

ANNUAL REPORT 2016-17





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Published October 2017.



OUR MISSION

ACARA will improve the learning of all young Australians through world-class school **curriculum**, **assessment** and **reporting**.

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Senator the Hon. Simon Birmingham
Minister for Education and Training
Parliament House
Canberra ACT 2600

Dear Minister

ACARA Annual Report 2016–17

On behalf of the Board of the Australian Curriculum, Assessment and Reporting Authority (ACARA), I am pleased to present the annual report for the financial year ended 30 June 2016, pursuant to section 46 of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act).

As ACARA is a corporate Commonwealth entity, this document has been prepared in accordance with the requirements of section 17BE of the Public Governance, Performance and Accountability Rule 2014 (the PGPA Rule). The ACARA Board is the accountable authority for ACARA under the PGPA Act, and is responsible for preparing and providing the annual report to you as Minister for Education and Training.

ACARA's annual performance statements for 2016–17 are included in this document, in accordance with section 39 of the PGPA Act and Resource Management Guide No. 134 Annual performance statements for Commonwealth entities.

As per the requirements of Section 17BB of the PGPA Rule, this annual report was approved by resolution of the ACARA Board at its meeting of 24 August 2017, held at Level 13, 280 Elizabeth Street, Sydney.

Yours faithfully



Emeritus Professor Steven Schwartz AM
Chair, ACARA Board

24 August 2017

1.0 OVERVIEW



This section includes a foreword by the Chair, the CEO's report, and an outline of ACARA's role, function, mission and strategic directions.

1.1 CHAIR'S FOREWORD

On behalf of the ACARA Board, it is my pleasure to present our annual report for 2016–17.

The reporting period saw ACARA continue to meet the objectives set by the Council of Australian Government's Education Council. These include the completion of the first iteration of the Australian Curriculum and the alignment of our national assessment program with the curriculum's content.

ACARA's role is unique in the education landscape – it is responsible for identifying what our students should be learning, the standards they should be achieving, and progress they are making against these standards. ACARA's work provides a framework to help states, territories and schools prepare their students for the diverse and challenging needs of the future workforce.

The Australian Curriculum sets the expectations for learning for all Australian students, regardless of their location or background. The curriculum not only covers content in various learning areas, but also helps students develop flexible and analytical thinking.

The Australian Curriculum provides the basis for curricula in each state and territory, and ACARA's National Assessment Program provides comparative data to monitor our students' performance using a common scale, across the country.

This year, ACARA monitored the curriculum's effectiveness by obtaining advice from experts around the country and examining international best practice. ACARA's ongoing monitoring program will provide the foundation for future refinements of the national curriculum.

ACARA's National Assessment Program – Literacy and Numeracy (NAPLAN) continues to be the recognised benchmark for Australian students' literacy and numeracy performance. In 2017, NAPLAN completed its tenth year of assessment.

ACARA continued its work towards refining its assessments and doing its part in delivering NAPLAN online. Online assessment will bring many benefits, including earlier delivery of more precise results.

With nearly a decade of data now on *My School*, parents, educators, policy-makers and the public have access to a rich pool of information to inform decisions, analyse the impact of strategies and policies, and monitor educational growth and achievement.

My School data allow comparisons at the school, area and state/territory level, as well as the ability to track trends over time. Educational growth can be measured by comparing students' performance with their previous results. At the same time, educational achievement can be assessed locally and nationally.

By identifying and highlighting schools with high growth or high achievement (or both), we can celebrate their successes and enable others to learn from their methods.

I would like to acknowledge the directions set by the Education Council, and thank the ACARA Board, executive, staff and stakeholders for their contributions, as ACARA continues its work to improve education outcomes for young Australians.



Emeritus Professor Steven Schwartz AM

Chair, ACARA Board

“ACARA’s work provides a framework to help states, territories and schools prepare their students for the diverse and challenging needs of the future workforce.”



1.2 CEO'S REPORT

The 2016–17 reporting period has seen ACARA reach several significant milestones in its mission to improve student learning through the delivery of world-class school curriculum, assessment and reporting programs.

In October 2016, ACARA completed the first iteration of the Australian Curriculum for students from Foundation to Year 10 with the publication of Auslan and Classical Languages curricula. The Australian Curriculum is now a complete, web-based curriculum that can be accessed by teachers, parents, students and educators across Australia and internationally.

We furthered our stakeholder collaboration and partnerships throughout the year, developing materials that demonstrate ways in which teachers around the country can adapt and integrate the Australian Curriculum.

We collaborated with every state and territory education department to produce video and print student work samples from primary and secondary schools across the country – from Balga High School in Western Australia to Namadgi School in the Australian Capital Territory and Sanderson Middle School in the Northern Territory. We also worked with expert organisations such as the Australian Mathematical Sciences Institute (AMSI), the Asia Education Foundation (AEF), the First Languages Australia, and the Primary Industries Education Foundation Australia (PIEFA).

We published important new illustrations of practice, including materials to support the learning of students with disability and a series about the implementation of the Aboriginal and Torres Strait Islander Histories and Cultures cross-curriculum priority, with funding from the Australian Government Department of Education and Training.

During 2016, we commenced the redevelopment of the Australian Curriculum website, in preparation for its launch in early 2017–18. The new-look website responds to feedback from stakeholders – has a new filter option to enhance the search function as well as greater prominence of frequently requested information.

We are now turning our focus to the next iteration of the Australian Curriculum, drawing on feedback from jurisdictions and stakeholders through our curriculum monitoring program as well as ongoing research and surveying of key education stakeholders.

While the goal was to start to move NAPLAN online in 2016–17, this was not realised due to the decision by participating states and territories to postpone the transition to NAPLAN Online until next year. ACARA recognises that confidence in the readiness of the NAPLAN Online platform is of the utmost importance; we will work closely with all states and territories to continue the transition to NAPLAN Online from 2018.

ACARA continues to assist Education Services Australia (ESA) in their work to ensure the online assessment platform successfully delivers NAPLAN Online, and to work with state and territory governments in building confidence in the platform and ensuring the successful transition to NAPLAN Online from 2018.

ACARA's own preparation for the transition to online assessment continues with further development of the NAPLAN Online scales, the adaptive tailored test design and the automated essay scoring system.

Nearly 1.2 million students in Years 3, 5, 7 and 9 participated in the annual National Assessment Program – Literacy and Numeracy (NAPLAN) in May 2017, marking the tenth anniversary of NAPLAN testing.

Once again, our NAPLAN data highlighted numerous success stories at the level of school, year group, cohort and state, reinforcing the importance of setting high expectations for student achievement in these fundamentally important areas. This year's update of *My School* celebrated these successes by calling out schools in each state and territory that achieved above average gain since 2015.

This year, *My School* continued to shine a light on a range of areas of school performance and context. ACARA continued to report on literacy and numeracy achievement, as well as student attendance data and finance information.

Another significant development in the reporting space this year was the launch of a new data portal that will enable much more timely publication of information from ACARA's annual national report on schooling.

As an organisation, we had a busy year – in the latter part of 2016, we moved our Sydney and Perth offices to locations better equipped to accommodate our requirements. We undertook negotiations for ACARA’s second Enterprise Agreement and by 30 June 2017 were working towards its finalisation. We also launched the organisation’s first Reconciliation Action Plan, rolling out some exciting initiatives to demonstrate ACARA’s continued support and commitment to Reconciliation.

I would like to extend thanks to the ACARA staff and executive for their efforts and commitment during 2016–17. I also acknowledge and thank members of ACARA’s stakeholder advisory groups, whose valuable contributions inform our work program and ensure it continues to be meaningful, relevant and valued.

We look forward to another busy year in 2017–18, working with jurisdictions and stakeholders to improve student learning.



Robert Randall

Chief Executive Officer



1.3 WHO WE ARE

Role and function

The Australian Curriculum, Assessment and Reporting Authority (ACARA) is an independent statutory authority and a corporate Commonwealth entity established under Section 5 of the *Australian Curriculum, Assessment and Reporting Authority Act (Cth)* on 8 December 2008.

ACARA has been operational since 28 May 2009, with a mission to improve the learning of all young Australians through world-class school curriculum, assessment and reporting.

ACARA executes policy directions determined by the Council of Australian Governments' (COAG) Education Council regarding curriculum, assessment, data and reporting at the national level.

Organisational structure

The ACARA Board is ACARA's accountable authority for the purposes of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

ACARA's operations are led by ACARA's Chief Executive Officer (CEO). The agency comprises five business units: Curriculum, Assessment and Reporting, Communications and Strategic Relations, Business Services, and Office of the Chief Executive.

Locations

From 1 July 2016 until 17 July 2016, ACARA's head office was located at Level 10, 255 Pitt Street, Sydney. From 18 July 2016, ACARA's head office was located at Level 13, Tower B, Centennial Plaza, 280 Elizabeth Street, Sydney.

From 1 July 2016 until 15 December 2016, ACARA's Perth office was located at Level 12, 68 St Georges Terrace Perth. From 16 December 2016, ACARA's Perth office was located at Level 17, 140 St Georges Terrace Perth.

1.4 WHAT WE DO

Our mission

ACARA's mission is to improve the learning of all young Australians through world-class school curriculum, assessment and reporting.

Our work

Curriculum: We take a national approach to education through developing a robust and comprehensive national curriculum.

Assessment: We run the National Assessment Program, the national tests students sit in school, aligned to the national curriculum. This includes the National Assessment Program – Literacy and Numeracy (NAPLAN).

Reporting: We are responsible for collecting and publishing information on the *My School* website about the performance and resources of just over 10,000 schools and campuses around the country. We publish a range of reports, including the NAPLAN national report.

Our stakeholders

ACARA's partners are the Australian Government, state and territory departments of education, and national non-government school sector peak bodies. ACARA's stakeholders include teachers, principals, parents and students as well as the broader community.

ACARA has a range of advisory and expert groups that provide advice to support our work. The advisory structure is reviewed regularly to ensure advice provided is fit for purpose.

ACARA also works closely with its Council counterparts, the Australian Institute of Teaching and School Leadership (AITSL) and Education Services Australia (ESA).

2.0 ANNUAL PERFORMANCE STATEMENTS



This section details ACARA's achievements and performance during the year against criteria identified in ACARA's Corporate Plan 2016–17.

INTRODUCTORY STATEMENT

These annual performance statements have been prepared for the 2016–17 reporting period pursuant to section 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act).

ACARA's high-level quadrennial plan (2016–17 to 2019–20) was endorsed by the Education Council (the Council) in September 2015. ACARA's detailed work plan for 2016–17 was endorsed by the Council in July 2016. ACARA's Corporate Plan 2016–17 was published at the end of August 2016. Achievements against performance measures referred to in the corporate plan are outlined below.

In the opinion of the ACARA Board, as ACARA's accountable authority, these performance statements accurately present ACARA's performance in the reporting period and comply with section (39)(2) of the PGPA Act.



ENTITY PURPOSE

The purposes (strategic directions determined by the Education Council) of ACARA are to:

Curriculum

- provide a world-class curriculum from Foundation to Year 12 in specified learning areas agreed to by the Education Council
- assemble the evidence base required to review, develop and refine curriculum.

Assessment

- provide a quality, comprehensive and cohesive suite of assessments.

National data and reporting

- provide and apply a comprehensive and reliable national measurement framework
- facilitate the use and dissemination of data for research and policy development in accordance with agreed protocols
- present detailed, accessible, timely and meaningful school education performance information.

National collaboration and leadership

- provide effective national leadership in curriculum development, educational assessment and national reporting
- closely collaborate with jurisdictions, the non-government education sector and relevant stakeholders in pursuing the national education agenda.

These purposes acknowledge the commitment to promoting world-class curriculum and assessment, and to strengthening accountability and transparency, as identified in the *Melbourne Declaration on Educational Goals for Young Australians* (the Melbourne Declaration) as agreed by all education ministers in December 2008.

2.1 NATIONAL CURRICULUM

Purpose:

To provide a world-class curriculum from Foundation to Year 12 in specified learning areas agreed to by the Education Council and assemble the evidence base required to review, develop and refine curriculum

Criteria source:

Corporate Plan 2016–17 and Budget Portfolio Statements 2016–17: Education and Training – ACARA Budget Statements – Outcome 1 Program 1.1

Performance criterion

Monitoring activities around the national curriculum undertaken

Measure

Monitoring Report published by end of January 2017

Result

Achieved

Partially achieved

Not achieved

Supporting statement

The ACARA Board approved the 2016 Monitoring Report in December 2016. The report was published on 13 February 2017. The delay was due to the need to address recommendations from the Board and to enable final editing.

Performance criterion

Actions (in addition to those relating to the Curriculum Review) undertaken to improve accessibility for students with disability

Measure

Actions finalised and published

Result

Achieved

Partially achieved

Not achieved

Supporting statement

In January 2017, ACARA published new Illustrations of Practice that demonstrate the use of General Capabilities to support the learning of students with disability. A comprehensive list of resources aimed at improving accessibility for students with disability was also published in March 2017, and this list is updated regularly in consultation with experts in the field.

A Curriculum Specialist, Student Diversity was appointed in April 2017 to develop further advice materials and exemplars of effective school practice in this area.

ACARA's Students with Disability Advisory Group (SWDAG) will contribute to ACARA's program of research, which will inform refinements to the Australian Curriculum, particularly in relation to the expectations and learning opportunities for students with disability.



