education Services Australia developed innovative technology solutions and implemented services that supported national education and training agencies and organisations to implement Ministers' priorities.

Australian Curriculum, Assessment and Reporting Authority (ACARA)

Education Services Australia provided technical development support for the Australian Curriculum online website and the Australian Curriculum consultation portal. Functionality improvements were made and the website was redeveloped to include senior secondary curriculum content. The Australian Curriculum mobile app was published.

Education Services Australia developed the online School Survey system and the interim delivery system for the National Assessment Program Civics and Citizenship sample assessment for ACARA and is working with ACARA to develop the national online assessment capability.

Australian Institute for Teaching and School Leadership (AITSL)

Technical services were provided for the Australian Professional Standards for Teachers website, the School Leadership Clearinghouse website and the AITSL corporate website and intranet. The machine-readable version of Australian Professional Standards for Teachers, that enables better discovery and access to supporting digital resources, was agreed and published.

Over 85 digital Illustrations of Practice that illustrate the implementation of the Australian Professional Standards for Teachers were developed for AITSL. Education Services Australia also ensured copyright and accessibility compliance and published Illustrations of Practice developed by other providers.

Australian Skills Quality Authority (ASQA)

Education Services Australia developed, hosted and maintained the ASQA Regulatory Management System. The system was delivered in 2011 and additional functionality progressively released. The Complaints release was implemented in December 2012 and the Training Package release was implemented in March 2013.

Australian Children's Education and Care Quality Authority (ACECQA)

Education Services Australia supported DEEWR with their management of the Fujitsu Australian Limited contract to deliver the ACECQA National Quality Agenda IT System (NQAITS). Version 1.0 was released in February 2012, Version 2.0 and 3.0 were released in 2013–13. Administration of the NQAITS has been transferred to ACECQA.

Technical Vocational Education and Training Australia (TVET)

The Ministerial Council for Tertiary Education and Employment (MCTEE) announced the closure of TVET in March 2012. Education Services Australia has managed the TVET legacy fund on behalf of the National Senior Officials Committee.

The office of the Education and Care Services Ombudsman, the National Education and Care Services Privacy Commissioner and the National Education and Care Services Freedom of Information Commissioner

Financial, legal, human resources and ICT resources have been provided to the office by Education Services Australia.

Delivering national online assessment systems and services

DEEWR contracted Education Services Australia to work with ACARA to provide technical delivery services for the National Assessment and Survey Online Program. This work includes establishing the School Survey system, the interim system for the National Assessment Program (NAP) Civics and Citizenship sample assessment, and developing a national online assessment capability.

In 2012–13, Education Services Australia developed and trialled the School Survey system in all states and territories. ACARA will release the School Survey system nationally in August 2013 and Education Services Australia will host the system and provide technical support until June 2014.

Education Services Australia established the delivery system for the ACARA field trial of the NAP Civics and Citizenship sample assessment that was conducted in March 2013. The delivery system has been finalised for deployment by ACARA in October 2013.

Work commenced on scoping a national online assessment capability to support the delivery of online diagnostic, formative and summative tools for teachers and the potential delivery of NAP Literacy and Numeracy (NAPLAN) by June 2016.

Working with ACARA, Education Services Australia will consult with jurisdictions and state and territory assessment authorities in 2013–14 on their business requirements to inform the design and development of the national online assessment capability.

Resourcing the Australian Curriculum

A significant role of Education Services Australia in 2011–13 has been to support the resourcing of the Australian Curriculum for students and teachers and to ensure that the digital curriculum resources are discoverable and accessible by teachers nationally. This role has been conducted through management of the National Digital Learning Resources Network funded by SCSEEC and development of a coherent suite of DEEWR-funded projects that are enabling students and teachers to learn, connect and collaborate online.

National Digital Learning Resources Network

The national collection of digital curriculum resources and the distribution infrastructure was hosted and enhanced. This Network forms the basis for the national provision of digital curriculum resources to support jurisdictions to implement the Australian Curriculum and the Australian Professional Standards for Teachers.

The National Digital Learning Resources Network now contains over 20,000 digital curriculum resources that are free for use in Australian schools.

The digital curriculum resources are provided in a variety of formats including:

- interactive multimedia resources
- audio, photographic and video resources that result from partnerships with national private and public cultural and collection agencies
- open-ended tools for teachers and students to create learning resources
- interactive assessment resources
- work samples
- collections of curriculum resources
- teachers' ideas and units of work.

Education Services Australia collaborated with 56 key commercial and not-for-profit organisations to provide Australian teachers with access to the best resources available in digital repositories across the globe.

All content descriptions for the published Australian Curriculum for English, mathematics, science, history and geography are now supported by digital curriculum resources. Over 75 per cent of the cross-curriculum priorities for these subjects are supported by digital curriculum resources. The draft Australian Curriculum for the Arts has full coverage at band level and the draft Australian Curriculum for Chinese has 80 per cent coverage.

Teacher support materials were procured and published through partnerships with the Australian Academy of Science; the Australian Mathematical Sciences Institute; the Australian Association of Mathematics Teachers; a consortium of English professional associations; the Australian Geography Teachers Association; the Australian Science Teachers Association; the History Teachers' Association of Australia; the Principals Australia Institute, the Queensland Department of Education, Training and Employment, the New South Wales Department of Education and Communities; the Queensland University of Technology and Learnology.

Education Services Australia will publish additional digital curriculum resources in 2013–14 to support the Phase 3 Australian Curriculum areas of health and physical education, business and economics, civics and citizenship and technology and to support the implementation of the general capabilities and the cross-curriculum priorities.

Intellectual property was managed so that the use of digital curriculum resources incurs no ongoing copyright remuneration costs and there are minimal ongoing licence fees for jurisdictions and education institutions.

Scootle

Scootle, the comprehensive digital environment for school education created by Education Services Australia provides access to resources integrated with the Australian Curriculum. Teachers can browse the curriculum, explore resources matched to curriculum content descriptions, and create learning paths. They can also access over 200,000 lessons and over 8,000 collaborative activities, digital teaching and learning tools and the Improve formative assessment tool.

Teachers access these resources through their jurisdiction's portal or Scootle.

Teachers in all states and territories except New South Wales can now register and access Scootle directly. Work to make Scootle available to New South Wales teachers is expected to be complete in 2013.

