

VICTORIAN CURRICULUM AND ASSESSMENT AUTHORITY

ANNUAL REPORT 2018–19



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October 2019

The Hon. James Merlino MP
Deputy Premier and Minister for Education
1 Treasury Place
East Melbourne Victoria 3002

Dear Minister

In accordance with the *Education and Training Reform Act 2006* and the *Financial Management Act 1994*, I am pleased to present the Victorian Curriculum and Assessment Authority Annual Report for the year ending 30 June 2019.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Wardlaw', with a long horizontal flourish extending to the right.

Chris Wardlaw
Chair

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Objectives and functions

The Victorian Curriculum and Assessment Authority (VCAA) came into operation on 1 March 2001, succeeding the Board of Studies. It was established under the *Victorian Curriculum and Assessment Authority Act 2000* (repealed) and is continued under the *Education and Training Reform Act 2006* (the Act).

The VCAA operates within the scope of the functions and powers conferred upon it by Part 2.5 of the Act and other relevant legislation.

Under the Act, the VCAA is responsible for:

- developing high-quality courses and curriculum and assessment products and services
- providing linkages that will facilitate movement between those courses and other courses
- carrying out functions as a body registered under Chapter 4 of the Act.

Vision

A global education leader.

Mission

Provide high-quality curriculum, assessment and reporting to enable learning for life.

Strategy statement

Enable education professionals to maximise learning outcomes for Victorians, from birth to senior secondary.

Goals

Improve and adapt curriculum, assessment and reporting.

Enhance the capability of education professionals.

Digitally deliver products and services.

Values

The VCAA upholds the Victorian Public Sector values of:

- responsiveness
- integrity
- impartiality
- accountability
- respect
- leadership
- human rights.

REPORT OF OPERATIONS – YEAR IN REVIEW

Chair’s report

Victoria’s record investment in education rightly creates expectations upon all of us involved in the education sector.

The Education State is an ambitious reform program by current global standards and requires the organisations and people delivering education across Victoria to ensure we are equal to the trust placed in us.

I am proud to report that in 2018–19 the Victorian Curriculum and Assessment Authority successfully supported Victoria’s vision for education. We kept a focus on ensuring Victoria’s schools curriculum and assessment has the confidence of the community, industry and government and that we are a responsive leader of learning.

A key deliverable was undertaking a review at the request of the Minister for Education to ensure Victorian Certificate of Education (VCE) and Victorian Certificate of Applied Learning (VCAL) students complete their studies with the literacy and numeracy skills they need to succeed. A comprehensive review recommended redeveloping the General Achievement Test (GAT). As a result, schools have begun working towards lifting literacy and numeracy skills and from 2021 VCE and VCAL students will enter the workforce knowing how they rate in these skills.

We remain prepared to respond to these curriculum challenges while also continuing our own ongoing monitoring, consultation, collaboration and engagement activities supporting the quality of our services. In 2018–19, we continued to deliver across the full range of our responsibilities, including a focus on providing quality professional learning programs for teachers and ensuring students understand the opportunities in vocational and educational training (VET).

In VET, our work extended from course selection, with launching the awareness campaign ‘Get VET’, to continuing our collaboration with the University of Melbourne in studying career aspirations and pathways of students undertaking VET courses.

We also stepped up our digital delivery. We developed a Digital Assessment Library to upgrade the on-demand assessment process and strengthen resources supporting and measuring student learning.

Looking back over our achievements is a reminder of our favourable position. We are privileged to receive input from a variety of expert panels and committees where academics, teachers, school leaders and industry representatives collaborate with us and contribute their dedication, passion and expertise to developing education in Victoria. They complement the contributions of our staff, contribute to collective ownership of education, and ensure the widest input of voices and knowledge in developing curriculum and assessment. I wish to take this opportunity

to thank these many stalwarts of education in Victoria for their inspiring contributions.

On this note of deep appreciation, I wish to acknowledge the distinguished contribution that our CEO David Howes has made to the VCAA and the broader education sector. Shortly after the period covered by this report, David accepted the position of Deputy Secretary, Schools and Regional Services, in the Department of Education and Training.

After stepping into the CEO role in July 2017, David has given two years of outstanding leadership on all matters relating to curriculum and assessment, from the early years to the end of schooling. On behalf of all staff, I thank David for his service and friendship. I congratulate him on his appointment, which recognises that he has much to offer education in Victoria. It has been a privilege to work with him.

I wish to formally thank the Secretary of the Department of Education and Training Jenny Atta, my fellow Board members, all staff, all committee and panel members, examiners, assessors, reviewers, and our close colleagues at the Department of Education and Training, the Catholic and independent sectors, all of whom worked so hard in 2018–19 to ensure that Victoria delivers the very best education to the almost one million students enrolled in our schools.



Chris Wardlaw
Chair

Chief Executive Officer's report

I am pleased to report a year in which significant progress was made on a number of fronts.