Analysis of performance – curriculum

During 2016–17, work was undertaken to develop and finalise a new-look Australian Curriculum website, ready for launch at the beginning of 2017–18. While no changes were made to curriculum content, technical enhancements reflected feedback from users and included a contemporary, simplified design for the home page and key sections, with greater prominence given to information for parents and material relating to student diversity. Navigation of the site was made easier, with emphasis on enabling teachers to find the content they need as efficiently as possible. New filtering and quick search tools were added and icons were updated. For this initial redevelopment phase, a feedback box was included to ensure that users continue to have input into enhancements.

In February 2017, ACARA published the *Monitoring the effectiveness of the Foundation – Year 10 Australian Curriculum 2015–16* report, which had a focus on feedback and commentary on the Australian Curriculum’s achievement standards and General Capabilities. Stakeholder responses indicated broad satisfaction with the Australian Curriculum, along with confirmation of the value in a period of curriculum stability and support from ACARA to assist teacher understanding of the ways in which achievement standards can be used to assess and report on student learning. Suggestions from stakeholders to improve technical and design aspects of the Australian Curriculum website informed the website redevelopment work undertaken in the reporting period.

ACARA commenced a program of research in October 2016, intended to inform the next generation of the Australian Curriculum. The program and its associated schedule of publications were approved by the ACARA Board in June 2017. A comprehensive literature review, completed in March 2017, underpins the program of research, which comprises an annual report on developments in school curriculum design, up to eight international comparison studies with high-performing countries and systems, and a range of other data collection strategies and consultative forums. The first international comparison study, focusing on British Columbia’s new curriculum, was completed in June 2017.

The terms of reference for ACARA’s curriculum advisory groups were updated in the reporting period to enable these groups’ expert contribution to ACARA’s long-term curriculum research program.

In January 2017, internal auditors surveyed ACARA’s curriculum stakeholders and reported high levels of satisfaction in terms of leadership and quality of advice. Regular publications such as the *Curriculum Activity Report* and *Primary Matters* continued to be distributed to stakeholders throughout the year. All Curriculum Specialists were involved throughout the reporting period in workshops, conferences and other forums to support jurisdictions and professional associations in the implementation of the Australian Curriculum.

ACARA's Curriculum Specialists continued to provide support to school authorities and professional associations, on request, at venues around the country throughout 2016–2017. The appointment of a Curriculum Specialist, Student Diversity, from April 2017 has enhanced ACARA's capacity to develop materials and provide other support to jurisdictions in relation to students with disability, students whose first language is not English and students who have been assessed as gifted and talented.

In November 2016, work began on a three-year project to support the implementation of the Australian Curriculum: Digital Technologies in disadvantaged schools, under the Australian Government's National Innovation and Science Agenda (NISA). Identifying candidate schools from across Australia, recruiting specialist teaching personnel to deliver support in participating schools, liaising with schools and curriculum authorities, and project planning were undertaken in 2016–17.

In May 2016, ACARA commenced drafting of the National Literacy and Numeracy Learning Progressions document. Consultation with literacy and numeracy experts nominated by Australian school and curriculum authorities was undertaken in August and September 2016. During 2016, ACARA mapped NAPLAN test items to draft progression indicators to assist with validation of aspects of the learning progressions. ACARA sought regular input on the development of the learning progressions from its F–12 Curriculum Reference Group, Aboriginal and Torres Strait Islanders Advisory Group and Students with Disability Advisory Group.

The ACARA Board considered an early version of the National Literacy and Numeracy Learning Progressions in December 2016 and approved school trialling in 2017. More than 600 teachers from 137 schools across Australia participated in the trial between 6 March and 10 May 2017.

A new resource portal for teachers was launched on the Australian Curriculum website in January 2017. Published material included videos showing students' achievements in the use of the mathematics proficiencies and in STEM projects, as well as work samples and demonstrations of cross-curriculum connections in areas ranging from outdoor learning, food and wellbeing, and food and fibre to consumer and financial literacy. Work samples in the Arts, Health and Physical Education (HPE), Technologies, and Humanities and Social Sciences (HASS: Geography) were published towards the end of 2016. In the first half of 2017, work samples in video and print format were drafted in further HASS subjects (Civics and Citizenship) for publication on the new-look Australian Curriculum website later in 2017. The Curriculum Specialist, Languages worked with teachers in Queensland, the Northern Territory, the Australian Capital Territory, Tasmania and South Australia to develop work samples that exemplify the achievement standards in Chinese, French, Japanese, Indonesian and Italian.

2.2 NATIONAL ASSESSMENT

Purpose:

To provide a quality, comprehensive and cohesive suite of national assessments

Criteria source:

Corporate Plan 2016–17 and Budget Portfolio Statements 2016–17: Education and Training – ACARA Budget Statements – Outcome 1 Program 1.2

Performance criterion

Development and delivery of the National Assessment Program (NAP) including the delivery of NAP Sample and NAPLAN online in 2017

Measure

NAP successfully delivered and reported on (including delivery of NAPLAN online in 2017 and successfully transitioned to fully online in 2019)

Result

Achieved

Partially achieved

Not achieved

Supporting statement

NAPLAN 2017

In May 2017, NAPLAN tests were delivered for the tenth year. The tests were delivered as pencil-and-paper tests only. Approximately 10 per cent of schools across the ACT, Queensland, South Australia, Victoria and Western Australia had been planning to transition to the online delivery of NAPLAN in 2017. These jurisdictions delayed the commencement of NAPLAN Online until 2018 to allow more time to gain a greater level of confidence in the assessment platform being developed by Education Services Australia.

Although the first administration of NAPLAN Online was deferred to 2018, ACARA's direct responsibilities for the delivery of NAPLAN Online (completion of readiness research and development of adaptive tests) were completed to specifications.

The equating studies for the 2017 NAPLAN tests were carried out from 26 April to 5 May 2017; the NAPLAN tests were administered from 9–11 May 2017 by Test Administration Authorities (TAAs) in accordance with the agreed framework of ACARA's *National Protocols for Test Administration*.

NAPLAN 2016

In early 2016–17, the 2016 NAPLAN individual student reports were distributed by jurisdictions, providing parents and carers with an opportunity to identify their child's strengths and achievements in the areas of literacy and numeracy, and identify areas where attention is required.

The 2016 NAPLAN summary information (preliminary results) was published on 3 August 2016. The 2016 NAPLAN National Report and test incidents report were both published on 13 December 2016.

NAP Sample

In 2016, the fifth assessment cycle of NAP Sample: Civics and Citizenship (NAP–CC) was successfully conducted online according with agreed protocols. Approximately 5,600 Year 6 and 4,800 Year 10 students participated in the sample assessment in October and November 2016. NAP–CC summary reports were distributed to all participating schools in December 2016.



Performance criterion

Development of NAPLAN Online proficiency standards and reports (student, school, national)

Measure

Online proficiency standards agreed to and reports finalised and communicated

Result

Achieved

Partially achieved

Not achieved

Supporting statement

In December 2016, the Education Council noted ACARA's development process and progress to date in establishing new proficiency standards; however, Council decided that no changes to existing NAPLAN reporting would take place until agreed by the Council. Production of preliminary student and school summary reports began without new proficiency standards.

From January to June 2017, ACARA, in liaison with jurisdictions, continued the development process around new proficiency standards to assist Council in future decision making. Through a combination of statistical linking and expert judgment (expert representative educators from all states and territories), draft cut scores, impact analyses and draft policy-level and achievement-level descriptors were developed and presented to ACARA's reference groups for feedback. Although Council opted to not implement the new standards, all workplan activities were completed to specifications.

The new standards are being developed to establish empirically-based, curriculum-grounded and comprehensively validated achievement benchmarks that students, schools and systems should strive to meet.

Analysis of performance – assessment

ACARA's online assessment research and development program of work during the reporting period included a range of studies around writing assessment, automated essay scoring and the impact of accessibility adjustments on performance. During 2016–17, the following research and development studies were progressed:

- *Scaling and linking study*: The purpose of the scaling component of the study was to construct online scales, investigate functioning of the tailored test design (TTD) and measure student performance in multistage adaptive tests. Around 270 schools participated in the scaling study in August and September 2016. The purpose of the study was to link online scales with existing NAPLAN assessment scales. The linking study was successfully conducted with 140 schools during August and September 2016.
- *Automated essay-scoring activities*: ACARA worked with a validated automated scoring engine provider to customise the engine selected to score essays. Training activities were completed during the reporting period.

Working with Education Services Australia (the agency responsible for the development of the online assessment platform), ACARA continued the refinement of related specification and requirement documents, and undertook user-acceptance testing of the system. In addition, NAPLAN Online administration documents, such as the *National Protocols for Test Administration* and *Handbook for Principals*, were finalised by ACARA and provided to jurisdictions.

The public demonstration site of the NAPLAN Online assessment platform was made available on the ACARA website in November 2016. This site enabled teachers, students, parents and the broader community to view and experience online assessments and become familiar with the different types of technology-enhanced questions that NAPLAN Online facilitates. The public demonstration site provided sample 'mini-tests' to cover all domains for each NAPLAN year level – reading, numeracy, conventions of language (grammar, punctuation, spelling) and writing.

Preparations for the fifth cycle of 2017 NAP Sample – ICT Literacy began in 2016, with the field study and device effect study conducted in June 2017. Planning also began for the sixth cycle of 2018 NAP Sample – Science Literacy (NAP–SL), following the Education Council's decision in July 2016 to include Year 10 students in NAP–SL 2018.

2.3 NATIONAL DATA AND REPORTING

My School[®]

Purpose:

To provide and apply a comprehensive and reliable national measurement framework; facilitate the use and dissemination of data for research and policy development in accordance with agreed protocols, and present detailed, accessible, timely and meaningful school education performance information

Criteria source:

Corporate Plan 2016–17 and Budget Portfolio Statements 2016–17: Education and Training – ACARA Budget Statements – Outcome 1 Program 1.3

Performance criterion

The National Report on Schooling in Australia is published before the end of the subsequent calendar year

Measure

A concise national report, reporting key information published by the end of December 2016 and a related data portal available, allowing public access to the various national data sets for schooling

Result

Achieved

Partially achieved

Not achieved

Supporting statement

The inaugural publication of data on the National Report on Schooling data portal (the data portal) was on 24 May 2017. The data published referred to 2014, following endorsement of the related 2014 National Report on Schooling in Australia by the Australian Education Senior Officials Committee and the Education Council in February and March 2017 respectively. The publication of the concise national report did not occur before the end of the subsequent calendar year due to the length of the first cycle of approval processes for a new portal and a simplified report.

With the launch of the data portal, the timeline for the development of the national report is expected to greatly improve.

In the second half of the reporting period, work commenced on the data collection for both the 2015 and 2016 National Report on Schooling in Australia.

Performance criterion

Australian Schools List finalised and an agreed process for regular updating in place

Measure

Australian Schools List implemented by end of July 2017 and refreshed quarterly; a process for regular updating agreed to and also implemented by end of July 2017

Result

Achieved

Partially achieved

Not achieved

Supporting statement

During the reporting period, all school registration authorities provided ACARA with a list of currently active and proposed schools to ensure accuracy in reflecting a list of Australian schools.

The Australian Schools List (ASL) site on ACARA's website uses the Systems Interoperability Framework (SIF), an international specification for the exchange of data. The ASL was achieved with the support of the National Schools Interoperability Program (NSIP), a joint initiative by state, territory and federal education ministers.

The ASL is now based on a quarterly collection of information on schools registered by the state and territory registration boards, as agreed by jurisdictions. It provides an update of all schools and campuses in Australia. It also includes school location, school type and school sector attributes.



Analysis of performance – data and reporting

The National Report on Schooling data portal provides interactive access to a number of national data sets for schooling. Data sets include general statistics on schooling and nationally-agreed key performances measures (KPMs) for schooling specified in the *Measurement Framework for Schooling in Australia 2015*.

ACARA's data portal allows for a more timely release of actual data relating to the National Report on Schooling in Australia prior to the publication of the concise report.

My School 2017 was successfully updated and released, as scheduled, on 8 March 2017. The 2017 *My School* update contained:

- 2016 NAPLAN results for schools
- 2016 school profile and population data
- 2015 school financial information, including capital expenditure and sources of funding

The 'gain' pages on *My School* help identify where significant improvement has been achieved. In 2017, ACARA identified individual schools demonstrating significant above average gain to promote discussion about how improvement can be realised. Identified schools all demonstrated substantially above average NAPLAN gains on multiple criteria. Schools with above average gain were found in all states and territories, primary and secondary schools, schools with high and low Index of Community Socio-Educational Advantage (ICSEA) values, and big and small schools.

All data quality assurance processes were implemented during the collection, validation, calculation and verification stages of preparing *My School 2017* data and undertaken in accordance with the *Principles and protocols for reporting on schooling in Australia 2009*.

Improved availability of data and efficiency of processing requests resulted in the number of applications under the Data Access Program nearly doubling (from 10 to 19 per month), and turnaround time decreasing from 13.2 to 9.8 days.

2.4 NATIONAL COLLABORATION AND LEADERSHIP

Purpose:

To provide effective national leadership in curriculum development, educational assessment and national reporting and closely collaborate with jurisdictions, the non-government education sector and relevant stakeholders in pursuing the national education agenda

Criteria source:

Corporate Plan 2016–17 and Budget Portfolio Statements 2016–17: Education and Training – ACARA Budget Statements – Outcome 1 Program 1.4

Performance criterion

An improved advisory structure that is fit-for-purpose is in place

Measure

Advisory structure published (with strong level of satisfaction received as measured through surveys in 2017 and 2019)

Result

Achieved

Partially achieved

Not achieved

Supporting statement

During the second half of 2016–17, ACARA conducted a stakeholder and advisory group survey, targeting key groups within its advisory framework and stakeholder audience for feedback. The overall result was positive, with over 80 per cent of survey participants agreeing that ACARA's advisory structure was fit-for-purpose.