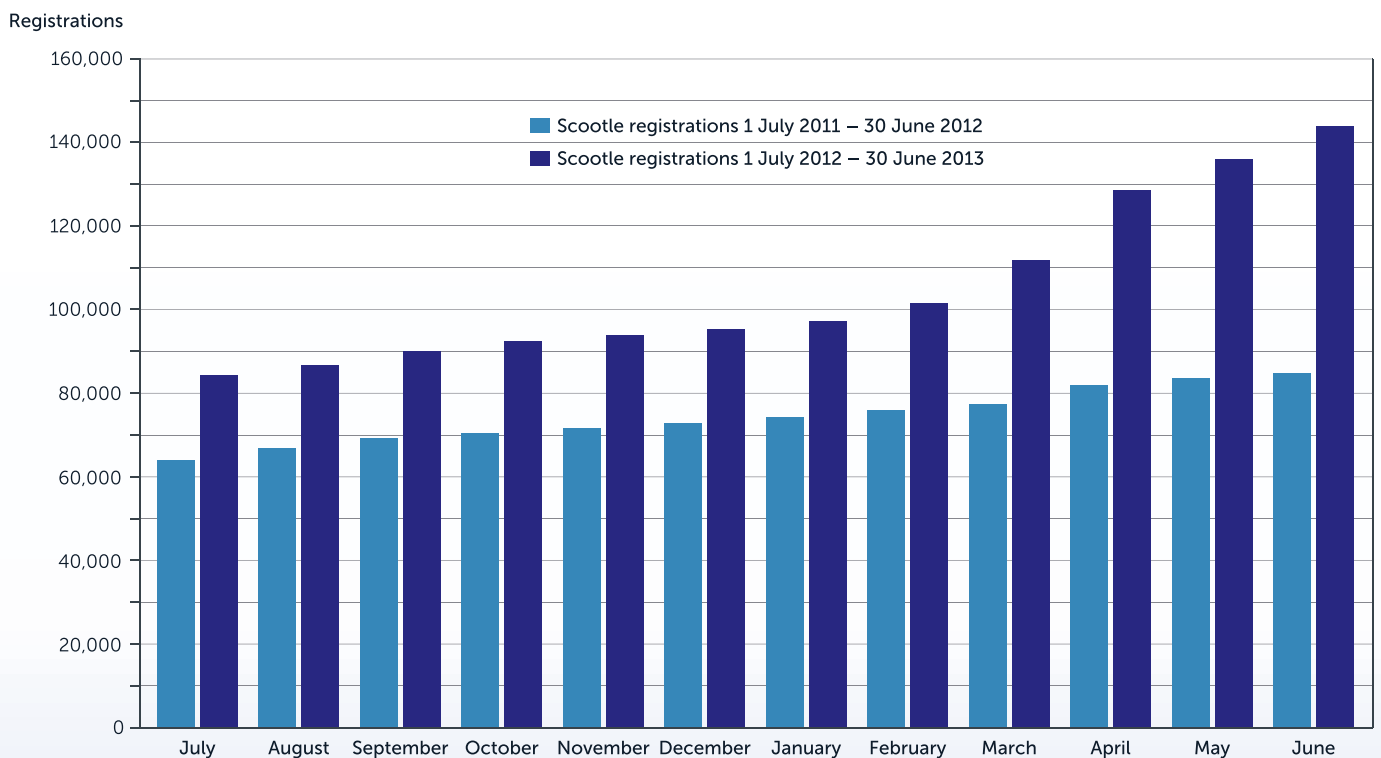
Over 50 per cent of Australian teachers are now registered Scootle users and registrations are increasing by approximately 500 per week. All pre-service teachers can also access Scootle.

Scootle Community

Scootle Community, an online social networking tool to support all Australian teachers to exchange information and ideas about the Australian Curriculum and the Australian Professional Standards for Teachers, was developed and released in May 2013.

Over 2,000 teachers registered as Scootle Community users in the month following its release. This number will increase significantly as the service is promoted by a team of teacher champions from regional, remote and urban areas across Australia, and via online seminars and presentations, workshops and through social media.

Figure 1: Scootle registrations July 2011 – June 2013



Chinese Language Learning Space

Education Services Australia developed and released a digital Chinese Language Learning Space to support the flexible delivery of the Australian Curriculum for Chinese language. The Language Learning Space includes student and teacher areas with specifically designed activities, resources, tools and language learning opportunities.

Students studying Chinese language can access online lessons and learning challenges and work with qualified teachers in Beijing to practise speaking Chinese with native speakers. Teachers can deliver learning programs, monitor student progress, and web and video conference with other Chinese language teachers within Australia and engage in professional learning.

Japanese and Indonesian Language Learning Spaces will be released in 2014.

Improve

The formative assessment tool, Improve, was scaled up to serve a national user base of 200,000. The interface was refreshed, and test items, tests and supporting digital curriculum resources were published. Online support materials including instructional videos were released and helpdesk services were established.

Improve now makes available 3,340 test items and tests from international, national, state and commercial programs for English, mathematics and science. The test items are linked to 6,955 digital curriculum resources published in the National Digital Learning Resources Network.

Teachers are now able to create their own test items and link these to student resources. They can access more detailed reporting on student progression and can also provide their parents with access.

National digital infrastructure

Projects were implemented to extend the national digital infrastructure. In 2012–13, Education Services Australia:

- continued to work with jurisdictions through the [Australian Curriculum Connect](#) project to bridge the connection between the Australian Curriculum and national and local resources available through their local digital environments
- developed, trialled and released a [Publishers' Resource Exchange](#) to assist publishers to align their resources to the Australian Curriculum. It also enables the records of commercial resources aligned to the Australian Curriculum to be made available to teachers through Scootle
- developed a [Scootle interface](#) for iPad and Android tablets for release in July 2013
- updated the [machine-readable](#) form of the Australian Curriculum
- updated the [Schools Online Thesaurus](#) (ScOT)
- released [metadata standards](#) and applied them to the national infrastructure
- developed a [national Paradata service](#) that will provide reports on digital resource usage, for release in July 2013
- piloted three cloud platforms to inform a [Cloud Computing Strategy](#) and future development work
- developed and implemented an [identity and access solution](#) for piloting in 2013
- released the [machine-readable form of the Australian Professional Standards for Teachers](#).

ABC Education Portal – ABC Splash

The ABC and Education Services Australia are jointly developing the online portal that is making available over 1,100 archival clips and 250 hours of contemporary resources and interactive resources aligned to the Australian Curriculum. The project is funded by the Department of Broadband, Communications and the Digital Economy and DEEWR.

The initial release of the ABC Splash website by the ABC in October 2012 made available digital resources aligned to the Australian Curriculum for English, mathematics, science and history. The March 2013 launch delivered a more sophisticated and dynamic portal with greater functionality and social networking tools, an interactive game, live conferencing and additional digital resources. New portal features to personalise user experience and digital resources were released in June 2013. English, mathematics, science, history, languages and the arts digital resources and new interactive will be released in 2013–14.

Teachers are able to access ABC Splash resources via Scootle and jurisdiction portals.

Assisting student wellbeing

DEEWR contracted Education Services Australia to develop and publish digital resources to support the take-up of the National Safe Schools Framework that has been endorsed by the Australian and state and territory Ministers for education.

The Safe Schools Hub website has been developed by Education Services Australia and was launched in March 2013. It published a toolkit to assist school communities to identify gaps in their safe school policies, provided guidance on programs and practice, and provided a mechanism to promote and share practice and provide support resources. Teachers can also access resources via Scootle and jurisdiction portals.

Parent resources and the professional learning module for paraprofessionals and student support staff in schools have been developed for publication in August 2013.

A professional learning module for teachers and school leaders and a training module for university educators and student resources will be published in 2013–14.