As part of our continuing support for implementing the Victorian Early Years Learning and Development Framework (VEYLDF), we published the literature review of the Learning Outcome 'Children are confident and involved learners' and supported this with a seminar and video resources.

Supporting intentional-teaching skills is a key part of our work to help enhance instructional capability for early years educators, and we managed the trial and evaluation of the self-assessment tool, Improving Teaching Skills for Early Childhood Education. This provided timely practical support following the University of Melbourne's E4Kids study, which emphasised the importance of high-quality early childhood programs.

This year, we commenced development of a major new initiative, the Digital Assessment Library (DAL). The DAL will allow teachers to conduct on-demand classroom assessments, which will provide students and teachers with vital diagnostic information and feedback. Initial assessment items will focus on English, Mathematics, and Critical and Creative Thinking. We will then extend the DAL to include Health and Physical Education (including Resilience), Science, The Arts, and Languages.

One of the privileges of working at the VCAA is the opportunity it provides to regularly observe the outstanding levels of student achievement across the full curriculum. In this regard, a highlight of this year was the VCAL Achievement Awards held at Federation Square. The awards celebrate the outstanding achievements of young people who have chosen to take the VCAL pathway and the many opportunities it opens up. They also celebrate the exceptional efforts of committed teachers and community partners who have played significant roles within the VCAL programs offered by schools. The students, schools and their community partners represented at the awards were inspiring examples of excellence in applied learning.

Another important achievement this year has been the delivery of a major campaign to provide better information to students, parents and their families about the opportunities to include vocational education and training (VET) studies as part of both VCE and VCAL programs of learning.

The campaign focused on the message 'Get VET' and was delivered through publications, resources, activities and videos on our website. In a first, we distributed a hard copy booklet to every Year 9 student in Victoria.

We also delivered our regular major programs of work, including 280,000 NAPLAN tests, 5,736 Education State assessments in Critical and Creative Thinking and The Arts across 138 schools, and more than 50,000 VCE exams.

I am very appreciative of the disciplined, persistent and high quality of work delivered by VCAA staff, which enables these major undertakings to be successfully delivered.

This year has been my second year as Chair of the Australasian Curriculum, Assessment and Certification Authorities (ACACA). The design, role and purpose of senior secondary qualifications has again been a matter of increased public debate this year, not only in Victoria but across Australia and New Zealand. I have appreciated the opportunity to share perspectives and experiences with a thoughtful and strategic peer group of chief executives across Australia and New Zealand. This has, in turn, led to greater cooperation between jurisdictions in a number of areas of common interest.

This is my final report as Chief Executive Officer. Soon after the end of the reporting period, I will take up the role of Deputy Secretary, Schools and Regional Services, with the Department of Education and Training. I wish to express my deep appreciation to our Chair, Chris Wardlaw, the members of the VCAA Board, my executive team colleagues and each and every staff member for their support, advice and individual contributions during my time in this role. I am immensely proud of the work done by this organisation. It has been a deep privilege to have had the opportunity to lead the VCAA. I am very grateful to have worked with the many talented, committed and hard-working people who make the VCAA the organisation that it is, and I certainly intend to stay deeply connected to the work of the VCAA.



Dr David Howes
Chief Executive Officer

YEAR IN REVIEW

The VCAA began the 2018-19 financial year working under a refreshed four-year strategy and a current-year business plan.

The 2018–2022 Strategic Direction was approved by the Board in June 2018.

The strategic direction incorporates our vision to be a global education leader and to provide high-quality curriculum, assessment and reporting to enable learning for life, and support the Education State.

It outlined our key goals and priorities to fulfil our responsibilities and contribute to the government's strategic direction for the education sector.

Our core work is delivering:

- Victorian Early Years Learning and Development Framework (VEYLDF)
- Victorian Curriculum F–10
- National Assessment Program – Literacy and Numeracy (NAPLAN)
- Victorian Certificate of Education (VCE)
- Victorian Certificate of Applied Learning (VCAL)
- Vocational Education and Training (VET).

Based on the strategic direction, our Business Plan 2018–19 set out our priorities, responsibilities, purpose, functions and organisational structure.

It guides employees on the work their division and unit was required to deliver during 2018-19 and is a reference for staff developing and completing their individual performance and development plan.

An important focus of our work this year was to ensure a clear line of sight from the strategic direction to each staff member's performance and development plan.

These plans are an important framework and reference point to ensure all we do is focused on the things that matter most.

This report records our work across curriculum and assessment in 2018–19 and outlines our planned initiatives for 2019–20.

HIGHLIGHTS AT A GLANCE

In 2018, 50,475 students completed VCE and 12,848 completed VCAL. We issued 785,694 graded assessments for VCE students. Of these, 60 per cent (473,882) were school-based assessments and 40 per cent (311,812) were external assessments.