Performance criterion

A transparent and timely reporting process and structure is maintained

Measure

Progress reports against the annual work plan submitted to the Education Council and/or AESOC twice a year and at each meeting of the ACARA Board and all advice provided on time and of high quality

Result

Achieved

Partially achieved

Not achieved

Supporting statement

During the reporting period, ACARA provided reports on its progress against its 2016–17 work plan to two scheduled meetings of the Education Council and AESOC. A report on progress against the 2016–17 work plan was provided to six scheduled meetings of the ACARA Board.



Performance criterion

Collaboration with partners (government and non-government school sectors), national stakeholders and international education bodies clearly maintained

Measure

Evidence of collaboration through regularly scheduled meetings of ACARA's key advisory groups, ACARA's attendance at key working groups and peak body opportunities, and evidence of communication with international education bodies

Result

Achieved

Partially achieved

Not achieved

Supporting statement

During 2016–17, ACARA convened seven meetings with its National Assessment, Data, Analysis and Reporting Reference Group, and four meetings with its F–12 Curriculum Reference Group. Both groups provided high-level advice to the ACARA executive to advance ACARA's strategic priorities.

Meetings were also held with ACARA's following key groups:

- Aboriginal and Torres Strait Islander Advisory Group
- ACARA Research and Data Committee
- Measurement Advisory Group
- National Testing Working Group
- Recognition of Alternative Curriculum Group
- Students with Disability Advisory Group.

Other ACARA groups met as required during the reporting period, including the Finance Data Working Group, the National Report on Schooling Working Group and the Marking Quality Team.

ACARA attended scheduled meetings of the Data Strategy and Schools Policy groups in its role as an observer and, as a key member, participated in all meetings of the Online Assessment Working Group. ACARA attended meetings of AESOC and the Education Council to speak to items relating to ACARA's work.

Throughout 2016–17, ACARA led and managed national communication initiatives for NAPLAN Online, produced communications for jurisdictional use, chaired the NAPLAN Online National Communications Group and held quarterly consultative meetings with peak stakeholders.

Analysis of performance – collaboration and leadership

During the 2016–17 year, ACARA maintained and strengthened its engagement with Australian Government, state and territory departments of education and government and non-government school authorities. ACARA sought input and advice on its work through its advisory groups and governance structure. The structure enables consistent opportunities for engagement with key stakeholders.

At the beginning of 2016–17, ACARA reviewed its advisory structure in relation to its 2016–17 work plan (endorsed by the Education Council in July 2016). The advisory structure was subsequently made publicly available through ACARA's website (www.acara.edu.au).

As it currently stands, ACARA's governance structure allows for new advisory and/or working groups to be added as required, and the terms of reference for groups to be regularly reviewed for relevance, with input from group members.

In addition to progress reports against its work plan to the Education Council, the ACARA Board and AESOC, ACARA provided the Education Council and AESOC with a fortnightly report outlining key activities planned for the forthcoming two-week period.

ACARA's timely submission of reports and advice to key stakeholders within its governance structure – including the ACARA Board, the Education Council, and AESOC and related working groups – enabled effective consultation and quality checks on ACARA's work.

During the reporting period, ACARA actively engaged in the Organisation for Economic Co-operation and Development's (OECD) project 'OECD 2030: The Future of Education and Skills'. Work on the project included a curriculum content mapping exercise, which aimed to identify and quantify the relationship between learning areas and competencies.

ACARA began the development of a case study report for UNESCO's International Institute for Educational Planning on the *My School* website as an accountability and transparency measure. ACARA also continued to provide support to:

- the French Government (New Caledonia) in relation to the English programme for the Australian International Section within the French Baccalaureate and expert assistance to the Ministry for Education
- the Lemann Foundation in relation to the development of the Brazilian National Learning Standards.

ACARA completed its work with the Public Education Evaluation Commission in the Kingdom of Saudi Arabia at the end of 2016.



2.5 OPERATIONAL CAPABILITY

Criteria source:

Corporate Plan 2016–17

| Performance criterion | Measure | |
|--|---|---------------------------------------|
| Staff turnover rate | Staff turnover rate consistent with turnover and retention benchmarks | |
| Result | | |
| Achieved <input checked="" type="checkbox"/> | Partially achieved <input type="checkbox"/> | Not achieved <input type="checkbox"/> |
| Supporting statement | | |
| <p>At 30 June 2017, ACARA's staff turnover rate was 8.79 per cent for ongoing employees, ensuring a stable employment base across the organisation. Benchmarking for ACARA's staff turnover is generally maintained against the overall Australian Public Service (APS) rate. At 30 June 2016*, the APS separation rate for ongoing staff was 9.6 per cent.</p> <p>The majority of ACARA's workforce comprises ongoing employees. The exit rate is calculated as the number of ongoing employee separations from an agency, divided by the average number of employees at the beginning and end of the reporting period.</p> <p>The balance of ACARA's workforce comprises employees engaged on fixed-term contracts to undertake project-based work. Employees on fixed-term contracts have not been included in the above calculations.</p> <p><i>* 2016–17 APS metrics were unpublished at the time of preparing this report.</i></p> | | |

3.0 MANAGEMENT AND ACCOUNTABILITY



This section provides an overview of ACARA's corporate governance arrangements, human resource management, risk management and financial management. It also addresses ACARA's additional legislative reporting requirements.

3.1 CORPORATE GOVERNANCE

Enabling legislation and functions

ACARA is an independent statutory authority and a corporate Commonwealth entity established under Section 5 of the *Australian Curriculum, Assessment and Reporting Authority Act* (the ACARA Act) on 8 December 2008.

The ACARA Act outlines the authority's functions, which are to:

- develop and administer a national school curriculum, including curriculum content and achievement standards, for school subjects specified by the Education Council's charter for ACARA
- develop and administer national assessments
- collect, manage and analyse student assessment data and other data relating to schools and comparative school performance
- facilitate information-sharing arrangements between Australian government bodies in relation to collection, management and analysis of school data
- publish information relating to school education, including information relating to comparative school performance
- provide school curriculum resource services, education research services and other related services
- provide information, resources, support and guidance to the teaching profession, and perform other related functions.

There were no changes to ACARA's enabling legislation in 2016–17.

Directions and reporting

Section 7 (3) of the ACARA Act requires ACARA to perform its functions and exercise its powers in line with the Charter set by the Council of Australian Governments' (COAG) Education Council. ACARA's strategic directions are set by its Charter and any other written instructions from the Education Council.

ACARA reports to the Education Council on progress against its Charter each year. ACARA reports to the federal minister for finance and the federal minister for education about requirements under the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act).

Responsible minister

The Australian Government Minister for Education and Training (the Minister) is the responsible minister for ACARA. For the 2016–17 financial year, the Minister for Education and Training was Senator the Honourable Simon Birmingham.

Governance framework

ACARA's governance framework provides the structure for informed decision-making, risk management and accountability. The framework has its foundation in the ACARA Act, which establishes a 13-member governing body. The ACARA Board includes a chair, a deputy chair and other members representing states, territories, Catholic schools and independent schools. Each member is appointed by the Minister by written instrument, with the agreement of the Ministerial Council.

The Board is accountable to the Parliament of Australia through the Minister. The Board is responsible for ensuring the proper and efficient performance of ACARA, and is the accountable authority under the PGPA Act.

Among other responsibilities, ACARA Board members are required to disclose to their fellow directors any material personal interest they may have in a matter relating to the affairs of the authority. Information about procurement undertaken by ACARA is tabled at each meeting so that Board members can disclose potential or actual conflicts. A record of all disclosures is maintained by ACARA.

Further information about the Board, including membership, can be seen at **3.2 The Board**.

ACARA's governance and advisory structure allows for input and advice from key stakeholder groups and experts. This advice assists the executive in making recommendations to the ACARA Board and to the Education Council. It also supports ACARA in achieving the objectives of its Charter in a consultative and collaborative way. An overview of ACARA's advisory groups in 2016–17 can be seen on the following pages.

The Chief Executive Officer

The Chief Executive Officer (CEO) acts on behalf of ACARA and is accountable to the ACARA Board. The CEO consults the Board on all matters relating to the performance of ACARA functions, and provides information necessary for Board members to fulfil their governance responsibilities. In December 2015, Mr Robert Randall was reappointed as ACARA's CEO for a period of three years with effect from 10 February 2016.

The Executive Committee

The Executive Committee is a standing committee that supports the CEO in managing the day-to-day administration of ACARA. Responsibilities include, but are not limited to, the performance of ACARA in achieving the outcomes of the Portfolio Budget Statements; in fulfilling the mission, purposes and objectives outlined in ACARA's Corporate Plan 2016–17; in allocating resources; and in managing enterprise-wide risks, legislative compliance, stakeholder relations and corporate governance. In 2016–17, the Executive Committee met monthly as a group and twice each month as a part of the Senior Management Group.

Advisory groups

ACARA is supported by advisory groups that assist in the performance of its functions and provide input and expertise across ACARA's work priorities.

ACARA's reference groups ensure that jurisdictions and a range of stakeholder organisations have regular and meaningful opportunities to provide advice and other input to ACARA. Members are expected to represent high-level views of their jurisdiction or organisation on matters discussed by the reference groups and to ensure, as far as practicable, that information relating to the work of the reference groups is communicated back to the relevant members of their jurisdiction or organisation.

All other groups provide expert advice and development input. Membership is granted through a nomination process by jurisdictions and organisations and/or based on expertise in a particular field.

Aboriginal and Torres Strait Islander Advisory Group

The Aboriginal and Torres Strait Islander Advisory Group provides ACARA with expert guidance and advice about the representation of Aboriginal and Torres Strait Islander histories and cultures in the Australian Curriculum. It also advises ACARA on the protocols and cultural sensitivities that need to be considered by ACARA business units as ACARA proceeds with its curriculum, assessment and reporting programs. The group comprises individuals with demonstrated expertise in Aboriginal and Torres Strait Islander education and community engagement.

Aboriginal and Torres Strait Islander Education Taskforce

The Aboriginal and Torres Strait Islander Education Taskforce was established in the reporting period to oversee a project to review and renew the place of the Aboriginal and Torres Strait Islander Histories and Cultures cross-curriculum priority in the Australian Curriculum.

The group consists of three ACARA Board members and four members of the Aboriginal and Torres Strait Islander Advisory Group. Members bring expertise in curriculum development and implementation that support both Indigenous and non-Indigenous students in their learning about Australia's first nations.

Curriculum Directors Group

The Curriculum Directors Group has been established to facilitate information-sharing, collaboration and support for the Australian Curriculum between ACARA and representatives of state and territory curriculum and school authorities. Members are drawn from government, Catholic and independent school sectors across all jurisdictions and bring to the group high-level curriculum implementation expertise.

F–12 Curriculum Reference Group

The F–12 Curriculum Reference Group gives high-level expert advice to the ACARA executive in support of strategic initiatives that enhance the development, implementation and improvement of the Australian Curriculum. Members of this group bring a range of jurisdictional perspectives that reflect national, state and territory priorities.

The group has representatives from each state and territory and federal government, nominated by the relevant member of the Australian Education Senior Officials Committee (AESOC) member, the National Catholic Education Commission (NCEC) and one nominee of the Independent Schools Council of Australia (ISCA).

Finance Data Working Group

The Finance Data Working Group gives advice and assistance to ACARA's Executive on ACARA's national responsibilities associated with financial reporting on schooling and Australia's schools. This helps ACARA in the collection and reporting of school finance data for *My School*.

Marking Quality Team

The Marking Quality Team participate in the development and review of NAPLAN writing prompts. Members develop consensus scores for the training and control materials used to ensure national consistency of marking for the NAPLAN writing tests. The group also advises on required changes to marking guide exemplars. Members attend training on delivering a common marker training package to the state and territory markers in their jurisdiction. The group also advises on required changes to marking guide exemplars. The Marking Quality Team works closely with the National Testing Working Group.

Measurement Advisory Group

The Measurement Advisory Group provides ACARA's executive with high-level expert and independent educational measurement and assessment advice and input for the National Assessment Program (NAP) and the National Assessment Program – Literacy and Numeracy (NAPLAN).

NAP sample assessment learning area working groups

NAP sample assessment learning area working groups give ACARA advice about proposed assessment materials from curriculum, psychometric and equity perspectives for their learning area. They examine draft assessment instruments to make sure these instruments are of appropriate difficulty and are valid, free of bias and accessible to all participating students.

NAPLAN Online Communications Group

The NAPLAN Online Communications Group was established to help facilitate implementation of the NAPLAN Online communications and engagement strategy. The group comprises representatives from each jurisdiction and sector, through nomination by the relevant organisation. The group acts as a conduit for coordinating communications and engagement activities concerning NAPLAN Online within their organisation or jurisdiction.

National Assessment, Data, Analysis and Reporting Reference Group

The National Assessment, Data, Analysis and Reporting Reference Group (NADAR) provides ACARA's executive with high-level advice on the appropriateness, opportunities and potential risks associated with the work proposed and undertaken by ACARA within the scope of its remit. The group ensures that jurisdictions or organisations have regular and meaningful opportunities to provide advice and feedback to ACARA on its assessment and reporting work program.