Delivering national services

MyFuture

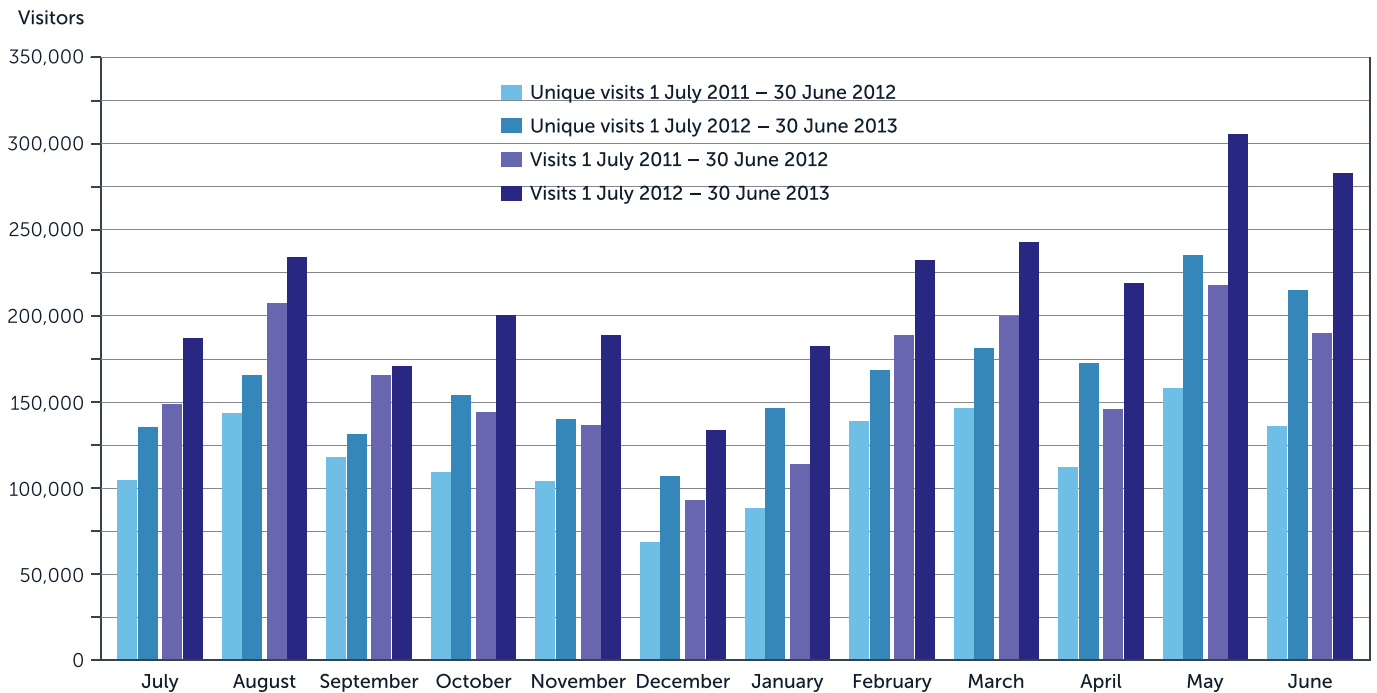
[MyFuture](#) the national online career information and exploration service that supports students and young people with career planning was managed on behalf of the Australian and state and territory governments.

During 2012–13, the web service was hosted and enhanced. A mobile version of the MyFuture site was released and a YouTube channel established.

MyFuture recorded over 2.2 million visitors in 2012–13, with a 35 per cent increase in unique visitors. Eighty-three per cent of registered users are senior secondary students. MyFuture is currently being redeveloped and a new web service will be launched in November 2013.

Career advisers were supported through the DEEWR-funded [Australian Careers Service](#) and the [Scholarships for Career Advisers](#) programs.

Figure 2: MyFuture visits July 2011 – June 2013



My Skills

Education Services Australia developed and maintains the [My Skills](#) website that was launched by the Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) in October 2012. Subsequent releases of My Skills were launched by the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCS RTE) in February and June 2013.

My Skills provides consolidated information about training providers and qualifications. It includes details of training courses, units of competency and qualifications that 5,349 training locations are registered to deliver. There have been over 88,000 visits to My Skills since its launch.

.edu.au domain service

Education Services Australia is the Registrar for the [.edu.au domain](#). In 2012–13 the Registrar:

- implemented the domain policies determined by the Australian ICT in Education Committee (AICTEC) and au Domain Administration (auDA)
- licensed domain names to education and training organisations and completed the migration of unofficial registries. There are now over 15,000 registered domains
- provided customer services to maintain current domain name information
- hosted and enhanced the [domainname.edu.au](#) website.

Library services

The [Schools Catalogue Information Service \(SCIS\)](#) is an online national subscription service managed by Education Services Australia that produces school-specific library catalogue records for curriculum resources for download to school library systems. The SCIS database contains over 1.6 million catalogue records of educational materials including digital and multimedia resources, books and websites. Up to 1,900 schools logged on to SCIS each day and more than 6.8 million records were downloaded from the SCIS library service by 9,800 school libraries in 2012–13. Over 2,100 schools obtained further records by searching directly from their school management system.

The [Schools Online Thesaurus \(ScOT\)](#) enables search and discovery of national and international digital curriculum resources. ScOT is maintained in collaboration with jurisdictions. It was progressively updated in 2012–13 to include new Australian Curriculum terms.

The ScOT website and web services enable jurisdictions and education vendors who integrate ScOT within their portals to automatically update the thesaurus.

Professional services

Education Services Australia hosted and maintained more than [80 websites](#) to support the professional work of teachers and trainers.

[Curriculum Press](#), Education Services Australia's commercial online and print publication unit, listed approximately 1,500 print and online resources in its online catalogue for sale or subscription. These included teacher professional resources for English, mathematics, science, history, languages, the arts, information and communication technology, studies of Asia, inquiry learning and leadership.

The free online [Curriculum Leadership Journal](#), covering policy and issues of interest to school leaders, reached 6,250 registered readers on a fortnightly basis, with 3,500 registered followers on Twitter.

Sustaining the environment

Education Services Australia first gained Australian Government National Carbon Offset Standard (NCOS) accreditation as a carbon neutral company for the 2011–12 financial year and continues to maintain this accreditation.

In 2012–13, automatic timing switches were installed for lighting on two floors of occupancy at 440 Collins St. This will generate ongoing electricity and emissions savings. The following initiatives are being maintained and continue to contribute to reducing both resource usage and emissions:

- retro-fit of office lighting
- follow-me printing facilities
- paper recycling
- printer-cartridge recycling
- video-conferencing facilities
- office-based co-mingle recycling
- replacement of ageing IT equipment.

Carbon offsets have been purchased in advance to cover all emissions for the 2012–13 financial year.

The 2012–13 Environment Report will be published in November 2013 and will provide a summary of activities undertaken in 2012–13 and commitments for 2013–14.

www.esa.edu.au/aboutus/environment-report



Providing a safe work environment

Education Services Australia maintains a safe work environment consistent with the provisions of the *Occupational Health and Safety (OH&S) Act 2004*.

The OH&S program includes:

- maintaining and reviewing OH&S policies and procedures
- training staff in obligations, processes and procedures
- providing OH&S compliant equipment, facilities and services
- implementing regular workplace inspections and risk assessment
- practising emergency building evacuation
- recording and reporting incidents, accidents, injuries and illness
- implementing proactive programs including workstation assessments and employee assistance and preventative health programs.