Study scores

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------------------------------------|---------|---------|---------|---------|---------|
| Number of study scores issued | 258,811 | 258,472 | 257,070 | 259,854 | 259,152 |
| Students with at least one study score | 76,320 | 76,655 | 77,058 | 77,404 | 76,979 |
| Students with at least one study score of 40+ | 14,740 | 14,782 | 14,653 | 14,806 | 14,695 |
| Students with at least one study score of 50 | 622 | 614 | 611 | 661 | 616 |
| Number of study scores of 50 | 693 | 683 | 673 | 732 | 690 |

Key assessment outcomes

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------------------------------------------------------------|--------|--------|--------|--------|--------|
| VCE completions | 48,809 | 49,460 | 49,801 | 50,908 | 50,475 |
| Students awarded the VCE (Baccalaureate) | 3,828 | 4,033 | 3,808 | 3,939 | 4,025 |
| VCAL certificate completions | 12,770 | 13,257 | 13,208 | 13,255 | 12,848 |
| Students who successfully completed at least one unit of higher education study | 571 | 481 | 623 | 667 | 659 |

Results delivered to students' homes

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------------------------|--------|--------|--------|--------|--------|
| VCE statements of results | 80,143 | 80,140 | 81,175 | 81,919 | 81,552 |
| GAT statements | 77,521 | 77,623 | 78,855 | 79,043 | 78,760 |
| VET statements of results | 17,352 | 14,628 | 15,820 | 14,913 | 15,783 |
| VCAL statements of results | 3,728 | 3,645 | 3,596 | 3,691 | 3,514 |
| Statements of equivalent qualification | 293 | 435 | 507 | 430 | 285 |

Results delivered to students through their school

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------------|--------|--------|--------|--------|--------|
| VCE statements of results | 67,869 | 67,179 | 67,052 | 69,412 | 68,228 |
| VET statements of results | 33,398 | 34,047 | 34,132 | 38,432 | 38,559 |
| VCAL statements of results | 18,165 | 18,129 | 18,224 | 18,636 | 18,634 |

Results delivered to overseas students and providers

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------------------------------------|------|------|------|------|------|
| GAT statements to Crawford Schools in South Africa | 607 | 615 | 561 | 1066 | 500 |
| Certificates of results to overseas providers | 424 | 632 | 464 | 535 | 589 |
| Statements of results to overseas providers | 473 | 506 | 569 | 586 | 819 |

VCAA and VTAC end of year results service

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------------------------------------------------------------|--------|--------|--------|--------|--------|
| Students who accessed their results online | 63,601 | 57,891 | 61,485 | 71,863 | 72,174 |
| Students who accessed their online results via their mobile phones | 31,369 | 30,692 | 37,109 | 36,458 | 48,575 |

EARLY YEARS

In partnership with the Department of Education and Training, we continued to manage the implementation of the Victorian Early Years Learning and Development Framework (VEYLDF). The framework links to the first three levels of the Victorian Curriculum Foundation–10.

We actively engaged with the early years sector to embed the VEYLDF in practice to improve outcomes for all children.

Key activities

- Published the literature review of the VEYLDF Learning and Development Outcome 'Children are confident and involved learners'. This was supported by a twilight seminar at Bastow Institute of Educational Leadership and video resources.
- Developed a professional learning resource for practitioners working with bilingual children and families in multilingual early years settings, including printed and video resources.
- Managed the trial and evaluation of the Improving Teaching Skills for Early Childhood Education (ITSECE), a self-assessment tool for educators to enhance instructional support (intentional-teaching skills). This was in response to the E4Kids study (University of Melbourne, 2017).
- Revised the Planning Cycle Resource to assist early childhood educators to strengthen their intentional-

teaching skills. It now includes an additional 34 learning plans that reflect the VEYLDF Outcomes of Identity, Community, Communication and Wellbeing. Learning plans now demonstrate the Arts, Language and Literacy, and Maths and Science curriculum areas.

- Released the professional learning program for delivery in five School Readiness Funding areas (Mallee, Wimmera, South West, Brimbank Melton, Inner Gippsland and Outer Gippsland). This program enriches professional knowledge and skills in assessment for learning and development for early years and school leaders. It is an opportunity to use a community of practice model to strengthen collaboration and shared dialogue between kindergartens and school leadership teams to support investigation of a shared problem of practice.

VICTORIAN CURRICULUM F–10

We continued to support implementation of the Victorian Curriculum F–10 through whole school and curriculum area-specific planning, and teacher participation in targeted professional learning opportunities.

A key activity was managing and updating our websites to provide learning area content and support.

The curriculum website (victoriancurriculum.vcaa.vic.edu.au) featured:

- an overview of each learning area and capability, and content descriptions and achievement standards
- resources and support, including
 - the 'Revised Curriculum Planning and Reporting Guidelines'
 - audit and planning templates
 - analysis questions,
 - answers to frequently asked questions
 - PowerPoint presentations
 - teaching resources
 - information about professional development opportunities.