The group has representatives from all departments of education, test administration authorities (where these are separate from the department), the Catholic and independent school sectors and other relevant stakeholders.

National Report on Schooling Working Group

The National Report on Schooling Working Group helps develop the planning framework/format for the annual National Report on Schooling in Australia and contributes to review of the draft report.

National Testing Working Group

The National Testing Working Group is a forum for information-sharing and collaboration among ACARA, testing authorities and stakeholders about NAPLAN. The group gives feedback on items and test forms during item and test development, advises on administration and reporting activities, and provides quality assurance to achieve high-quality tests in a nationally consistent framework.

Students with Disability Advisory Group

The Students with Disability Advisory Group provides ACARA with high-level advice in relation to students with disability. This advice helps ACARA contribute towards the goals of the Melbourne Declaration on Educational Goals for Young Australians (the Melbourne Declaration) with respect to students with disability.

Accountability and reporting

ACARA has a range of mechanisms to ensure transparency and accountability in its operations. Key documents for 2016–17 included:

- ACARA Charter – endorsed by Education Council in November 2016, providing Education Council’s strategic directions for ACARA
- ACARA Corporate Plan 2016–17 – a requirement of section 35 of the PGPA Act
- Portfolio Budget Statements (PBS) – annual statements informing members of the Australian Parliament on proposed allocation of resources to government outcomes and programs
- ACARA Quadrennial Work Plan 2016–17 to 2019–20 – approved by Education Council in September 2015
- ACARA Annual Work Plan 2016–17 – a detailed work plan, approved by the Education Council in July 2016, that sets out agreed activities to guide the work of the ACARA Board, CEO, executive and staff for the year, and against which progress is monitored and reported on
- ACARA Annual Report 2015–16 – provided to the Minister for Education and Training for presentation to the Australian Parliament, required by section 46 of the PGPA Act.

3.2 THE BOARD

The ACARA Board is responsible for ensuring proper and efficient performance of the Australian Curriculum, Assessment and Reporting Authority's functions.

The Board comprises 13 non-executive members who are nominated by federal, state and territory education ministers, as well as by the National Catholic Education Commission and the Independent Schools Council of Australia.

During the reporting period, two members retired, in accordance with section 18 of the ACARA Act. In line with sections 13 and 14 of the ACARA Act, the three-year appointments of four members ended and three reappointments to the Board were made in addition to two new appointments.

Board membership

Membership of the ACARA Board is established under section 13 of the ACARA Act. It comprises nominees of education ministers and national peak non-government school bodies, agreed to by the Education Council. The ACARA Board held seven meetings during the 2016–17 reporting period.



Chair – Emeritus Professor Steven Schwartz AM

Emeritus Professor Steven Schwartz AM has served as vice-chancellor and president of three universities (Macquarie and Murdoch Universities in Australia, and Brunel University in England). He is a Director of Teach for Australia and the Australian Scholarship Foundation. Professor Schwartz is also the former National Chairman of the Fulbright Commission. He is a Fellow of the Academy of Social Sciences, a Royal Society Exchange Fellow and a NATO Fellow. Professor Schwartz is a prize-winning researcher, teacher and author of 13 books.

Qualifications held: BA, MS, PhD.



Deputy Chair – Emeritus Professor Brian Caldwell

Emeritus Professor Brian Caldwell is Managing Director and Principal Consultant at Educational Transformations, and Professor Emeritus and Honorary Professorial Fellow at the University of Melbourne, where he served as Dean of Education from 1998 to 2004. He served as Dean of Education at the University of Tasmania from 1989 to 1990. Previously, Professor Caldwell served as a teacher of mathematics and science in Victoria and Alberta, Canada, and held academic posts at the University of Alberta. Professor Caldwell is a Fellow and life member of both the Australian College of Educators (ACE) and the Australian Council for Educational Leaders (ACEL). He is a recipient of the College Medal of ACE and the Gold Medal of ACEL, and has served as President of ACEL and Deputy Chair of the Australian Council for Educational Research. He is also Patron of ACEL (Victoria).

Qualifications held: BSci, BEd, MEd, PhD, EdD (honoris causa).

Appointment to the Board ended 7 May 2017.



Ms Liz Banks

Ms Liz Banks was Deputy Secretary of the Early Years and Schools Division in the Tasmanian Department of Education, and nominee of the Tasmanian education minister.

Qualifications held: BEd, TCE, DipT.

Retired from the Board on 10 August 2016.



Ms Susan Bowden

Ms Susan Bowden is General Manager, Early Childhood, Northern Territory Department of Education, and nominee of the NT education minister.

Qualifications held: BEd, MEDL.



Mr Tim Bullard

Mr Tim Bullard is Deputy Secretary, Strategy and Performance at the Department of Education, Tasmania, and nominee of the Tasmanian education minister.

Qualifications held: BA/LLB (Hons), Grad Dip (Legal Practice)

Appointed to the Board on 7 November 2016.



Ms Susan Cameron

Ms Susan Cameron is Executive Director, Learning Improvement Department of Education and Child Development (DECD), South Australia and nominee of the SA education minister.

Qualifications held: Dip.T., B.Ed.

Appointed to the Board on 18 June 2017.



Ms Deb Efthymiades

Ms Deb Efthymiades is Deputy Director-General, ACT Education Directorate, and nominee of the ACT education minister.

Qualifications held: BEd, MEd, MIM.

Foundation Board member, reappointed to the Board on 7 November 2016.



Emeritus Professor Patrick Garnett

Emeritus Professor Patrick Garnett is Chair of the School Curriculum and Standards Authority, Western Australia, and nominee of the WA education minister.

Qualifications held: BSc (Hons), PhD, BEd, MA, HonDEd, FRACI, CChem, CompIEAust, MACE.



Ms Valerie Gould

Ms Valerie Gould is Executive Director of the Association of Independent Schools, Western Australia, and nominee of the Independent Schools Council of Australia. She is also a Fellow of the Australian Council for Education Leadership (ACEL) and the Australian College of Educators (FACE).

Qualifications held: BEc, DipEd.

Appointment to the Board ended 7 May 2017.

Reappointed to the Board on 18 June 2017.



Mr Paul Hewitt

Mr Paul Hewitt is Executive Director, Learning Standards at the NSW Education Standards Authority, and nominee of the NSW education minister.

Qualifications held: MA, Grad DipEd, DipT.



Mr Michael Hewitson AM

Mr Michael Hewitson AM is the retired foundation principal of Trinity College, Gawler, now Councillor for Unley (South Australia), and nominee of the federal education minister.

Qualifications held: BSc (Hons) Dip Ed B.Ed, FACE.

Appointment to the Board ended 7 May 2017.



Dr David Howes

Dr David Howes is Assistant Deputy Secretary, Schools, Department of Education and Training Victoria, and nominee of the Victorian education minister.

Qualifications held: BA (Hons), Dip Ed, MEd, PhD.



Ms Jayne Johnson

Ms Jayne Johnson was Chief Education Officer, South Australian Department for Education and Child Development, and nominee of the SA education minister.

Qualifications held: BEd, BSci, MS Ed.

Retired from the Board on 16 January 2017



Dr Tim McDonald

Dr Tim McDonald is the Executive Director of Catholic Education, the Catholic Education Office, Western Australia, and nominee of the National Catholic Education Commission.

Qualifications held: EdD, MEd, BEd (Hons), DipT.



Ms Patrea Walton

Ms Patrea Walton is Deputy Director-General, Queensland Department of Education and Training, and nominee of the Queensland education minister.

Qualifications held: BEd, DipT.

Appointment to the Board ended 7 May 2017.

Reappointed to the Board on 18 June 2017.

Board member appointments

| Members | Initial appointment | Appointment ending |
|--------------------------------|---------------------|--------------------|
| Emeritus Prof. Steven Schwartz | June 2015 | May 2018 |
| Emeritus Prof. Brian Caldwell | July 2014 | May 2017 |
| Ms Susan Bowden | July 2013 | May 2018 |
| Ms Liz Banks | May 2012 | August 2016 |
| Mr Tim Bullard | November 2016 | November 2019 |
| Ms Susan Cameron | June 2017 | June 2020 |
| Ms Deb Efthymiades | November 2016 | November 2019 |
| Emeritus Prof. Patrick Garnett | May 2012 | May 2018 |
| Ms Valerie Gould | July 2014 | June 2020 |
| Mr Paul Hewitt | June 2015 | May 2018 |
| Mr Michael Hewitson | July 2014 | May 2017 |
| Dr David Howes | June 2015 | May 2018 |
| Ms Jayne Johnston | June 2015 | January 2017 |
| Dr Tim McDonald | June 2015 | May 2018 |
| Ms Patrea Walton | June 2014 | June 2020 |

Board members may be reappointed. The maximum period of appointment cannot exceed six years.

Meetings of the Board

| Date | Meeting | Apologies | Location |
|------------------|------------|--|---|
| 25 August 2016 | Meeting 65 | Mr Paul Hewitt | Level 13, 280 Elizabeth Street, Sydney 2000 |
| 24 November 2016 | Meeting 66 | Ms Valerie Gould, Dr David Howes, Ms Patrea Walton, Mr Tim Bullard | Video/tele-conference |
| 8 December 2016 | Meeting 67 | Dr David Howes | Level 13, 280 Elizabeth Street, Sydney 2000 |
| 23 February 2017 | Meeting 68 | Ms Deb Efthymiades, Emeritus Prof. Patrick Garnett | Video/tele-conference |
| 16 March 2017 | Meeting 69 | Nil | Level 13, 280 Elizabeth Street, Sydney 2000 |
| 11 May 2017 | Meeting 70 | Nil | Level 13, 280 Elizabeth Street, Sydney 2000 |
| 22 June 2017 | Meeting 71 | Ms Valerie Gould | Level 13, 280 Elizabeth Street, Sydney 2000 |

Committees of the Board

Audit and Risk Committee

The Audit and Risk Committee provides assurance and assistance to the ACARA Board on governance arrangements, financial reporting, systems of risk management, and oversight and systems of internal control. In 2015–16, monitoring of performance became a committee responsibility, as required by the PGPA Act.

Audit and Risk Committee membership

ACARA's Audit and Risk Committee comprises three members of the ACARA Board and two external members. During the reporting period, the committee provided independent assurance and advice to the Board on ACARA's governance arrangements, risk control and compliance framework, and financial statement responsibilities. In 2016–17, the Audit and Risk Committee met five times.

The Audit and Risk Committee comprises:

- Ms Liz Banks (Chair, appointed as Chair on 16 July 2014, retired on 10 August 2016)
- Professor Emeritus Brian Caldwell (appointed to the Committee on 16 July 2014)
- Mr Paul Crombie (independent member)
- Mr Michael Hewitson (appointed to the Committee on 16 July 2014; appointed as Chair on 8 December 2016, appointment ended on 7 May 2017)
- Mr Gilbert Smith (independent member)
- Dr Tim McDonald (appointed to the Committee on 8 December 2016).

Audit and Risk Committee meetings

| Date | Meeting | Apologies | Location |
|------------------|------------|----------------|---|
| 15 August 2016 | Meeting 33 | Brian Caldwell | Level 13, 280 Elizabeth Street, Sydney 2000 |
| 23 August 2016 | Meeting 34 | Gil Smith | Level 13, 280 Elizabeth Street, Sydney 2000 |
| 15 November 2016 | Meeting 35 | Nil | Level 13, 280 Elizabeth Street, Sydney 2000 |
| 15 February 2017 | Meeting 36 | Tim McDonald | Level 13, 280 Elizabeth Street, Sydney 2000 |
| 31 May 2017 | Meeting 37 | Nil | Level 13, 280 Elizabeth Street, Sydney 2000 |

3.3 RISK MANAGEMENT

ACARA has a risk management policy and a risk management framework in place. These set policies and guidelines for risk management at all levels of the organisation, including stipulating ACARA's risk appetite in various domains. The aims of ACARA's risk policy and framework are to:

- enable ACARA to proactively identify and manage its risks in a systematic and structured way
- integrate risk management process into strategic and business planning
- promote risk awareness and attention to the ongoing review, treatment, monitoring and reporting of risks throughout the organisation.

The structure of ACARA's documents and the corresponding implementation process, including terminology, assessment and evaluation criteria, are based on the Australian standard Risk Management – Principles and Guidelines (AS/NZS ISO 31000:2009).

Fraud control

Under Australian Government legislation, there is a requirement for all agencies to have a fraud control plan. ACARA has a fraud control policy in place to satisfy this requirement. The core objectives of ACARA's fraud control policy are to identify potential fraud risk categories to which ACARA is exposed, and to outline responsibilities for fraud control. ACARA has also undertaken fraud risk assessments and has in place appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud, which meet the specific needs of ACARA. In the 2016–17 period, ACARA took all reasonable measures to deal appropriately with fraud relating to the entity.