In 2012–13:

- the Company met or exceeded all Occupational Health and Safety legislative requirements
- all new employees received training and a workstation assessment
- the average number of days of sick leave per full-time equivalent staff member decreased by 17 per cent
- staff participation rate in the flu vaccination program was 53 per cent
- the Employee Assistance Program was accessed by six per cent of staff. This aligns with comparable organisations
- the average downtime for the few reported workplace incidents was less than two days.

Achieving corporate efficiencies

The Ministers' Letter of Expectation 2012–14 requested that Education Services Australia continue to build its capability to exist as a financially viable company into the future and its capacity to respond to market opportunities.

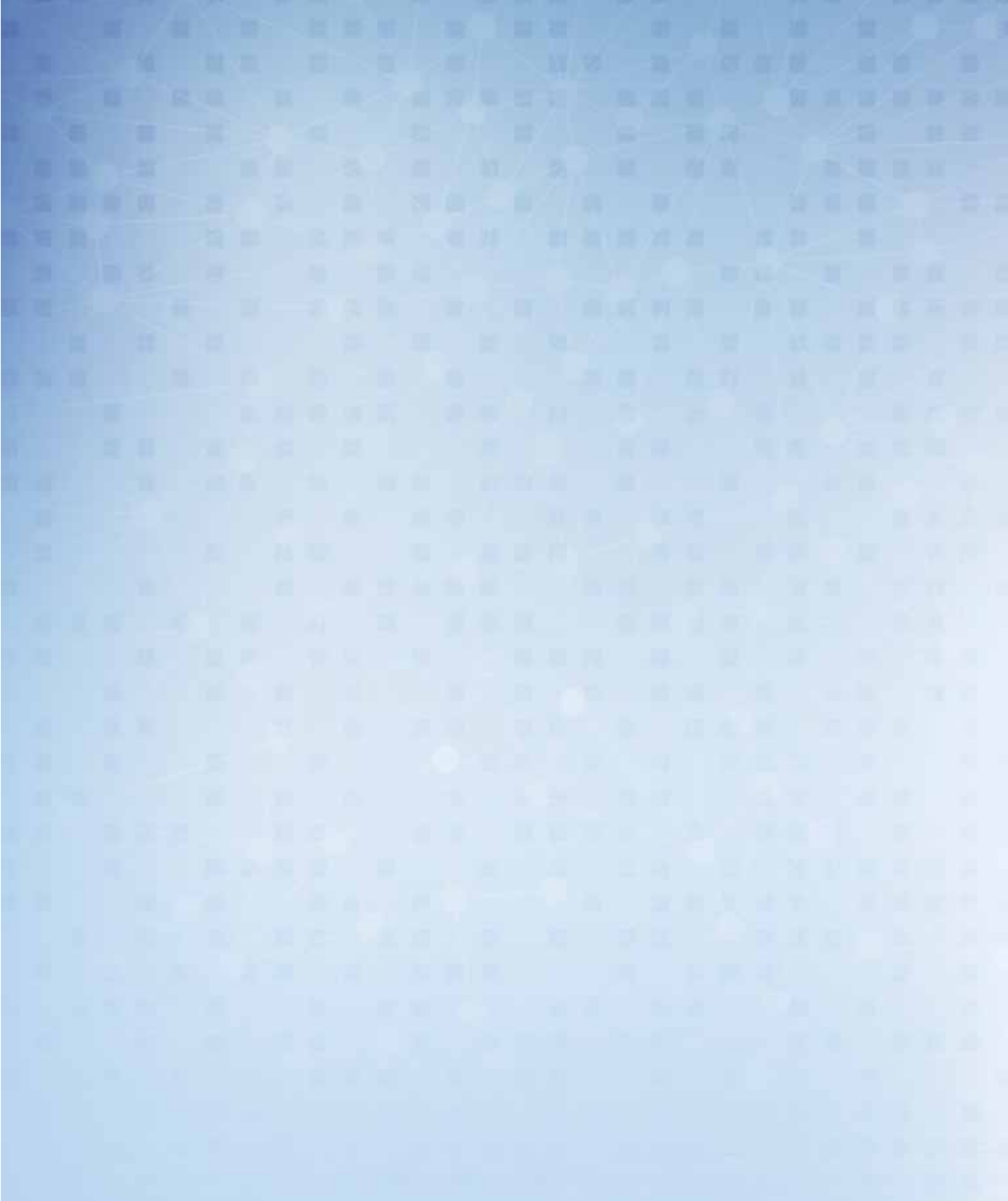
In 2012–13, Education Services Australia secured and managed the highest level of project funding since its establishment.

To achieve corporate efficiencies, the Board agreed in February 2012 to consolidate the Melbourne office, by transferring all Adelaide-based projects and services to Melbourne. The Adelaide office was closed in December and business transition costs were absorbed. Education Services Australia also successfully implemented new digital business systems for finance, human resources and project management to support more effective and efficient service delivery.

There has been no loss of business or disruption to customers as a result of the implementation of these corporate efficiency measures.

Education Services Australia has organised its business to match expected demand and revenue in 2013–14 and is in a strong financial position.

FINANCIAL REPORT



FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Statement of comprehensive income for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Project income		56,687,641	38,199,219
Revenue from sales and subscriptions		4,333,996	4,552,665
Other income		1,623,391	2,306,112
Total revenue	2(a)	62,645,028	45,057,996
Project expenses		(31,593,829)	(20,391,538)
Publication and subscription product expenses		(1,427,425)	(1,542,568)
Employee benefits expense		(22,753,827)	(16,990,198)
Depreciation and amortisation expense		(512,018)	(493,286)
Other expenses		(6,237,083)	(5,486,111)
Total expenditure	2(b)	(62,524,182)	(44,903,701)
Profit before income tax		120,846	154,295
Income tax expense		–	–
Profit from operations attributable to members of the Company		120,846	154,295
Other comprehensive income		–	–
Total comprehensive income attributable to members of the Company		120,846	154,295

The accompanying notes on pages 34 to 58 form part of this financial statement.

Statement of financial position as at 30 June 2013

	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	18(b)	45,082,968	59,348,483
Trade and other receivables	3	18,736,653	30,007,256
Inventories	4	11,630	34,839
Financial assets	5	8,957,841	6,660,315
Other assets	6	1,063,348	1,133,584
Total current assets		73,852,440	97,184,477
Non-current assets			
Property, plant and equipment	7	1,416,600	1,499,334
Intangible assets	8	1,647,810	–
Total non-current assets		3,064,410	1,499,334
Total assets		76,916,850	98,683,811
Current liabilities			
Trade and other payables	9	3,987,538	5,350,344
Other liabilities	10	52,245,988	73,190,603
Provisions	11	3,293,141	2,795,400
Total current liabilities		59,526,667	81,336,347
Non-current liabilities			
Provisions	11	762,218	840,345
Total non-current liabilities		762,218	840,345
Total liabilities		60,288,885	82,176,692
Net assets		16,627,965	16,507,119
Equity			
Reserves	12	3,700,000	3,700,000
Net contribution from administrative restructure		1,418,429	1,418,429
Retained earnings		11,509,536	11,388,690
Total equity		16,627,965	16,507,119

The accompanying notes on pages 34 to 58 form part of this financial statement.