A series of workshops supported literacy and numeracy attainment and the publication 'Guide to Formative Assessment Rubrics'.

The curriculum planning website (curriculumplanning.vcaa.vic.edu.au) provided resources to assist school leaders with curriculum planning, identifying strengths and challenges to planning, and documenting a comprehensive, school-wide curriculum.

Curriculum monitoring

The first comprehensive report under a new curriculum monitoring framework was published in February. The framework was established to undertake systematic and valid curriculum monitoring processes for the Victorian Curriculum F–10. We will continue this process for the next three years. Monitoring allows for greater understanding of how the curriculum is being implemented in Victorian schools, and identifies enablers and barriers to effective implementation.

NATIONAL ASSESSMENT PROGRAM – LITERACY AND NUMERACY (NAPLAN) 2019 TESTING

NAPLAN testing in Victorian secondary schools is one of our major activities.

More than 280,000 students sat NAPLAN testing over three days – from Tuesday 14 May to Thursday 16 May 2019.

We conducted the testing in Victoria in conjunction with the Australian Curriculum, Assessment and Reporting Authority (ACARA).

The testing examines student proficiency in language conventions (spelling, grammar and punctuation), writing, reading and numeracy to measure whether young Australians are meeting important educational outcomes.

The testing is gradually moving from paper to online – and this year was a major step towards full NAPLAN Online testing.

To support this online transition in Victoria, we

- facilitated school participation in a national School Readiness Test in August 2018. Schools due to complete the tests in May 2019 were invited to undertake this preparatory event for their staff to reconfirm technical readiness
- conducted face-to-face training in March 2019 and provided funding for up to two staff to attend for each participating school
- refined support materials for participating schools, including implementation guides, incident response guidance and user manuals for the platform
- provided information for parents and carers on our website in 15 community languages.

A national coordinated practice test in late March confirmed the capacity of the online platform to handle expected peak load during May.

The 2019 tests saw 102,000 students from Years 3, 5, 7 and 9 across 961 schools complete the testing online. This was a major jump on the almost 24,000 students who completed the 2018 tests online.

This year's online testing means that around 42 per cent of all Victorian schools have now reached the preparation requirements and have participated fully in the transition to NAPLAN Online.

A small number of schools experienced connectivity issues during the testing. As a result, the full transition to NAPLAN Online has been extended by one year.

We continue to participate in reference groups and committees at a local and national level as part of the online transition.

NAPLAN 2018 results

In August 2018, we delivered, administered and reported to schools and parents the results of more than 280,000 Victorian students who sat the tests.

Parents and carers of each student received an individual report showing the student's proficiency in language conventions, writing, reading and numeracy.

The reports were delivered via the secure NAPLAN Data Service. As a follow-up, we conducted professional development workshops for teachers, principals and curriculum leaders at multiple locations across Victoria.

We worked with ACARA to coordinate the development of the tests, along with other state and territory test administration authorities, the Australian Government, and non-government school representatives.

We again marked Tasmanian NAPLAN writing tests (around 24,000), as well as Victorian tests (around 280,000).

Assessment rubrics

In May, we began a partnership with the Assessment Research Centre, the University of Melbourne, to assist Victorian teachers to develop and use formative assessment rubrics to progress student learning. One hundred and sixty eight teachers in six cohorts, covering most of the learning areas and capabilities, had participated in workshops by 30 June. Rubrics, student work samples and other resources from the workshops will be published from late 2019.

DIGITAL ASSESSMENT LIBRARY

Teachers will be able to instantly access online assessment tools under a new initiative launched this year.

By using the Digital Assessment Library (DAL), teachers can conduct classroom assessments on demand, enabling timely, specific feedback on student learning.

We began developing the DAL – including an online delivery platform – in July 2018. Initial development focused on English, Mathematics, and Critical and Creative Thinking (CCT).

The DAL will progressively provide validated assessment tools, aligned to the Victorian Curriculum F–10, across the learning areas of:

- English
- Mathematics
- CCT
- Health and Physical Education (including Resilience)
- Science
- The Arts
- Languages.

We also:

- conducted item development and professional development workshops with more than 100 participants
- migrated assessment items aligned to the Victorian Curriculum F–10 from the On Demand platform to the new DAL
- conducted initial trials to evaluate student experience of the platform.

Education State sample assessments

School participation in our statewide sample assessment programs for Critical and Creative Thinking (CCT) is increasing growth in excellence in the two curriculum areas.

More than 5,700 certificates were issued to participating students after the 2018–19 assessments.

CCT online assessments were delivered in 117 schools and The Arts assessments were conducted in 138 schools.

CCT participation has been increased from 52 schools in 2016, to 88 schools in 2017 to 117 schools in 2018.

For The Arts, numbers have increased from 43 schools in 2016, to 66 schools in 2017 to 138 schools in 2018.