3.4 FINANCIAL MANAGEMENT

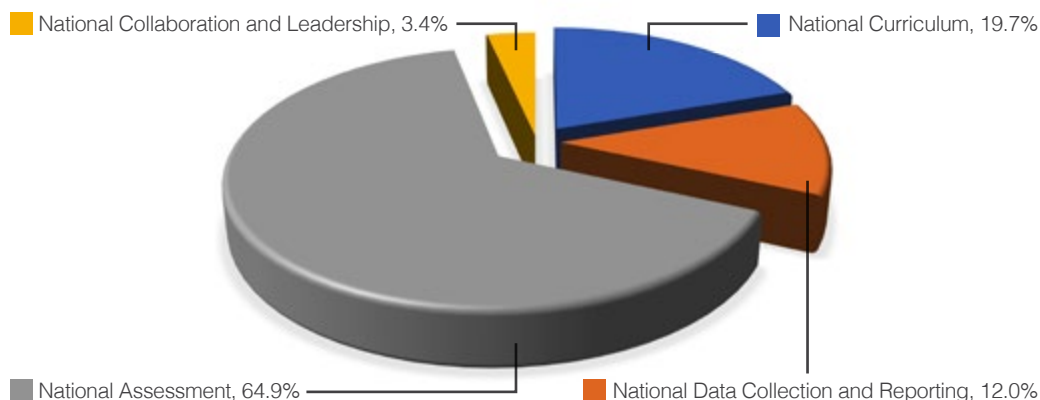
ACARA's financial accountability and reporting responsibilities are set out in the Section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) which require compliance with the Australian Accounting Standards and are based on efficient, effective and ethical use of allocated resources. ACARA works within a financial control framework, which ensures it utilises its resources in an efficient, effective and ethical manner.

Analysis of financial performance

ACARA reported a net surplus of \$869k for the year ended 30 June 2017. This surplus reflects the decision by the State and Territory Education Departments to defer the NAPLAN Online testing and a labour shortage of specialist expertise in the market.

The following pie graph provides a breakdown of ACARA Program Expenditure for the year ended 30 June 2017.

ACARA Expenditure by workplan



ACARA is a collaborative initiative funded 50 per cent by the Australian Government and 50 per cent by state and territory governments. The Education Council, which comprises all the funding parties, approved \$105.5M funding to meet ACARA's operational requirements for the period 1 July 2016 to 30 June 2020. In November 2016, the Education Council revised the ACARA Charter agreeing to fund ACARA on a four year rolling budget cycle, in line with other government agencies.

Factors that have affected or may affect operations

No major financial factors have impacted ACARA's operations to date. ACARA's operations are dependent on funding from state, territory and Australian government.

Reportable decisions or issues

Under paragraph 19(1)(c), (d) or (e) of the PGPA Act, ACARA must notify the Federal Minister for Education and Training of any significant decisions or issues. There were no significant decisions or issues reportable under these provisions for the year ended 30 June 2017.



3.5 WORKFORCE MANAGEMENT

Staff profile

As at 30 June 2017, ACARA's employees comprised 82.9 full-time equivalent (FTE) staff, in addition to two staff members engaged as secondees from state/territory agencies.

ACARA's diverse workforce brings to the organisation a valuable range of skills and expertise, helping foster productive relationships within the education sector. Many staff members are considered experts in their fields, bringing to their roles important local and international experience. They have been recruited or seconded from positions within state and territory education departments, curriculum, assessment and certification authorities, the non-government school sector, federal and state government agencies, and the private sector. This means that ACARA's workforce reflects the complexity and dynamism of Australia's education community.

A key aspect of ACARA's work involves collaboration with a broad network of advisory and reference groups from states and territories. Although members of these groups are not represented in ACARA's staff profile, they make a significant national contribution to ACARA's work and achievement.

Climate survey 2016

ACARA's climate survey for staff was conducted in October 2016 and delivered overall positive results. The survey identified the two main drivers of ACARA's organisational performance:

Employee engagement – referring to positive attitudes and emotions that contribute to employee retention and productivity

ACARA's result: 70 per cent (6 per cent above the comparative Government – Administration benchmark).

Progress – a measure of staff perceptions about organisational performance

ACARA's result: 62 per cent (9 per cent above the comparative Government – Administration benchmark).

ACARA's employee representative group presented their findings to senior management in March 2017, with three areas identified for improvement:

- career development opportunities
- transparency with policy reviews ensuring improved clarity of changes and communications
- promotion of a positive workplace culture.

Reflect Reconciliation Action Plan

In 2016–17, ACARA launched its first Reconciliation Action Plan (Reflect RAP 2017) to support staff learning about Aboriginal and Torres Strait Islander histories and cultures, and contribute to the journey towards reconciliation.

The Reflect RAP was launched in February 2017 to coincide with the anniversary of National Apology Day. The RAP was developed by the staff RAP Committee in close consultation with ACARA's Aboriginal and Torres Strait Islander Advisory Group. It is the first in a planned series of RAPs that aim to enable ACARA to build relationships, understanding, respect and actions specific to its work and sphere of influence.

RAP activities undertaken between February and June 2017 include:

- more than one third of ACARA's staff completing an online, nationally-accredited Aboriginal and Torres Strait Islander Cultural competency course through the Centre for Cultural Competence Australia
- marking National Reconciliation Week with guest speaker, Sonia Smallacombe, who spoke with staff about the 1967 Referendum and the Australian Constitution
- inviting the chairperson of ACARA's Aboriginal and Torres Strait Islander Advisory Group to be an observer at ACARA Board meetings.

Executive team

The executive team is responsible for ACARA's day-to-day operations and contributing to ACARA's strategic direction. The team has evolved with ACARA and comprised the following staff over the course of the financial year:

- Chief Executive Officer: Mr Robert Randall (from November 2012)
- General Manager, Assessment and Reporting: Dr Stanley Rabinowitz (from July 2014)
- Director, Curriculum: Dr Fiona Mueller (from February 2016)
- Director, Business Services: Ms Ainslee Scott (from January 2017)
- Director, Communications and Strategic Relations: Ms Ann-Maree Ashburn (from July 2016).

Chief Executive Officer, Mr Robert Randall



Mr Robert Randall has been Chief Executive Officer of ACARA since November 2012. As CEO, he is responsible for the day-to-day administration of ACARA and is accountable to the ACARA Board.

Mr Randall has more than 20 years' experience working across curriculum, assessment and reporting in Australia at both state and national level, from program design to implementation.

Prior to his appointment as CEO, Mr Randall held the positions of Deputy CEO and General Manager, Curriculum, at ACARA, establishing policy and process frameworks for the development and implementation of the Australian Curriculum. In the lead-up to the establishment of ACARA, Robert was General Manager of the Interim National Curriculum Board.

Mr Randall began his career as a teacher of mathematics in Perth before occupying a range of positions within and beyond schools in Western Australia. In 1996, Robert was appointed Director, Curriculum, with the NSW Board of Studies, and in 2001 took up the position of Director of Curriculum K–12 with the NSW Department of Education and Training.

Mr Randall holds a Master of Educational Management from the University of Western Australia, as well as a Graduate Diploma in Education from the Western Australian Secondary Teachers College and a Bachelor of Applied Science (Mathematics) from the Western Australian Institute of Technology.

In December 2015, the ACARA Chair announced that the ACARA Board had approved the reappointment of Mr Robert Randall as Chief Executive Officer for a three-year term, effective from February 2016.

General Manager, Assessment and Reporting, Dr Stanley Rabinowitz



Dr Stanley Rabinowitz commenced his role as General Manager, Assessment and Reporting at ACARA in July 2014. His key responsibilities include managing the national assessment programs (NAPLAN and NAP Sample), national data reporting, including *My School*, and utilising his experience to support the transition to NAPLAN Online in Australia.

Dr Rabinowitz joined ACARA after working as Senior Program Director of WestEd's Assessment & Standards Development Services in the United States (US), where he was Director of the National Center for Standards and Assessments Implementation (CSAI) and the Smarter Balanced Assessment Consortium Project Management Partner. Prior to joining WestEd, Dr Rabinowitz worked as State Assessment Director for the New Jersey Department of Education.

Dr Rabinowitz has consulted extensively on standards, assessment and school/educator accountability issues with researchers, policymakers and assessment staff at national, state and district levels in the US. He was involved with more than a dozen state and national technical advisory committees, including the Common Core State Standards National Validation Committee, and has experience in supporting the design and implementation of new standards, assessment and accountability systems.

Stanley received a bachelor degree from Brooklyn College, and his MS and PhD in Educational Psychology and Statistics from the State University of New York at Albany, New York, USA.

Director, Curriculum, Dr Fiona Mueller



Dr Fiona Mueller joined ACARA in February 2016. She leads a team of curriculum specialists who support the implementation of the Australian Curriculum, collaborating and consulting with all jurisdictions and a wide range of stakeholders on curriculum projects and ensuring an ongoing research-based focus on national and international best practice in education.

A teacher of English, French, German, Italian and history for over 20 years, Dr Mueller has been involved with schools in government, Catholic and independent sectors in Australia, Europe and the United States. She held a range of curriculum development and leadership roles in schools before taking on policy responsibilities at the NSW Board of Studies.

Close work with schools and teachers inspired Dr Mueller to undertake doctoral research into the history and contemporary provision of single-sex public schooling in Australia. She then moved into the tertiary sector, where, in addition to teaching, she undertook research into Australian secondary students' literacy skills. She has presented at numerous international forums, one major focus being the general capabilities, or 'soft skills', that are increasingly identified as essential for young people to become competitive in a global economy.

Dr Mueller's interests include English literacy standards and the place of foreign languages in Australian education. Most recently, in addition to teaching undergraduates and postgraduates at the Australian National University, Dr Mueller was Acting Head of ANU College, the pathway institution for international students.

Director, Business Services, Ms Ainslee Scott



Ms Ainslee Scott joined the Executive team of ACARA in January 2017 as Director of Business Services. Ms Scott is responsible for ACARA's financial management, external reporting, project management and corporate services. She provides strategic advice to the Chief Executive Officer and ACARA Board on business process improvement, including governance and risk management practices.

Prior to joining ACARA, Ms Scott held a number of senior positions across the public and private sectors, including NSW Treasury, TransGrid and Colonial First State. She has a strong and diverse background in accounting, strategic and corporate planning, project management, implementation and change leadership.

Ms Scott holds an Executive Master's Degree in Business Administration (MBA) from the Australian Graduate School of Management, is a certified practicing accountant (CPA) and a member of Women on Boards.

Director, Communications and Strategic Relations, Ms Ann-Maree Ashburn



Ms Ann-Maree Ashburn joined ACARA in July 2016 with over 20 years' experience in government, communications and stakeholder relations.

Ms Ashburn has worked at a senior level in government, including as a ministerial adviser, and has held senior corporate affairs and communications roles in the corporate and not-for-profit sectors, including at Oil States International, Insurance Australia Group, the American Chamber of Commerce in Singapore, and Hill and Knowlton.

3.6 REPORTING ON OTHER REQUIREMENTS

Evidence to parliamentary committees

ACARA attended the following hearings of the Senate Education and Employment Legislation Committee to give evidence:

- Supplementary Budget Estimates (20 October 2016)
- Additional Estimates (1 March 2017).

Judicial decisions and reviews by outside bodies

There was no decision by the Administrative Appeals Tribunal (AAT) in relation to ACARA's operations during this reporting period.

There were no reports made about ACARA's performance or ACARA's officers or employees by the Auditor-General, parliamentary committees, the Commonwealth Ombudsman, or the Office of the Australian Information Commissioner.

Compliance with the PGPA Act

During 2016–17, ACARA maintained appropriate internal controls and processes to review its compliance with the finance law, including to ensure that instances of significant non-compliance were notified to the responsible Minister in accordance with section 19 of the PGPA Act. ACARA identified no instances of significant non-compliance and did not report any non-compliance to the Minister for Education in the reporting period.

Work health and safety

Work health and safety (WHS) at ACARA covers a broad range of elements that bring together a common goal to provide a workplace where people feel safe and are not at risk of physical or mental injury.

ACARA's training program is a key area of how the organisation ensures staff understand their obligations and ACARA's role in providing and maintaining a safe workplace. This training takes the form of inductions and refresher courses, where workers learn about ACARA's WHS policy; their legal WHS responsibilities; emergency evacuation instructions; how to report hazards, incidents and injury; work station ergonomics and manual handling.

WHS information is provided to staff on the importance of maintaining an understanding of work-related risks. Presentation themes include mental health, being active at work and travelling to work. Emphasis is placed on mitigating these risks to avoid physical or mental injury.

ACARA's commitment to providing a safe workplace is implemented through its WHS Committee. The committee promotes awareness of WHS in the workplace and meets every three months to discuss health and safety issues identified by staff, or hazards that have been identified during workplace inspections. ACARA's Perth office has a WHS representative on the committee to provide training to new workers, identify any hazards and report WHS issues. Regular WHS audits ensure continued improvement.

WHS performance

During 2016–17, no new claims were submitted to Comcare. No provisional improvement notices (section 90, *Work Health and Safety Act 2011*), prohibition notices (section 195) or improvement notices (section 191) were issued. There were no investigations undertaken by Comcare arising out of ACARA's responsibility in "conducting a business or undertaking", in accordance with the Act.

ACARA's Audit and Risk Committee is advised of any issues arising and the actions carried out to mitigate WHS risks.

In 2016–17, consistent with the legislative requirements of the *Work Health and Safety Act 2011*, ACARA aimed to:

- provide a safe workplace by eliminating or reducing the risk of hazards
- promote health and wellbeing by encouraging health initiatives; for example, provision of fruit to all staff and access to sit-to-stand desks
- provide influenza vaccinations to all staff at no charge
- provide access to the Employee Assistance Program
- conduct regular hazard inspections and encourage the reporting of any incidents or hazards.