Statement of changes in equity for the year ended 30 June 2013

	Contributions \$	Retained earnings \$	Capital reserve \$	Total \$
Balance at 1 July 2011	1,418,429	11,234,395	3,700,000	16,352,824
Profit for the year	–	154,295	–	154,295
Total comprehensive income for the year	–	154,295	–	154,295
Balance at 30 June 2012	1,418,429	11,388,690	3,700,000	16,507,119
Profit for the year	–	120,846	–	120,846
Total comprehensive income for the year	–	120,846	–	120,846
Balance at 30 June 2013	1,418,429	11,509,536	3,700,000	16,627,965

The accompanying notes on pages 34 to 58 form part of this financial statement.

Statement of cash flows for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from operating activities		52,124,813	47,499,120
Payments to suppliers and employees		(61,948,335)	(46,563,485)
Grants received for distribution to schools		89,519	11,137
Payment of grants direct to schools		(191,250)	(576,875)
Goods and Services Tax recovered from the ATO		3,136,753	2,680,495
Goods and Services Tax paid to the ATO		(4,071,325)	(2,266,638)
Net cash (used in) or provided by operating activities	18(a)	(10,859,825)	783,754
Cash flows from investing activities			
(Payment for) or proceeds from investments		(2,297,526)	2,152,259
Payment for property, plant and equipment and intangibles		(2,094,091)	(447,659)
Interest received from investments		983,019	1,279,045
Proceeds from sale of property, plant and equipment		2,908	7,341
Net cash (used in) or provided by investing activities		(3,405,690)	2,990,986
Net (decrease) or increase in cash held		(14,265,515)	3,774,740
Cash and cash equivalents at the beginning of the financial year			
		59,348,483	55,573,743
Cash and cash equivalents at the end of the financial year	18(b)	45,082,968	59,348,483

The accompanying notes on pages 34 to 58 form part of this financial statement.

Notes to the financial statements for the financial year ended 30 June 2013

- 1 Summary of accounting policies
- 2 Profit from operations
- 3 Trade and other receivables
- 4 Inventories
- 5 Financial assets
- 6 Other assets
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1. Summary of accounting policies

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

Basis of preparation of the financial report

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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 2013; the comparative information presented in these financial statements is for the year ended 30 June 2012.

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.

The Company classifies its investments into the following categories: held-to-maturity investments and available-for-sale. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

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 \$525,854 (2012: \$744,476) (included in Project Revenue) 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 the 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:

	2013	2012
Leasehold improvement	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 the 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:

	2013
Business Software	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 2013 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 report 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 \$11,217 (2012: \$8,817) 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 Street, 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 2013. Industry standard fit-out rates have been used as the basis for the make-good provision for the 31 Pelham Street, Carlton, Melbourne premise.

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. Profit from operations

2(a) Income

	2013 \$	2012 \$
Project income	56,687,641	38,199,219
Subtotal – project income	56,687,641	38,199,219
Schools Cataloguing Information Service subscriptions	2,799,308	2,790,721
Publication sales	993,294	1,149,675
Maths 300 subscriptions	307,180	326,969
Education Quarterly subscriptions	44	11
Resourcebank subscriptions	10,680	21,716
Other subscriptions and product sales	223,490	263,573
Subtotal – revenue from sales and subscriptions	4,333,996	4,552,665
Royalties	40,472	171,557
Interest – at bank and other short-term investments	744,369	1,013,104
Interest – investments	466,842	538,095
Other	55,083	264,067
Sub-lease rental income	316,625	312,194
Gain on investment	–	7,095
Subtotal – other income	1,623,391	2,306,112
Total income	62,645,028	45,057,996

2(b) Expenditure

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

	2013 \$	2012 \$
Employee benefits	(22,753,827)	(16,990,198)
Project-related expenses	(31,593,829)	(20,391,538)
Publication and subscription product expenses	(1,427,425)	(1,542,568)
Depreciation on non-current assets	(512,018)	(493,286)
Make-good expenses	(43,547)	(46,500)
Write-back on make good	–	(8,565)
Administration and secretariat expenses	(2,722,945)	(2,216,570)
Occupancy expenses	(2,146,959)	(1,855,832)
IT maintenance and services expenses	(1,309,542)	(1,361,508)
(Loss) or gain on disposal of property, plant and equipment	(14,090)	2,864
Total expenditure	(62,524,182)	(44,903,701)
Profit from operations	120,846	154,295

2(c) Grants to schools

Note: an amount of \$191,250 (2012: \$576,875) was recognised as revenue for distribution of grants direct to schools. All of this revenue was distributed to schools during the 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

	2013 \$	2012 \$
Current		
Receivables – relating to projects	18,584,232	29,731,068
Other trade receivables	163,638	285,005
Allowance for doubtful debts	(11,217)	(8,817)
Total trade and other receivables	18,736,653	30,007,256
Doubtful debts movement		
Balance at beginning	(8,817)	(11,640)
Bad debts written off	–	274
(Increase) or reduction in provision	(2,400)	2,549
Balance at end of year	(11,217)	(8,817)

At 30 June 2013 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

	2013 \$	2012 \$
Current		
Inventory – publications at cost	591,862	614,581
Allowance for obsolescence	(580,232)	(579,742)
Total inventories	11,630	34,839
Obsolescence movement		
Balance at beginning	(579,742)	(572,034)
Inventory written off or disposed of	–	(804)
Additional provision	(490)	(6,904)
Balance at end of year	(580,232)	(579,742)

5. Financial assets

	2013 \$	2012 \$
Current		
Investments held to maturity	8,957,841	6,660,315
Total financial assets	8,957,841	6,660,315

6. Other assets

	2013 \$	2012 \$
Current		
Prepayments	251,328	327,841
Accrued revenue	812,020	805,743
Total other assets	1,063,348	1,133,584

7. Property, plant and equipment

	2013 \$	2012 \$
Leasehold improvements at cost	1,917,753	1,747,683
Accumulated depreciation	(972,172)	(750,719)
Total	945,581	996,964
Fixtures and fittings at cost	246,509	251,381
Accumulated depreciation	(219,723)	(216,997)
Total	26,786	34,384
Plant and equipment at cost	4,178,477	4,334,837
Accumulated depreciation	(3,734,244)	(3,866,851)
Total	444,233	467,986
Total property, plant and equipment	1,416,600	1,449,334

Movement in carrying amounts	Leasehold improvements \$	Fixtures and fittings \$	Plant and equipment \$	Total \$
Balance at beginning of year 1 July 2012	996,964	34,384	467,986	1,499,334
Additions	170,071	1,045	275,165	446,281
Disposals	–	(5,917)	(327,378)	(333,295)
Depreciation write back on disposal	–	–	316,298	316,298
Depreciation expense	(221,454)	(2,726)	(287,838)	(512,018)
Carrying amount at end of year 30 June 2013	945,581	26,786	444,233	1,416,600