A representative sample of schools is selected for the assessments in CCT and The Arts across all sectors. Student level sampling is undertaken for the CCT assessments, and schools are provided with the names students who are asked to take part in the assessment.

We employ supervisors to facilitate the CCT assessments in schools, and assessors to assess works and performances for The Arts.

Results are psychometrically analysed to produce annual excellence percentages for Years 6 and 10 in both CCT and The Arts to inform the overall performance of the state and enable tracking against the set targets.

SENIOR SECONDARY CURRICULUM

We have responsibility for the two major senior secondary certificates of education in Victoria – the Victorian Certificate of Education (VCE) and the Victorian Certificate of Applied Learning (VCAL).

In 2018–19, we continued to support the delivery of these two certificates through developing high-quality curriculum and assessments, advice, teacher support materials, professional development activities and online resources.

We also continued to develop and maintain the recognition arrangements for VET within the VCE and the VCAL.

VCE

The VCE covers a broad range of studies. At the beginning of the 2019 school year, more than 130 study options were offered, including 48 languages, 26 VCE VET programs, and school-based apprenticeships and traineeships.

The VCE curriculum is subject to rigorous quality assurance processes through annual monitoring, cyclical evaluation and reaccreditation to ensure that Victorian students have access to the highest-quality curriculum.

VET programs are fully integrated within the VCE and provide students with credit in the VCE and credit for national training qualifications issued within the Australian Qualifications Framework.

VCAL

VCAL programs support students to explore pathways into employment and/or further training that meet their individual needs, learning styles and career aspirations.

There are three VCAL levels: Foundation, Intermediate and Senior. Students start at the VCAL level matching their needs and abilities. A student's learning program comprises four compulsory curriculum strands:

- literacy and numeracy skills
- work-related skills
- industry specific skills
- personal development skills.

Vocational and Educational Training (VET)

VET qualifications form an important vocational aspect of VCAL programs and are essential at the Intermediate and Senior levels. VCAL programs can also include school-based apprenticeships and traineeships.

Students who complete the VCAL Senior or the VCE may enrol in the VCAL Senior Extension (Folio Enhancement). The VCAL Senior Extension is designed as a further year of study to develop skills, knowledge and understanding in areas where a folio is required for entry to higher education or employment, such as in the visual arts, design, photography or music.

Get VET

The benefits of vocational and educational training were the subject of an awareness raising campaign across secondary schools that launched in September 2018.

'Get VET' explained the practical ways VET can enhance a student's VCE or VCAL studies.

As part of targeting the message, we distributed a hard-copy booklet to every Year 9 student in Victoria.

We also published online versions and a range of other Get VET publications, resources, activities and videos on our website.

VET allows students to combine general and vocational studies with senior secondary education. Students can also follow pathways into training, further education and employment, and gain direct experience in business and industry.

At the centre of the Get VET campaign is the message that VET can provide skills sought by employers, flexibility in choice and lead to a career the student can be passionate about.

Enrolments in VET in 2018 recorded a slight increase over 2017, with 50,772 students enrolled with 620 providers. This resulted in 69,179 certificate enrolments across a range of industries, including 3,019 enrolments in school-based or part-time apprenticeships and traineeships.

VET highlights

- The Structured Workplace Learning (SWL) recognition pilot continued with enrolments restricted to schools that attended training sessions run by the VET Unit during 2018. Further materials to support SWL recognition were discussed at the VET statewide workshops conducted at 14 locations in November.
- Around 200 teachers upgrading to the Certificate IV in Training and Assessment were supported through a joint project with RMIT.
- Work began on reforms to Scored Assessment of VCE VET programs. This was confined to a review of the task types and modification of their rules.
- As a member of the Australasian Curriculum, Assessment and Certification Authorities, we continued our research project with The University of Melbourne to explore career aspirations and pathways of students who undertake VET in their senior secondary certificate.
- We conducted statewide workshops on new developments in VCE VET programs and the VET sector for more than 750 participants from schools, registered training organisations (RTO) and industry representatives in 14 locations across the state.

- In partnership with professional teaching associations, tertiary providers and RTOs, we provided professional development programs for VCE VET Agriculture, Automotive, Equine Industry, Health, Hospitality, Information Digital Media and Technology, Music and Sport and Recreation programs.
- We conducted workshops for more than 300 teachers and trainers from schools and RTOs delivering scored VCE VET programs.
- We also provided research, advice, assistance and support to networks of teachers, trainers and VET personnel from ACARA, schools, DET, Independent Schools Victoria, the Catholic Education Commission, TAFE, private registered training organisations, industry and government organisations including the Victorian Skills Commissioner and the commission's industry advisory groups.