Insurance and indemnities

During 2016–17, ACARA held insurance protecting directors and officers from liability for the consequences of managerial misconduct or negligence, to the extent that the provision of the indemnity is not prevented by applicable legislation.

Ministerial directions

No policy orders have been issued by the Australian Government under the PGPA Act.

Ecologically sustainable development and environmental performance

ACARA continues its commitment to ecological sustainability across its operations.

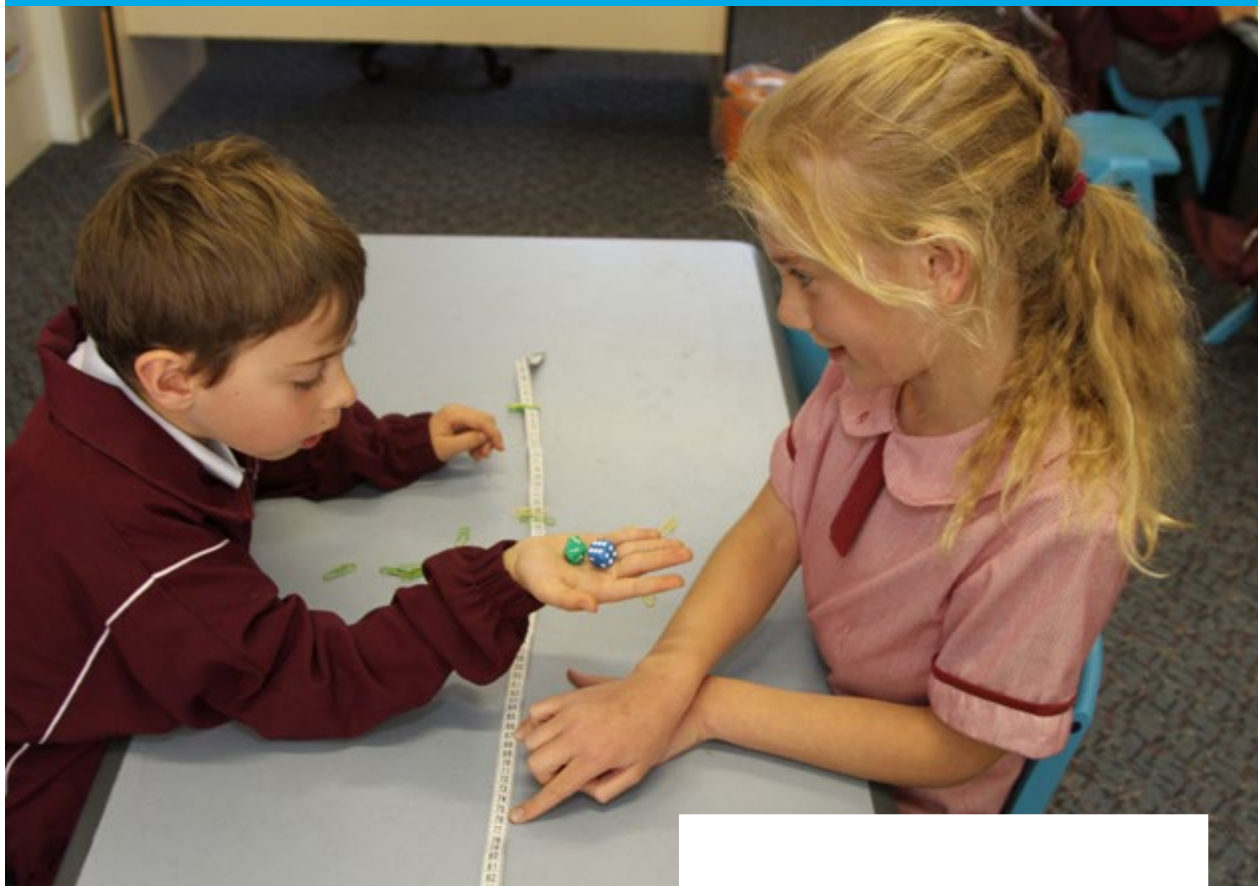
In August 2016, ACARA relocated both Sydney and Perth offices. ACARA has reduced its Sydney office foot print by 25 per cent, and overall energy consumption (kilowatt hour) by 30 per cent.

The office moves also allowed ACARA to review its work practices with a view to becoming a paperless organisation. The following initiatives, undertaken in 2016–17, were aimed at maximising opportunities to rely on electronic communications and digital storage:

- Laptop computers were assigned to all staff, reducing the reliance on written and printed materials
- Video conferencing facilities were installed in Sydney and Perth offices, and are utilised as a preference to travel, wherever possible
- Electronic cloud storage was introduced, enabling staff to more effectively work remotely, reducing travel.

ACARA has a recycling program through its Sydney office tenancy. Items that can be recycled include glass, paper, metal, plastics and printer cartridges.

4.0 FINANCIAL STATEMENTS



This section details ACARA's achievements and performance during the year against criteria identified in ACARA's Corporate Plan 2016–17 and the targets set out in the Portfolio Budget Statements 2016–17 (PBS).

4.1 STATEMENT BY THE ACCOUNTABLE AUTHORITY, CHIEF EXECUTIVE OFFICER AND DIRECTOR, BUSINESS SERVICES

In our opinion, the attached financial statements for the year ended 30 June 2017 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are based on properly maintained financial records as per subsection 41 (2) of the PGPA Act.

In our opinion, at the date of this statement, there were reasonable grounds to believe that ACARA, the Australian Curriculum, Assessment and Reporting Authority, has sufficient funds to meet its debts and will be able to pay its debts as and when they fall due.

This Statement is made in accordance with a resolution of the directors.



Emeritus Professor Steven Schwartz
Chair, Accountable Authority

Dated this 24th day of August 2017



Mr. Robert Randall
Chief Executive Officer

Dated this 24th day of August 2017



Ms Ainslee Scott
Director, Business Services

Dated this 24th day of August 2017

4.2 INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Minister for Education and Training

Opinion

In my opinion, the financial statements of the Australian Curriculum, Assessment and Reporting Authority for the year ended 30 June 2017:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Curriculum, Assessment and Reporting Authority as at 30 June 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Australian Curriculum, Assessment and Reporting Authority, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by the Accountable Authority, Chief Executive Officer and Director, Business Services;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Australian Curriculum, Assessment and Reporting Authority in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Australian Curriculum, Assessment and Reporting Authority the Directors are responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Australian Curriculum, Assessment and Reporting Authority's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Directors are also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Peter Kerr

Executive Director

Delegate of the Auditor General

Canberra

24 August 2017

4.3 FINANCIAL STATEMENTS

Statement of comprehensive income for the year ended 30 June 2017

| | Note | 2017 \$'000 | 2016 \$'000 | Original budget \$'000 |
|---|--------|----------------|----------------|---------------------------|
| NET COST OF SERVICES | | | | |
| Expenses | | | | |
| Employee benefits | 2.1(a) | 11,634 | 10,962 | 13,017 |
| Supplier expenses | 2.1(b) | 15,902 | 15,461 | 13,743 |
| Depreciation and amortisation | 2.1(c) | 698 | 646 | 700 |
| Loss on disposal of assets | | - | 57 | - |
| Total expenses | | 28,234 | 27,126 | 27,460 |
| Own source income | | | | |
| Revenue | | | | |
| Revenue from jurisdictions – states and territories | | 13,000 | 12,200 | 13,000 |
| Interest – bank deposits | | 86 | 110 | 60 |
| Other revenue – projects and recoveries | | 3,021 | 662 | 1,404 |
| Total own source revenue | | 16,107 | 12,972 | 14,464 |
| Net cost of / (contribution by) services | | 12,127 | 14,154 | 12,996 |
| Revenue from Government – Australian Government | | 12,996 | 12,892 | 12,996 |
| Surplus / (Deficit) attributable to the Australian Government | | 869 | (1,262) | - |
| Other comprehensive income | | | | |
| Changes in asset revaluation | | - | - | - |
| Total comprehensive income / (deficit) attributable to the Australian Government | | 869 | (1,262) | - |

Budget variances

1. Employee benefits – The organisation experienced a shortage of specialist expertise in the labour market.
2. Supplier expenses – The use of casual staff and contractors to service short term project engagements
3. Other revenue – Funding from the Australian Government, Education Council, industry and international sources for project work in Curriculum and Assessment.

Variances are considered to be “major” based on the following:

- The variance between budget and actual is greater than 2% or \$50K; and
- An item below this threshold but which is considered important for the reader’s understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of ACARA.

The above statement should be read in conjunction with the accompanying notes.

**Statement of financial position
as at 30 June 2017**

| | Note | 2017 \$'000 | 2016 \$'000 | Original budget \$'000 |
|--------------------------------------|--------|----------------|----------------|---------------------------|
| Assets | | | | |
| <i>Financial assets</i> | | | | |
| Cash and cash equivalent deposits | 4.1(a) | 6,779 | 5,554 | 5,079 |
| Trade and other receivables | 3.1 | 6,822 | 8,652 | 165 |
| Accrued revenue | | 5 | - | - |
| Total financial assets | | 13,606 | 14,206 | 5,244 |
| <i>Non-financial assets</i> | | | | |
| Leasehold incentives | 3.2(a) | - | 46 | - |
| Fixture and fittings | 3.2(b) | 1,524 | 1,214 | 1,125 |
| Plant and equipment | 3.2(c) | 425 | 538 | 225 |
| Intangibles | 3.2(d) | - | - | - |
| Other non-financial assets | 3.2(e) | 61 | 2 | 90 |
| Total non-financial assets | | 2,010 | 1,800 | 1,440 |
| Total assets | | 15,616 | 16,006 | 6,684 |
| Liabilities | | | | |
| <i>Payables</i> | | | | |
| Suppliers | 3.3(a) | 3,010 | 5,272 | 1,850 |
| Grants in advance (deferred revenue) | 3.3(b) | 8,233 | 8,243 | 2,555 |
| Other payables | 3.3(c) | - | 43 | - |
| Total payables | | 11,243 | 13,558 | 4,405 |
| <i>Provisions</i> | | | | |
| Make-good provision | | 353 | - | - |
| Employee provisions | 5.1 | 2,236 | 1,533 | 1,600 |
| Total provisions | | 2,589 | 1,533 | 1,600 |
| Total liabilities | | 13,832 | 15,091 | 6,005 |
| Net assets | | 1,784 | 915 | 679 |
| <i>Equity</i> | | | | |
| Retained surplus | | 1,707 | 838 | 679 |
| Reserves | | 77 | 77 | - |
| Total equity | | 1,784 | 915 | 679 |

Statement of financial position budget variances

Budget variances

1. Cash and cash equivalent deposits – Anticipated cash outflows lower due to delays in receipt of supplier invoices.
2. Trade and other receivables – Raised the 2017-18 funding contributions for all state and territories in advance to ensure on-going operations.
3. Fixtures and fittings – Unanticipated expenses associated with the make-good of the Sydney office.
4. Plant and equipment – Enhancement of the IT infrastructure to support flexible work practices.
5. Other non-financial assets – Reduction in the prepayment of IT software licences.
6. Suppliers – Delays in receiving supplier invoices against the original projection.
7. Grants in advance – Raised the 2017-18 funding contribution for all state and territories in advance to ensure on-going operations.
8. Make-good provision – Recognition of the make-good for the Sydney office.
9. Employee provisions – A revision of the employee's long service leave estimate, as detailed in Note 1.3.

Variances are considered to be "major" based on the following:

- The variance between budget and actual is greater than 10%; and
- An item below this threshold but which is considered important for the readers understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of ACARA.

The above statement should be read in conjunction with the accompanying notes.

Statement of changes in equity for the year ended 30 June 2017

| | Retained earnings | | | Asset Revaluation Reserve | | | Total equity | | |
|---------------------------------------|-------------------|----------------|------------------------------|---------------------------|----------------|------------------------------|----------------|----------------|------------------------------|
| | 2017 \$'000 | 2016 \$'000 | Original budget \$'000 | 2017 \$'000 | 2016 \$'000 | Original budget \$'000 | 2017 \$'000 | 2016 \$'000 | Original budget \$'000 |
| Opening balance | 838 | 2,100 | 679 | 77 | 77 | - | 915 | 2,177 | 679 |
| Comprehensive income | | | | | | | | | |
| Surplus / (Deficit) for the period(s) | 869 | (1,262) | - | - | - | - | 869 | (1,262) | - |
| Other comprehensive income | - | - | - | - | - | - | - | - | - |
| Total comprehensive income | 869 | (1,262) | - | - | - | - | 869 | (1,262) | - |
| Closing balance as at 30 June | 1,707 | 838 | 679 | 77 | 77 | - | 1,784 | 915 | 679 |

Budget variances

1. Surplus / (Deficit) – A delay in the NAPLAN Online test and the shortage of specialist expertise in the labour market has resulted in a surplus of \$869k.

The above statement should be read in conjunction with the accompanying notes.