Movement in carrying amounts	Leasehold improvements \$	Fixtures and fittings \$	Plant and equipment \$	Total \$
Balance at beginning of year 1 July 2011	1,121,585	41,000	386,851	1,549,436
Additions	91,152	998	355,512	447,662
Disposals	–	(85,427)	(379,253)	(464,680)
Depreciation write back on disposal	–	85,427	374,775	460,202
Depreciation expense	(215,773)	(7,614)	(269,899)	(493,286)
Carrying amount at end of year 30 June 2012	996,964	34,384	467,986	1,499,334

8. Intangible assets

	2013 \$	2012 \$
Business software at cost	1,647,810	–
Total intangible assets	1,647,810	–

Movement in carrying amounts	2013 \$	2012 \$
Balance at beginning of year 1 July 2012	–	–
Additions	1,647,810	–
Carrying amount at end of year 30 June 2013	1,647,810	–

9. Trade and other payables

	2013 \$	2012 \$
Current		
Amounts payable suppliers	2,778,222	3,019,577
ATO – GST	1,209,316	2,330,767
Total trade and other payables	3,987,538	5,350,344

At 30 June 2013 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

	2013 \$	2012 \$
Current		
Project funds in advance	50,736,752	71,663,212
Subscriptions received in advance	1,509,236	1,527,391
Total other liabilities	52,245,988	73,190,603

11. Provisions

	2013 \$	2012 \$
Current		
Employee benefits – annual leave	1,169,652	916,901
Employee benefits – long service leave	1,140,453	1,116,927
Employee benefits – salaries and wages	956,336	618,605
Make good on premises (note 11a)	26,700	142,967
Total current provisions	3,293,141	2,795,400
Non-current		
Employee benefits – long service leave	331,492	467,180
Make good on premises (note 11a)	430,726	373,165
Total non-current provisions	762,218	840,345
Total provisions	4,055,359	3,635,745

11(a) Make-good provision

	2013 \$	2012 \$
Balance at beginning of financial year	516,132	454,691
Payment for Adelaide	(96,467)	–
Addition for Melbourne	37,761	61,441
Balance at end of financial year	457,426	516,132

12. Reserves

	2013 \$	2012 \$
Capital reserve		
Capital reserve at the beginning of the financial year	3,700,000	3,700,000
Balance at the 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, 440 Collins Street, Melbourne and level 3, 31 Pelham Street, Carlton, Melbourne. The facilities have remaining lease terms of between 1 to 6 years. 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.

	2013 \$	2012 \$
Non-cancellable operating leases		
Not longer than 1 year	1,655,765	1,284,902
Longer than 1 year and not longer than 5 years	5,098,277	5,474,496
Longer than 5 years	44,815	500,315
Total	6,798,857	7,259,713

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).

	2013 \$	2012 \$
Remuneration		
Short-term employee benefits – executives	1,563,632	1,329,956
Directors' remuneration	113,515	71,005
Total remuneration of Directors and executives	1,677,147	1,400,961

16. Remuneration of auditors

	2013 \$	2012 \$
Remuneration		
Audit of the financial report and project acquittals	79,500	74,000
Total auditor remuneration	79,500	74,000

17. Subsequent events

There were no subsequent events.

The financial report was authorised for issue by the Board of Directors on the 26th day of September 2013.

18. Notes to the statement of cash flows

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

	2013 \$	2012 \$
Net result for the financial year	120,846	154,295
Loss or (gain) on sale or disposal of non-current assets	14,090	(2,865)
(Gain) or loss on revaluation of financial assets	–	(7,095)
Reclassify interest as investing cash flow	(983,019)	(1,279,045)
Depreciation of non-current assets	512,018	493,286
Net result after adjustments	(336,065)	(641,424)
Changes in net assets and liabilities		
(Increase) or decrease in assets		
Trade and other receivables	11,270,603	(10,882,860)
Inventories	23,209	106,101
Other assets	70,236	790,599
Increase or (decrease) in liabilities		
Trade and other payables	(1,362,806)	(2,780,718)
Current provisions	497,741	850,655
Other liabilities	(20,944,615)	13,337,767
Non-current provisions	(78,128)	3,634
Net cash (used in) or provided by operating activities	(10,859,825)	783,754

18(b) Cash and cash equivalents

	2013 \$	2012 \$
Cash on hand	1,300	1,140
Cash at bank	44,334,691	56,759,832
Cash not available for Company use	329,977	587,511
Investments at call	417,000	2,000,000
Total	45,082,968	59,348,483

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 (2012: 88 per cent) was earned from government departments. All transactions relating to organisations in which Directors are employed are completed at arm's length and the Directors cannot personally benefit from these transactions.

In addition, the Minister for Education, Employment and Workplace Relations is one of nine members 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, 7 per cent (2012: 2 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, 440 Collins Street, Melbourne.

	2013 \$	2012 \$
Bank guarantee – tenancy lease Collins St, Melbourne	700,000	700,000
Bank guarantee – tenancy lease Fullarton Rd, Dulwich	–	280,000
Total contingent liabilities	700,000	980,000

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 2013 \$	Carrying amount 2012 \$
Financial assets				
Receivables	3	Loans and trade and other receivables (at amortised cost)	18,736,653	30,007,256
Financial assets	5	Held-to-maturity investments (at cost)	8,957,841	6,660,315
Financial liabilities				
Payables	9	Trade and other payables measured at amortised cost	3,987,538	5,350,344

21(c) Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables, available-for-sale financial assets 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 \$11,217 (2012: \$8,817) against non-project-related sales activity. 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		
2013						
Receivables						
Project receivables	17,181,940	230,881	1,169,046	2,365	–	18,584,232
Other receivables	107,736	29,207	15,478	–	11,217	163,638
Other financial assets						
Investments held to maturity	8,957,841	–	–	–	–	8,957,841
Total	26,247,517	260,088	1,184,524	2,365	11,217	27,705,711
2012						
Receivables						
Project receivables	28,184,410	761,198	522,615	262,845	–	29,731,068
Other receivables	175,262	84,353	16,573	–	8,817	285,005
Other financial assets						
Investments held to maturity	6,660,315	–	–	–	–	6,660,315
Total	35,019,987	845,551	539,188	262,845	8,817	36,676,388

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	
2013					
Financial liabilities					
Payables	3,985,876	403	–	1,259	3,987,538
Total	3,985,876	403	–	1,259	3,987,538
2012					
Financial liabilities					
Payables	5,307,807	18,476	18,580	5,481	5,350,344
Total	5,307,807	18,476	18,580	5,481	5,350,344

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 table.