VET curriculum development activities

- Minor reviews of VCE VET Animal Studies, Small Business and Laboratory Skills for implementation from 2019.
- A major review of Engineering with a mid-year transition now available.
- Developing new VCE VET programs for the Civil Infrastructure and Plumbing Industries based on demand from their respective industries and for Plumbing to ensure parity of credit with other trade pre-apprenticeship or pathways qualifications.
- Adding an additional qualification to the VCE VET Building and Construction program to provide schools with a more generalist training package alternative to the existing Victorian accredited qualification.
- The approval of a VET reform paper on block credit recognition and certificate types saw the VET Unit, along with the Student Records and Results Unit, roll out amended VASS certificate types: VE1 for VCAA Approved VCE VET programs, VE2 for Apprenticeships or Traineeships with Training Schemes approved by the VRQA and VE3 for all other VET qualifications. VE3 qualifications were subject to revised VCE credit arrangements, with the credit being determined by the level of the qualification rather than the units of competency contained within that qualification.

VCE EXAMINATIONS 2018

Victoria's annual VCE examination cycle is a peak program in our responsibilities for assessments and reporting.

Hundreds of examiners and administrators worked together to deliver the 2018 examination program.

Preparing for the exams again involved a wide range of planning and activity across Victoria.

In the lead-up to the examination cycle, we conducted extensive training and professional development to support the VCE program across Victorian schools.

The training and development was designed primarily for teachers who had not had previous or recent experience marking the VCE written examination.

More than 200 schools were represented. Sessions were delivered in various Melbourne metropolitan locations, Geelong and East Gippsland, and live streamed.

We also delivered professional development for school VCE leadership teams and classroom teachers in analysing their school's VCE results using our online services.

Our training and other support included:

- training chief supervisors and school staff responsible for the conduct and administration of VCE written examinations.
- training new VASS users.
- monitoring the conduct and administration of VCE written examinations through site visits to ensure schools comply with requirements.
- producing a series of short videos for school staff, students and parents explaining how study scores are calculated for VCE studies and why they are used.
- fully implementing the Derived Examination Score (DES) online application system, which was available to all students and schools for end-of-year external assessments.
- extending the use of video recordings in performance examinations to include Dance, VET Dance, Music Performance (Group), Music Investigation (Group) and VET Music, allowing for additional quality assurance measures to be applied to the assessment of these examinations.

Examination access

Access to examination facilities was equitable for all students. This included the accessibility of examination rooms and ensuring sufficient time for students to enter and leave. We also provided a range of special provision options to enable students to access VCE examination material – these included clarifiers, scribes, extra writing time and the use of assistive technologies, including computers. Where required, examinations were provided in alternative formats, including Braille, e-text and large print, for students with special examination arrangements. One hundred and forty-one alternative format examinations were supplied for the written examination period.

Examination period

Across Victoria, 514 schools operated as examination centres for the more than 50,000 students who sat exams. The exam sitting period ran from Wednesday 31 October to Wednesday 21 November.

During the examination period, we delivered:

- oral examinations for 44 language studies, involving 10,390 students and 622 assessors at 17 venues over 23 days
- performance examinations for seven VCE and VCE VET arts studies, involving 4977 students and 374 assessors at 107 venues, were conducted over a 28 day period
- 112 written examinations for 109 VCE studies were conducted over 17 days, starting with the Collaborative Curriculum Assessment Framework for Languages (CCAFL) examinations on Wednesday 31 October
- 141 alternative format examinations in line with our commitment to accessibility.

We worked with the Victorian Tertiary Admissions Centre to issue results to students on 14 December 2018.

This completed a 53-day program of work that covered processing and assessing all student written examinations, finalising exam scores, allocating grades and calculating results.

Moderation sessions

Teachers brought along student folio work to discuss assessment criteria for the school-assessed tasks in a range of studies at moderation sessions in May and June. We conducted the sessions for teachers of VCE Art, Studio Arts, Media, Product Design and Technology, Visual Communication Design, and Systems Engineering. Feedback from participants indicated that they appreciated the discussion with their peers and our Curriculum Managers.

Integrity

A comprehensive program of training and monitoring ensured the integrity of the examinations and awareness of examination rules.

Our Legal Services Unit investigated 61 students for allegedly breaching examination rules.

Thirty-eight of the 61 students were interviewed by our external investigators. Twelve matters were referred to review committee hearings.

Assessments audit

The 2019 annual audit of school-based assessment was launched in February 2019. In 2018, a total of 1843 audits were performed across 583 schools. We used VASS to notify schools and report audit outcomes, enabling them to track their audits. An individual tailored report was delivered to each school.