Cash flow statement for the year ended 30 June 2017

| | Note | 2017 \$'000 | 2016 \$'000 | Original budget \$'000 |
|---|--------|-----------------|-----------------|---------------------------|
| OPERATING ACTIVITIES | | | | |
| Cash received | | | | |
| Receipts from Government and jurisdictions | | 30,149 | 20,314 | 27,265 |
| Interest | | 82 | 110 | 60 |
| Net GST received | | 94 | 510 | 140 |
| Other cash received | | 593 | 321 | - |
| Total cash received | | 30,918 | 21,255 | 27,465 |
| Cash used | | | | |
| Employees | | (10,931) | (11,001) | (13,147) |
| Suppliers | | (17,502) | (15,304) | (13,883) |
| Total cash used | | (28,433) | (26,305) | (27,030) |
| Net cash received from / (used by) operating activities | 4.1(b) | 2,485 | (5,050) | 435 |
| INVESTING ACTIVITIES | | | | |
| Cash used | | | | |
| Purchase of property, plant and equipment | | (1,260) | (908) | (250) |
| Total cash used | | (1,260) | (908) | (250) |
| Net cash used by investing activities | | (1,260) | (908) | (250) |
| Net increase / (decrease) in cash held | | 1,225 | (5,958) | 185 |
| <i>Cash and cash equivalents at the beginning of the reporting period</i> | | 5,554 | 11,512 | 4,894 |
| Cash and cash equivalents at the end of the reporting period | 4.1(a) | 6,779 | 5,554 | 5,079 |

Budget variances

1. Receipts from Government and jurisdictions – Funding from the Education Council, industry and international sources for project work in Curriculum and Assessment.
2. Interest – Invested operating funds in short term deposits to maximise funding outcomes.
3. GST – The net outcome from the recovery of GST on supplier payments and GST collected on invoices raised was anticipated to be higher.
4. Other cash received – Funding from industry and international sources for work on Curriculum projects.
5. Employees – The organisation experienced a shortage of specialist expertise in the labour market
6. Suppliers – The use of casual staff and contractors to service short term project engagements.
7. Purchase of property, plant and equipment – Cash outflows associated with the relocation of offices.

Variances are considered to be “major” based on the following:

- The variance between budget and actual is greater than 10%; and
- An item below this threshold but which is considered important for the readers understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of ACARA.

The above statement should be read in conjunction with the accompanying notes.

4.4 NOTES TO THE FINANCIAL STATEMENTS

Index to the notes to and forming part of the financial statements for the year ended 30 June 2017

Note Contents

1 Overview

2 Financial performance

2.1 Expenses

3 Financial position

3.1 Financial assets

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4 Funding

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5 People and relationships

5.1 Employee provisions

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5.3 Directors remuneration

5.4 Related party disclosures

6 Managing uncertainties

6.1 Contingent assets and liabilities

6.2 Financial instruments

6.3 Financial assets and liabilities reconciliation

6.4 Fair value measurement

1. Overview

1.1 Objectives of the entity

The entity is a corporate not for profit Commonwealth entity. The entity is structured to meet the following outcome:

Outcome 1: Improved quality and consistency of school education in Australia through national curriculum, national assessment, data collection and performance reporting system.

The continued existence of the entity in its present form and current programs is dependent on Education Council policy, and on continued funding by Commonwealth, state and territory governments.

1.2 Basis of preparation of the financial report

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements and notes have been prepared in accordance with:

- Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2016; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets at fair value where required. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and values and are rounded to the nearest thousand dollars unless otherwise specified.

1.3 Significant accounting judgements and estimates

In June 2017 ACARA received legal advice in respect of its legal obligation to recognise long service leave and the portability between qualifying government departments and agencies. As a result of this advice, ACARA revised its estimate for long service leave by providing an additional entitlement of \$499,672, estimated from revision of 27 possible qualifying employees, at an average increase in long service leave of \$18,506 per employee.

1.4 New Australian Accounting Standards

All new accounting standards that were issued prior to the sign-off date are applicable to the current reporting period did not have a material effect on the entity's financial statements.

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

Future Australian Accounting Standard requirements

New standards, amendments to standards, and interpretations issued by the AASB are applicable to future reporting periods with ACARA still to determine the financial impact on the ACARA financial statements.

1. Overview continued

| Standard/interpretation | Applicable for annual reporting periods beginning or ending on | Summary |
|---|--|---|
| AASB 15 Revenue from Contracts with Customers | 1 January 2018 | AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. ACARA is reviewing the impact of this standard. Some change is expected as the basis of revenue recognition changes from percentage of work complete to performance obligations. |
| AASB 9 Financial Instruments | 1 January 2018 | AASB 9 introduces new requirements for the classification and measurement of financial assets availabilities. Expected to have no significant impact. |
| AASB 16 Leases | 1 January 2019 | AASB 16 Leases removes the classification of leases as either operating or finance leases for the lease, effectively treating all leases as finance leases. This will effectively move all off-balance sheet operating leases onto the balance sheet that is similar to current finance lease accounting. Expected to result in the full disclosure of the ACARA's lease exposures for the Sydney and Perth office with asset and liabilities being reflected in the ACARA Statement of financial position. |

1.5 Revenue

Revenue from jurisdictions and government

Revenue from jurisdictions is recognised when:

- ACARA has obtained control of the revenue or the right to receive the revenue;
- The revenue can be reliably measured;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably;
- The costs incurred for the transaction and cost to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Grants received in advance

Where ACARA receives grants in advance of the period to which the funds, or for specific projects for which work is yet to be completed, the grant is recognised in the Statement of Financial Position as a liability, Grants In Advance, unless ACARA has obtained control of the revenue, in which case it is recorded as revenue. At 30 June 2017, the amount recognised was \$8,232,641 (2016: \$8,243,198) and represents 2017–18 annual contributions from State and Territory jurisdictions and project work, for expenditure to be incurred in the 2017–18 financial year in the delivery of ACARA's 2017–18 Work Plan and project contracts.

1. Overview continued

Interest revenue

Interest revenue is recognised using the effective interest rate method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of the resources is recognised as an expense.

1.6 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

In June 2016 ACARA entered into a new four-year lease for office accommodation at 280 Elizabeth St Sydney, this lease is effective from 1 August 2016. In December 2016 ACARA entered into a six-year lease for office accommodation at 140 St Georges Terrace Perth, this lease effective from 1 December 2016. The Perth lease has a break point option, which ACARA can exercise to exit the premises on 31 August 2020. Operating lease commitments shown in the table below include the office accommodation at 280 Elizabeth Street Sydney (37 months remaining) and 140 St Georges Terrace Perth (65 months remaining).

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| COMMITMENTS PAYABLE | | |
| <i>Operating lease commitments</i> | | |
| Within 1 year | 611 | 645 |
| Within 1 to 5 years | 1,586 | 1,868 |
| Within 5 to 10 years | 47 | - |
| Total operating lease commitments | 2,244 | 2,513 |

1.7 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are recognised when the probability of settlement is greater than remote.

1. Overview continued

1.8 Taxation

ACARA is exempt from income tax. All other forms of taxation are applicable.

Revenues, expenses and assets are recognised net of GST except:

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- b) for receivables and payables.

1.9 Insurance

ACARA has insured for risks through the Government's insurable risk managed fund, Comcover. In addition, ACARA holds a Workers' Compensation policy with the Government's insurer, Comcare.

1.10 Comparative changes due to prior year error

Where required by Accounting Standards comparative figures have been adjusted to conform with changes to presentation for the current financial year.

1.11 Events after reporting period

No matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the results of the financial statements as at 30 June 2017.

2. Financial performance

2.1 Expenses

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| 2.1(a): Employee benefits | | |
| Wages and salaries | 9,023 | 9,078 |
| Superannuation – defined contribution plans | 1,038 | 1,043 |
| Leave and other entitlements | 1,498 | 831 |
| Separation and redundancies | 75 | 10 |
| Total employee benefits | 11,634 | 10,962 |
| 2.1(b): Supplier expenses | | |
| Goods and services supplied or rendered | | |
| Secondments, casual staff, contractors and consultants | 2,806 | 2,619 |
| NAPLAN item development and testing | 6,362 | 6,565 |
| Website development and maintenance | 763 | 783 |
| Travel and accommodation | 834 | 733 |
| Staff related expenses – payroll tax and recruitment | 910 | 804 |
| Consultants – Curriculum Development | 620 | 978 |
| Office infrastructure | 191 | 243 |
| IT expenses | 1,020 | 731 |
| Audit fees payable to the Australian National Audit Office | 48 | 49 |
| Legal Expenses | 333 | 63 |
| Other operational expenditure | 1,007 | 1,084 |
| Total goods and services supplied or rendered | 14,894 | 14,652 |
| Goods supplied | 767 | 432 |
| Services supplied | 14,127 | 14,220 |
| Total goods and services supplied or rendered | 14,894 | 14,652 |
| Other suppliers | | |
| Operating lease rentals | | |
| Minimum lease payments | 828 | 565 |
| Workers compensation expense | 180 | 244 |
| Total other suppliers | 1,008 | 809 |
| Total suppliers | 15,902 | 15,461 |
| 2.1(c): Depreciation and amortisation | | |
| Property, plant and equipment | 698 | 644 |
| Intangibles | - | 2 |
| Total depreciation and amortisation | 698 | 646 |

3. Financial position

3.1 Financial assets

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| 3.1 Trade and other receivables | | |
| Receivables for goods and services | 6,637 | 8,373 |
| GST | 185 | 279 |
| Total trade and other receivables | 6,822 | 8,652 |

All trade and other receivables are expected to be recovered in less than 12 months, (2016 Recovery expected less than 12 months).

There are no trade and other receivables that are impaired at 30 June 2017 and 30 June 2016. A total of \$1,153 (2016: \$2,605,200) was past due and not impaired in the range of 31 – 90 days.

3.2. Non-financial assets

| | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| 3.2(a): Leasehold incentives | | |
| Leasehold incentives | | |
| Fair value | 46 | 599 |
| Accumulated depreciation | (46) | (553) |
| Total leasehold incentives | - | 46 |
| 3.2(b): Fixtures and fittings | | |
| At cost | 1,214 | - |
| Additions at cost | 398 | 1,214 |
| Recognition of make-good – 280 Elizabeth St | 343 | |
| Accumulated depreciation | (431) | - |
| Total fixtures and fittings | 1,524 | 1,214 |
| 3.2(c): Plant and equipment | | |
| At cost | 538 | 238 |
| Additions at cost | 108 | 448 |
| Disposals | - | (57) |
| Accumulated depreciation | (221) | (91) |
| Total plant and equipment | 425 | 538 |
| Total non-financial assets | 1,949 | 1,798 |

No indications of impairment were found for plant and equipment.

3.2. Non-financial assets continued

Reconciliation of opening and closing balances plant and equipment 2017

| | Leasehold incentives \$'000 | Fixtures and fittings \$'000 | Plant and equipment \$'000 | Total \$'000 |
|---|--------------------------------|---------------------------------|-------------------------------|-----------------|
| Total as at 1 July 2016 | 46 | 1,214 | 538 | 1,798 |
| Additions – by purchase | - | 398 | 108 | 506 |
| Recognition of make good – 280 Elizabeth St | - | 343 | - | 343 |
| Disposals | - | - | - | - |
| Depreciation / amortisation expense | (46) | (431) | (221) | (698) |
| Total as at 30 June 2017 | - | 1,524 | 425 | 1,949 |

Reconciliation of opening and closing balances plant and equipment 2016

| | Leasehold incentives \$'000 | Fixtures and fittings (under construction) \$'000 | Plant and equipment \$'000 | Total \$'000 |
|-------------------------------------|--------------------------------|--|-------------------------------|-----------------|
| Total as at 1 July 2015 | 599 | - | 238 | 837 |
| Additions – by purchase | - | 1,214 | 448 | 1,662 |
| Disposals | - | - | (57) | (57) |
| Depreciation / amortisation expense | (553) | - | (91) | (644) |
| Total as at 30 June 2016 | 46 | 1,214 | 538 | 1,798 |

Infrastructure, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations

Fair values for each class of asset are determined as shown below:

| Asset class | Fair value measurement |
|----------------------|------------------------------|
| Leasehold incentives | Depreciated replacement cost |

3.2. Non-financial assets continued

Following initial recognition at cost, property, plant and equipment are carried at fair value. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised directly in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus / (deficit) except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to ACARA using, in all cases, the straight-line method of depreciation.

Depreciation rates, residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable assets are based on the following useful lives:

| | 2017 | 2016 |
|------------------------|-------------|-----------------|
| Furniture and fittings | 4 years | 6.75 years |
| Leasehold incentives | - | 6.75 years |
| Equipment | 3 years | 3 to 6.75 years |

Impairment

All assets were assessed for impairment at 30 June 2017. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying value.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

3.2. Non-financial assets continued

| | 2017 \$'000 | 2016 \$'000 |
|--------------------------------|----------------|----------------|
| 3.2(d): Intangibles | | |
| Computer software | | |
| Software at cost | 8 | 8 |
| Accumulated amortisation | (8) | (8) |
| Total computer software | - | - |
| Total Intangibles | - | - |

Intangibles

ACARA's intangibles comprise of software and are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line method over the anticipated useful life. The useful lives of the entity's software are 3 to 5 years (2016: 3 to 5 years).