Interest rate exposure analysis of financial assets

	Interest rate* %	Carrying amount \$	Interest rate exposure \$		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2013					
Cash					
Cash and cash equivalents	2.75	45,082,968	417,000	44,664,668	1,300
Receivables					
Project receivables	–	18,584,232	–	–	18,584,232
Other receivables	–	152,421	–	–	152,421
Other financial assets					
Investments held to maturity	4.51	8,957,841	8,957,841	–	–
Total		72,777,462	9,374,841	44,664,668	18,737,953
2012					
Cash					
Cash and cash equivalents	3.37	59,348,483	2,000,000	57,347,343	1,140
Receivables					
Project receivables	–	29,731,068	–	–	29,731,068
Other receivables	–	276,191	–	–	276,191
Other financial assets					
Investments held to maturity	5.41	6,660,315	6,660,315	–	–
Total		96,016,057	8,660,315	57,347,343	30,008,399

* 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
2013					
Financial liabilities					
Payables	–	3,987,538	–	–	3,987,538
Total	–	3,987,538	–	–	3,987,538
2012					
Financial liabilities					
Payables	–	5,350,344	–	–	5,350,344
Total	–	5,350,344	–	–	5,350,344

* 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
2013					
Financial assets					
Cash and cash equivalents	44,664,668	(893,293)	(893,293)	893,293	893,293
Receivables	–	–	–	–	–
Other financial assets	–	–	–	–	–
Financial liabilities					
Payables	–	–	–	–	–
Total increase or (decrease)		(893,293)	(893,293)	893,293	893,293
2012					
Financial assets					
Cash and cash equivalents	57,347,343	(1,146,947)	(1,146,947)	1,146,947	1,146,947
Receivables	–	–	–	–	–
Other financial assets	–	–	–	–	–
Financial liabilities					
Payables	–	–	–	–	–
Total increase or (decrease)		(1,146,947)	(1,146,947)	1,146,947	1,146,947

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 2013. 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 31 Pelham Street, Carlton, Melbourne.

Directors' declaration

The Directors declare that:

1. The financial statements and notes for Education Services Australia Limited as set out on pages 30 to 58 have been prepared in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards;
 - b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company.
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.

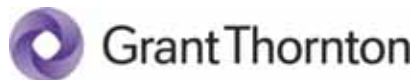
This declaration is made in accordance with a resolution of the Board of Directors.



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

Dated this 26th day of September 2013

Auditor's report



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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 2013, the statement of 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 Corporations Act 2001. 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.

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

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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.

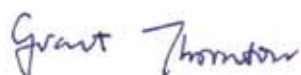
Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.


Auditor's opinion

In our opinion:

- a the financial report of Education Services Australia Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the Corporations Regulations 2001.



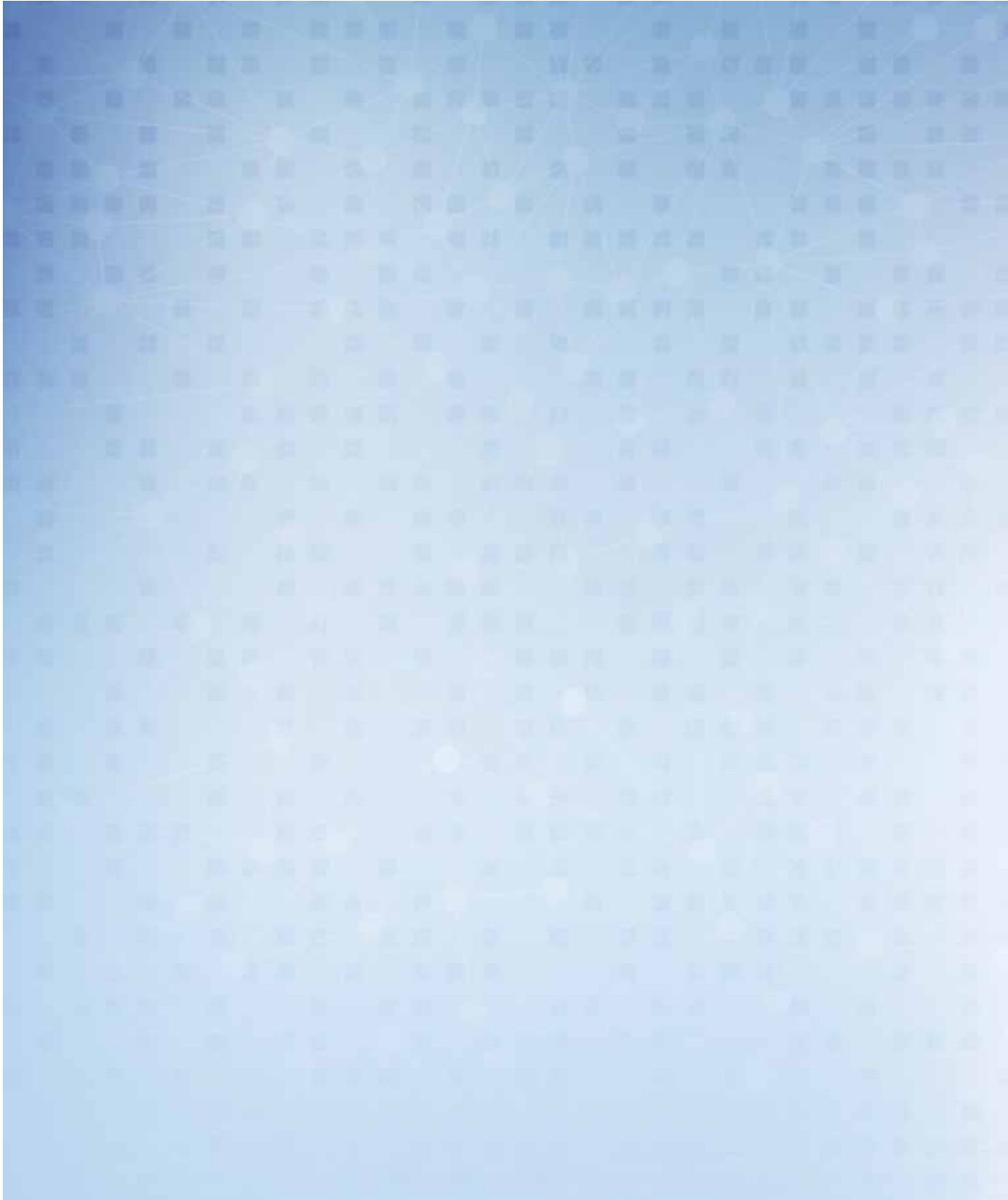
GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S.C. Trivett
Partner - Audit & Assurance

Melbourne, 26th September 2013

APPENDIXES



Appendix 1: Letter of Expectation



The Board of Directors
C/- Dr Tom Stubbs
Chair
Education Services Australia
PO Box 177
CARLTON SOUTH VIC 3053

EDUCATION SERVICES AUSTRALIA LETTER OF EXPECTATION JULY 2012 – JUNE 2014

Dear Dr Stubbs,

I am writing on behalf of the Standing Council on School Education and Early Childhood (SCSEEC), as company owners, to set out the priorities and expectations for Education Services Australia (ESA) for the 2012-13 and 2013-14 financial years.

Purpose

This Letter of Expectation is an agreement between SCSEEC and ESA. It outlines the roles and responsibilities of ESA and sets out the high-level performance expectations and strategic priorities. It will be reviewed biennially and updated, as required.

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

Consistent with the Melbourne Declaration on Educational Goals for Young Australians, all Australian governments, with non-government education authorities and providers, are working towards a world class education system in Australia. Improving educational outcomes by ensuring that all young Australians have access to high-quality schooling is central to the nation's social and economic prosperity and will position young people to live fulfilling, productive and responsible lives.