RECOGNISING VICTORIA'S YOUNG PEOPLE

We celebrated and promoted young people's achievements through a variety of awards:

- The Plain English Speaking Award provides students with an opportunity to extend their skills and confidence in oral communication, speechwriting and research. Each year, the VCAA coordinates the Victorian competition and the state winner attends the national final. The Victorian State Winner in 2018 was Samuel Roach, of St Kevin's College.
- The VCE Leadership Awards recognise VCE students who promote leadership and participation in their schools and wider communities. The awards celebrate students who demonstrate initiative, inspire others, work well in teams and are committed to making a difference. The overall leader for 2018 was Victoria Hirt, of Melton Christian College.
- The Margaret Schofield Memorial Scholarships are coordinated by the VCAA on behalf of the Margaret Schofield Memorial Trust. Two scholarship types were available to VCE students from government schools:
 - Music Performance Scholarship, awarded to VCE Music Performance, Music Investigation and/or VCE VET Music students as soloists – 2019 winners John Bennett, of Euroa Secondary College; Louis Georgiou, of Victorian College of the Arts Secondary School; Noah Meletis, of Werribee Secondary College; Charlotte Miles, of Balwyn High School; and Chih-Ting Yang, of Victorian College of the Arts Secondary School
 - Music Composition Scholarship, awarded to VCE Style and Composition, Music Investigation, Music Performance and/or VCE VET Music students – 2019 winner Nathan Zammit, of Victorian College of the Arts Secondary School.
- The VCAL Achievement Awards recognise outstanding achievements of young VCAL students, as well as those of VCAL teachers and partner organisations that have developed and delivered innovative VCAL programs. The VCAA Chair's Award in 2019 was presented to Lorne P-12 College.

Showcasing student talent – the VCE Season of Excellence

Showcasing the work of past VCE students is a feature of the Victorian education calendar – and keenly anticipated by current VCE students and teachers.

Our VCE Season of Excellence initiative this year again featured a sample of the most outstanding student works in design, technology, multimedia and the cinematic, visual and performing arts.

The season was presented through exhibitions, screenings and performances in Melbourne's major cultural venues from February to June. It again set a benchmark for VCE assessment and curriculum.

We supported the showcase of talent with education talks, forums and panel discussions, a catalogue, programs and online material.

The season is a cross-sectoral project, involving students from government, Catholic and independent schools. Staff from the three sectors are on the audition and selection panels.

This year's program featured:

- 12 concerts through the Top Class concert series, culminating in Top Acts in which selected performers came together for a final event
- two exhibitions Top Designs and Top Arts, which presented works in design, technology, media and the visual arts
- screenings of short films by media students in Top Screen.

This season introduced a new event – Top Talks – which highlighted the work of very high performing VCE Extended Investigation students.

Presented in partnership with State Library Victoria, Top Talks was complemented by tours to assist students to use the library's vast array of research tools and resources.

Another innovation this year saw the inclusion of events accessible by people with a disability, their carers and families.

Season of Excellence and Melbourne Museum staff offered audio tours at Top Designs, and exhibition video content was subtitled.

Auslan interpreters provided translation at the Melbourne Recital Centre for the Top Acts concert.

ACMI provided a hearing loop for use during Top Screen. Appropriate seating facilities were arranged for people with a visual disability, and people in wheelchairs.

Our website promoted the events and disability access.

The Season upholds our goal to create high quality education, recognise student achievement and best-practice teaching, and encourage students to move into allied work areas and further study.

CULTURAL AND LINGUISTIC DIVERSITY

Language is an exciting growth area in the Victorian curriculum, with 48 languages now offered at VCE level.

This high number of languages choices was achieved after we implemented 13 new F–10 language curriculum documents in 2018-19:

- Arabic
- Auslan (the language of the Australian deaf community)
- Classical Greek
- German
- Hindi
- Japanese
- Korean
- Latin
- Spanish
- Turkish
- Vietnamese
- Victorian Aboriginal Languages, framework for Classical Languages.

We provided ongoing support to schools implementing the new languages in the curriculum.

We also worked on several major initiatives that strengthened language teaching and made more opportunities available to students across Victoria.

In strengthening cultural links and heritage through developing language education, we presented lectures and workshops at the annual conferences of Community Languages Victoria and the Victorian School of Languages.

We conducted professional learning sessions for the:

- Association of French Teachers of Victoria
- Association of German Teachers of Victoria
- Australian Catholic University trainee teachers' forum
- Chinese Language Teachers' Association of Victoria
- Ethnic Schools Association of Victoria
- Melbourne Graduate School of Education
- Modern Greek Teachers' Association of Victoria
- Modern Language Teachers' Association of Victoria
- Turkish Teachers' Association of Victoria
- Victorian Association of Teachers of Italian
- Victorian Association of Teachers of Spanish
- Victorian Indonesian Language Teachers' Association.

Other highlights included:

- providing F–10 language-specific documentation for 20 languages on the Victorian Curriculum website
- managing a Languages Assessment project to provide online F–10 Language tests in eight languages for teachers
- providing ongoing VCE curriculum and assessment support for 56 community language schools
- providing a range of professional learning sessions for teachers implementing Units 3 and 4 of an innovative new VCE study, Chinese Language, Culture and Society
- supporting Victorian schools wishing to offer VET Certificate II and Certificate III courses in languages, including Chinese, French, German, Greek, Indonesian, Italian and Japanese at Years 9 to 12
- conducting seminars, webinars and workshops on strategies for teaching and assessing languages as part of the Victorian Curriculum
- providing access to VCE courses and assessment in English as an Additional Language for students from non-English-speaking backgrounds
- releasing a draft 'English as an Additional Language' curriculum to schools for feedback, familiarisation and optional implementation. A final version is expected to be implemented by schools in 2020.