Reconciliation of opening and closing balances intangibles (software)

| | 2017 \$'000 | 2016 \$'000 |
|----------------------------|----------------|----------------|
| Total as at 1 July | - | 2 |
| Amortisation expense | - | (2) |
| Total as at 30 June | - | - |

| | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| 3.2(e): Other non-financial assets | | |
| Prepayments – no more than 12 months | 61 | 2 |
| Total other non-financial assets | 61 | 2 |

3.3. Payables

| | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| 3.3(a): Suppliers | | |
| Trade creditors and accruals – no more than 12 months | 3,010 | 5,272 |
| Total suppliers | 3,010 | 5,272 |

Settlement was usually made net 30 days

| | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| 3.3(b): Grants in advance (deferred revenue) | | |
| States and territories grants – 2017/18 contributions | 6,483 | 7,803 |
| Commonwealth project funds | 1,750 | 440 |
| Total grants in advance | 8,233 | 8,243 |

| | 2017 \$'000 | 2016 \$'000 |
|-----------------------------------|----------------|----------------|
| 3.3(c): Other payables | | |
| Rent Subsidy – 255 Pitt St Sydney | - | 43 |
| Total other payables | - | 43 |

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| Other payables are expected to be settled | | |
| No more than 12 months | - | 43 |
| More than 12 months | - | - |
| Total other payables | - | 43 |

4. Funding

Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

4.1. Cash flow reconciliation

Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| <i>(a) Cash and cash equivalents as per</i> | | |
| Cash flow statement and statement of financial position | 6,779 | 5,554 |
| <i>(b) Reconciliation of net cost of services to net cash from / (used by) operating activities</i> | | |
| Net cost of / (contribution by) services | 12,127 | 14,154 |
| Revenue from Government – Australian Government | 12,996 | 12,892 |
| <i>Adjustments for non-cash items</i> | | |
| Depreciation / amortisation | 698 | 646 |
| Loss on disposal of plant and equipment | - | 57 |
| <i>Changes in assets / liabilities:</i> | | |
| (Increase) / Decrease in net receivables | 1,831 | (5,900) |
| (Increase) / Decrease in other non-financial assets | (64) | 241 |
| Increase / (Decrease) in suppliers payables | (1,509) | 779 |
| Increase / (Decrease) in grants in advance | (11) | 920 |
| Increase / (Decrease) in other payables | (42) | (494) |
| Increase / (Decrease) in employee provisions | 703 | (37) |
| Increase / (Decrease) in other provisions | 10 | - |
| Net cash from operating activities | 2,485 | (5,050) |

5. People and relationships

5.1 Employee provisions

| | 2017 \$'000 | 2016 \$'000 |
|----------------------------------|----------------|----------------|
| Employee provisions | | |
| Not more than 12 months | 1,388 | 798 |
| More than 12 months | 848 | 735 |
| Total employee provisions | 2,236 | 1,533 |

Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for short-term employee benefits (as defined in AASB 119, Employee Benefits) and termination benefits expected within twelve months of the balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave entitlements are non-vesting and the average sick leave taken in future years by employees of ACARA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of the employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including ACARA's employer superannuation contribution rates to the extent that the leave is likely to be taken during the service rather than paid out on termination.

The liability for long service leave has been determined by reference to the Australian Government shorthand method. In applying this method, the accrued long service leave for each employee as at reporting date is probability weighted, based on the Australian Government probability profile. The amount obtained for each employee is then discounted using the ten-year Treasury bond rate. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation. A revision to the estimate of long service leave was undertaken in 2016/17, the details of which are provide in Note 1.3.

Superannuation

Upon commencing employment with ACARA, employees nominate an approved superannuation scheme of their choice.

ACARA contributes a minimum of 10.5% of superannuable salaries on behalf of its employees. The liability for superannuation recognised as at 30 June represents outstanding contributions for the final month of the year.

5.2 Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of ACARA, directly or indirectly. ACARA has determined the key management personnel to be the Chief Executive Officer and the Executive staff reporting to the Chief Executive Officer. Key management personnel remuneration is reported in the table below:

Key management personnel remuneration expense for the reporting period

| | 2017 \$ |
|---|------------------|
| Short-term employee benefits: | |
| Salary | 1,190,666 |
| Allowances | - |
| Total short-term employee benefits | 1,190,666 |
| Post-employment benefits: | |
| Superannuation | 119,742 |
| Total post-employment benefits | 119,742 |
| Other long-term benefits: | |
| Annual leave accrued | 91,103 |
| Long-service leave | 46,631 |
| Total other long-term benefits | 137,734 |
| Termination benefits | - |
| Total senior executive remuneration expenses¹ | 1,448,143 |

The total number of key management personnel that are included in the above table are 5 individuals.

¹ The above key management personnel remuneration excludes remuneration and other benefits of the Education Minister. The Education Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by ACARA.

5.3 Directors remuneration

The following persons were directors of ACARA during the year:

Emeritus Professor Steven Schwartz, Emeritus Professor Brian Caldwell, Mr Michael Hewitson, Ms Valerie Gould, Ms Patrea Walton, Emeritus Professor Patrick Garnett, Dr David Howes, Mr Paul Hewitt, Dr Tim McDonald, Ms Susan Bowden, Mr Tim Bullard (appointed November 2016), Ms Deborah Efthymaides (appointed November 2016) and Ms Susan Cameron (appointed June 2017), Ms Liz Banks (retired August 2016) and Ms Jayne Johnston (retired January 2017).

| | 2017 \$ |
|--|----------------|
| The total remuneration received or due and receivable by non-executive directors of ACARA, represents sitting fees as prescribed. | 191,248 |

The directors of ACARA are appointed by the Minister for Education.

5.4. Related party disclosures

ACARA is an Australian Government controlled entity. Related parties to this entity are directors and key management personnel. Several directors of ACARA held directorships or senior roles with other companies or government agencies. All transactions between ACARA and companies with a director or key management personnel common to ACARA are conducted using commercial and arm-length principles. Members are excluded from discussions on matters in which they may have a conflict of interest.

| | 2017 \$ | 2016 \$ |
|---|------------|------------|
| Transactions with directors, key management personnel or their related entities | 547,200 | 884,611 |

Details of companies and government agencies which ACARA has engaged for services and with which ACARA Directors are associated.

| | 2017 \$ | 2016 \$ |
|--|----------------|----------------|
| Western Australia School Curriculum and Standards Authority | 1,600 | 58,456 |
| NSW Education Standards Authority (formerly Board of Studies Teaching and Educational Standards NSW) | 532,806 | 811,155 |
| Association of Independent Schools, Western Australia | 1,500 | - |
| Victorian Curriculum and Assessment Authority | 11,294 | - |
| South Australian Department of Education and Child Development | - | 15,000 |
| Total | 547,200 | 884,611 |

6. Managing uncertainties

6.1. Contingent assets and liabilities

There are no contingent assets or liabilities at 30 June 2017 (30 June 2016: nil).

6.2 Financial instruments

(a) Categories of financial instruments

| | Note | 2017 \$'000 | 2016 \$'000 |
|---|--------|----------------|----------------|
| Financial assets | | | |
| Receivables | | | |
| Cash on hand or cash equivalents | | 6,779 | 5,554 |
| Trade receivables and accrued revenue | | 6,642 | 8,373 |
| Total cash, receivables and accrued revenue | | 13,421 | 13,927 |
| Total financial assets | | 13,421 | 13,927 |
| Financial liabilities | | | |
| Financial liabilities measured at amortised cost | | | |
| Trade creditors | 3.3(a) | 3,010 | 5,272 |
| Other payables | 3.3(c) | - | 43 |
| Total financial liabilities measured at amortised cost | | 3,010 | 5,315 |
| Total financial liabilities | | 3,010 | 5,315 |

Note: GST is not a financial instrument and has not been included.

(b) Net gains or losses on financial assets

| | 2017 \$'000 | 2016 \$'000 |
|-------------------------------------|----------------|----------------|
| Receivables | | |
| Interest revenue from bank deposits | 86 | 110 |
| Net gain on receivables | 86 | 110 |
| Net gain on financial assets | 86 | 110 |

(c) Interest rate risk

ACARA exposure to interest rate risk is limited to interest bearing deposits held with banks. ACARA does not hold any interest-bearing liabilities.

6.3. Fair value measurement

1. The entity did not measure any financial assets at fair value on a non-recurring basis as at 30 June 2017.
2. There have been changes to the valuation techniques for assets in the infrastructure, plant and equipment class. In instances where sufficient observable inputs, such as market transactions of similar assets, were identified in this financial year, the valuation technique was changed from a Depreciated Replacement Cost (DRC) approach to a Market approach. There were no other changes in valuation technique from the previous reporting period.
3. ACARA's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use.

ACRONYMS AND GLOSSARY

| Acronym | Title |
|-----------------------|--|
| ACARA | Australian Curriculum, Assessment and Reporting Authority |
| ACARA Act | <i>Australian Curriculum, Assessment and Reporting Authority Act 2008</i> |
| Accountable Authority | The person or group of persons responsible for, and control over, the operations of a Commonwealth entity under the PGPA Act. |
| ACER | Australian Council for Educational Research |
| AESOC | Australian Education Senior Officials Committee (previously AEEYSOC) |
| AITSL | Australian Institute for Teaching and School Leadership |
| AM | Member of the Order of Australia |
| ANAO | Australian National Audit Office |
| Band | The NAP assessment scale is divided into ten bands, used to report student progress through Years 3, 5, 7 and 9. Band 1 is the lowest band and band 10 is the highest band. A band contains a range of scores and is not a specific point. |
| CC | Civics and citizenship |
| CEO | Chief Executive Officer |
| COAG | Council of Australian Governments |
| Cohort | A group of students |
| Council, The | Education Council |
| Domain | Relating predominantly to NAP tests, this refers to particular learning areas (for example, reading, writing, language conventions, numeracy) |
| ESA | Education Services Australia |
| F–10 | School years from Foundation to Year 10 |
| F–12 | School years from Foundation to Year 12 |
| FOI Act | <i>Freedom of Information Act 1982</i> |
| Foundation (F) | Denotes the year prior to Year 1, which is known variously as 'kindergarten', 'preparatory' ('prep'), 'reception', 'transition', or 'pre-primary' in different states and territories. This terminology was adopted with the publication of the Australian Curriculum. |
| GST | Goods and services tax |
| ICT | Information and communication technology |
| ICSEA | Index of community socio-educational advantage |

| Acronym | Title |
|-----------------------|--|
| ISCA | Independent Schools Council of Australia |
| Jurisdictions | The Australian Government and state and territory governments of Australia |
| Melbourne Declaration | The Melbourne Declaration on Educational Goals for Young Australian 2008, which sets the direction of Australian schooling for the next 10 years. |
| <i>My School</i> | An interactive website presenting information about each of Australia's just over 10,000 schools and campuses. |
| NAP | National Assessment Program |
| NAPLAN | National Assessment Program – Literacy and Numeracy; a series of common literacy and numeracy tests conducted annually across Australia for all students in Years 3, 5, 7 and 9. |
| NAP sample | The NAP sample tests students' skills and understanding in science literacy, civics and citizenship and information and communication technology (ICT) Literacy. Only selected groups of students in Years 6 and 10 participate in these sample assessments, which are held on a rolling three-yearly basis. |
| NCEC | National Catholic Education Commission |
| PBS | Portfolio Budget Statements |
| PGPA Act | <i>Public Governance, Performance and Accountability Act 2013</i> |
| PGPA Rule | Public Governance, Performance and Accountability Rule 2014 |
| Proficiency level | The sample assessment scales are divided into a number of levels, depending on the domain. These levels are like bands for NAPLAN in that they encompass a range of scores. |
| SMG | Senior management group |
| STEM | Science, technology, engineering and mathematics |
| WHS | Work health and safety (formerly known as occupational health and safety) |

COMPLIANCE INDEX

| Requirement | Section |
|--|-----------------------|
| <i>Public Governance, Performance and Accountability Act 2013</i> | |
| Annual performance statements | 2 |
| Financial statements | 4 |
| Auditor-General's report | 4 |
| <i>Public Governance, Performance and Accountability Rule 2014</i> | |
| i. Approval by the accountable authority of the entity | Letter of transmittal |
| ii. Signed by the accountable authority | |
| iii. Detail how and when approval of the annual report was given | |
| iv. State that the accountable authority of the entity is responsible for preparing and giving the annual report to the entity's responsible minister | |
| Enabling legislation | 1.3, 3.1 |
| Functions and objectives in enabling legislation | 2.0, 3.1 |
| Purposes of the entity as included in the entity's corporate plan for the period | 2.0 |
| Names and titles of responsible minister(s) | 3.1 |
| Ministerial directions | 3.6 |
| Government policy orders | 3.6 |
| Compliance with direction or order | 3.6 |
| Annual performance statements, including: | 2.0 |
| i. a statement that the performance statements are prepared for paragraph 39(1)(a) of the PGPA Act | |
| ii. a statement specifying the reporting period for which the performance statements are prepared | |
| iii. a statement that, in the opinion of the accountable authority of the entity, the performance statements: | |
| (i) accurately present the entity's performance in the reporting period, and (ii) comply with subsection 39(2) of the PGPA Act. | |
| Reporting of non-compliance with the finance law | 3.6 |
| Information on members of the accountable authority: name, qualifications, experience, meetings attended and whether the member is an executive member or non-executive member | 3.2 |
| Organisational structure | 1.3 |
| Locations of major activities or facilities | 1.3 |
| Corporate governance | 3.1 |

| Requirement | Section |
|---|---------|
| Decision-making process to approve the entity paying for a good or service from another Commonwealth entity | n/a |
| Significant activities and changes that affected operations or structure of the entity during the period | n/a |
| Judicial decisions or administrative tribunals | 3.6 |
| Reports by the Auditor General, a Committee of either House, or of both Houses, of the Parliament; the Commonwealth Ombudsman; or the Office of the Australian Information Commissioner | 3.6 |
| Information from subsidiary | n/a |
| Indemnity applied to accountable authority or officer of entity | 3.6 |



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