The national education reforms include a commitment to develop and deliver an Australian Curriculum, promoting quality teaching and school leadership, strengthened accountability and transparency in school education, promoting equity in schooling for Indigenous Australians and rural and remote students, and increased collaboration between jurisdictions in realising the goals of the Melbourne Declaration. All Australian governments are undertaking initiatives to support the effective integration of Information & Communication Technologies (ICT) into teaching and learning.

Integral to these reforms are the ministerial companies and authorities that comprise the national school education architecture. The Australian Curriculum, Assessment and Reporting Authority (ACARA) is developing the Australian Curriculum, implementing national frameworks for assessment, and reporting through the My School website. The Australian Institute for Teaching and School Leadership (AITSL) has a leadership role in the teacher quality initiatives and the Australian Children's Education and Care Quality Authority (ACECQA) is overseeing important changes to early childhood education and care and school age care in Australia. ESA has an important role in supporting the development and delivery of the reform agenda as a leading provider for the education and training sectors in Australia.

3rd floor, 15-31 Pelham Street, Carlton Victoria 3053 ■ PO Box 202 Carlton South, Victoria 3053 Australia
T: 03 9639 0588 F: 03 9639 1790 E: enquiries@scseec.edu.au W: www.scseec.edu.au

Principles

SCSEEC expects ESA to operate by the following five principles:

- **Innovation**: 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**: SCSEEC expects ESA to engage closely with all jurisdictions and systems in the schools sector to ensure that ESA products and services directly meet owners' needs.
- **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**: Products and services should be cost-effective and delivered competitively.
- **Sustainability**: ESA should continue to build its capability to exist as a financially viable company into the future.

Priorities

As owners of ESA, SCSEEC expects that ESA will deliver products and services that directly meet the needs and requirements of all jurisdictions, systems and schools in the education sector. To ensure close alignment between required and provided services, SCSEEC requests that ESA engage closely with all education authorities and the companies that comprise the national education architecture to determine the sector's requirements as consumers.

In providing support for national education initiatives it is envisaged that ESA will work in the four priority areas agreed under the ESA company objects, in line with the principles listed above. These are:

- researching, testing and developing effective and innovative ICT systems 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.

SCSEEC acknowledges that ESA will continue to offer services to higher education and to the vocational education and training sector, and will explore areas of intersection between these sectors and the school education sector.

SCSEEC notes that ESA has been engaged by a number of organisations, including the Australian Government, to undertake specific projects and activities to support the national education reform agenda as outlined below.

Support for teaching and learning

ESA is undertaking projects aligned to the national education reform agenda to:

- develop new digital learning resources with particular focus on resources for teaching English, mathematics, science, history, geography, languages and the arts in the new Australian Curriculum,

- support the assessment needs of teachers through the delivery of online assessment tools which assist teachers to access and use numeracy, literacy and science test items that are digitally linked to relevant curriculum and learning resources,
- support teachers by providing high-quality online professional learning resources that further their professional development, and
- support flexible delivery of language teaching and learning, including the development of an online Language Learning Space.

Technical infrastructure

ESA is undertaking projects aligned to the national education reform agenda to:

- support sharing of digital resources between jurisdictions by hosting and maintaining the National Digital Learning Resources Network (NDLRN) through improvements to the technical infrastructure for storage, distribution, discovery and accessibility of digital resources,
- work with government and non- government schools' authorities to link the Australian Curriculum to existing digital resources with improved online search and delivery capabilities so teachers can easily find quality online teaching materials,
- work with ACARA on the development and phased introduction of the new National Assessment Program for Literacy and Numeracy (NAPLAN) tests and delivery platforms, and
- facilitate communication and sharing across IT systems and providing advice on the technical aspects of eLearning.

Copyright

ESA has responsibility for maintaining licensing and copyright for the national collection and is also working with the publishing, digital content and creative industries to ensure, where possible, open access to educational resources through Creative Commons licensing arrangements.

Governance

Engagement

In the development and implementation of its projects and activities, SCSEEC considers it critical that ESA seek to engage collaboratively with and gain support from key stakeholders, including bodies such as ACARA, AITSL, state and territory government authorities, the non-government education sector and Australian Government authorities. 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, public organisations active in the eLearning and digital resources space, cultural agencies and universities, and the broader e-learning industry, including providers of digital tools, resources and infrastructure, where appropriate.

A strong collaborative approach to service delivery will have benefits for both ESA and all parts of the education system with whom it engages. While keeping national core teams tight, a more distributed and collaborative model of operation will improve information flows within the sector, enabling ESA to be aware of and responsive to the needs of the sector, while at the same time strengthening capacity in jurisdictions, systems and schools.

Reporting

SCSEEC asks that ESA prepare a program of work that builds on this Letter of Expectation and details ESA's proposed relationships, services and engagements in relation to all relevant work. SCSEEC asks that ESA report against its program of work at each SCSEEC meeting and that ESA consult with and be responsive to the Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee (AEEYSOC).

SCSEEC requests that ESA provide an Annual Report that outlines ESA's activity during the preceding financial year and how the activities relate to this Letter. SCSEEC asks that this Annual Report specifically include:

- 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 Government and all states and territories.

SCSEEC asks that ESA 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 ESA's work.

Closing the Gap

SCSEEC requests that ESA consider the Council of Australian Governments' Closing the Gap targets in the delivery of products and services commissioned by SCSEEC, by ensuring these include Aboriginal and Torres Strait Islander content and perspectives, where appropriate.

Funding

It is noted that ESA has effectively reduced its dependence on core fees as requested and that ESA's purpose is to seek opportunities for commissioned work, as well as to provide products and services commercially.

It is expected that ESA will retain and build capacity to respond to market opportunities, as undertaken by SCSEEC, the Australian Government, state and territory governments, ACARA, AITSL, ACECQA or other key stakeholders.

Conclusion

SCSEEC notes the significant achievements of ESA to date in effectively supporting the national education reform agenda and looks forward to ESA's reports on its operations in line with these expectations.

Yours sincerely,



The Hon. Adrian Piccoli MP
SCSEEC Chair

Appendix 2: Glossary

ACARA	Australian Curriculum, Assessment and Reporting Authority
ACECQA	Australian Children’s Education and Care Quality Authority
ACS	Australian Careers Service
AEEYSOC	Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee
AICTEC	Australian ICT in Education Committee
AITSL	Australian Institute for Teaching and School Leadership
ALTC	Australian Learning and Teaching Council
ASQA	Australian Skills Quality Authority
auDA	au Domain Administration
DEEWR	Department of Education, Employment and Workplace Relations
DIISRTE	The Department of Industry, Innovation, Science, Research and Tertiary Education
DIICCSRTE	The Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education
FLAG	Flexible Learning Advisory Group
ICT	Information and communication technologies
MCTEE	Ministerial Council for Tertiary Education and Employment
NCOS	National Carbon Offset Standard
NQAITS	National Quality Agenda IT System
NSIP	National Schools Interoperability Program
NSOC	National Senior Officers Committee
ScOT	Schools Online Thesaurus
SCSEEC	Standing Council on School Education and Early Childhood
VET	Vocational Education and Training