We coordinated the Collaborative Curriculum and Assessment Framework for Languages (CCAFL) project. This included delivering national senior secondary examinations for 27 small-candidature community languages and initiating a major national review of the curriculum and assessment for these languages (including a national review of Auslan). We conducted workshops to support teachers involved in the CCAFL in the development of their language programs.

We also coordinated the annual national CCAFL conference, which drew representatives from all Australian states and territories and New Zealand.

Koorie languages

The opportunities to learn Aboriginal languages continued to grow for secondary students across Victoria, with 11 schools teaching nine languages.

More qualified teachers are becoming available as a result of our collaboration with the Department of Education and Training (DET) on an Aboriginal Languages Training Initiative.

This program supports Koorie community members wishing to teach an Aboriginal Language in a Victorian school.

There is keen demand and support for these teachers to become part of Victoria's Aboriginal language program, which already offers courses at:

- Bright P-12 College (Dhudhuroa and Murrinh-Patha)
- Bruthen Primary School (GunaiKurnai)
- Buxton Primary School (Taungurung)
- Gowrie Street Shepparton Primary School (Yorta Yorta)
- Heywood and District Secondary College (Dhauwurd Wurrung)
- Lakes Entrance Primary School (GunaiKurnai)
- Mildura Primary School (Barkindj-Marawara)
- Paynesville Primary School (GunaiKurnai)
- Swan Hill Primary School (Wemba Wemba)
- Thornbury Primary School (Woi Wurrung)
- Wooragee Primary School (Dhudhuroa and Murrinh-Patha).

The schools are using materials from our website and resources developed by several curriculum working groups.

To support these schools, we updated existing learning modules in line with the Victorian Curriculum, in collaboration with the Victorian Aboriginal Education Association and the Victorian Aboriginal Corporation for Languages.

We continued to offer professional learning workshops, webinars and curriculum resources to support schools teaching the VCE Indigenous Languages of Victoria: Revival and Reclamation and the Victorian Curriculum F-10: Victorian Aboriginal Languages.

We also provided professional learning opportunities relating to the Koorie Cross-Curricular Protocols for Victorian government schools, the Aboriginal and Torres Strait Islander histories and cultures cross-curriculum priority, and the Victorian Curriculum to members of the Koorie Education Workforce.

The Koorie cross-curricular protocols guide schools in their consultations with the Traditional Owners or Custodians of the land, and support meaningful learning for Victorian students about cultures, traditions, histories and experiences.

The Koorie community provided strong, ongoing support for these projects.

Victoria's appreciation of the richness of Aboriginal culture keeps growing, and supporting the teaching of Aboriginal languages in the Victorian F-10 curriculum framework is a vital contribution from the education sector.

INTERNATIONAL PROGRAM

Our international program continued to manage the delivering of Victoria's highly respected education curriculum at several international schools and serve as a stepping stone to study in Australia.

In 2018, 653 students completed the VCE offshore and 94 per cent subsequently enrolled at an Australian tertiary institution. Sixty per cent were accepted into Group of Eight universities.

Thirty-eight schools delivered VCAA programs nationally. Thirty-one schools delivered the VCE (27 in China and one each in Malaysia, Timor-Leste, Vanuatu and the Philippines), five schools delivered the General Assessment Test (GAT) and two delivered the Victorian Curriculum.

In addition, we administered the delivery of NAPLAN at the Multinational School Riyadh in Saudi Arabia.

We also provide a moderation and equivalence service for the Year 12 examination papers at the Crawford Schools in South Africa.

The VCE offshore model established strong partnerships between Victorian and international schools. As part of this model, we granted licences for two new VCE programs in China and for the first program in Vietnam.

Eight international schools delivered VCE studies on the Northern Hemisphere Timetable: seven in China and one in the Philippines.

In May, we engaged Asialink Business to provide Asia capability workshops for staff of the VCAA and Victorian schools to support delivery of the VCE offshore.

Our international program is a key component of delivering our vision to be a global education leader through offering products and services internationally.

It also supports the Victorian Government's International Education Sector Strategy and Victoria's New China Strategy-Partnerships for Prosperity.

PLANS AND CHALLENGES FOR 2019-20

We are set for another busy year in 2019–20, with these tasks already identified in our work plans:

Early Years

- Develop literature reviews and practice guides for the Victorian Early Years Learning and Development Framework (VEYLDF) Learning and Development Outcomes 'Children have a strong sense of identity' and 'Children are connected with and contribute to their world'.
- Publish practice guidelines and a training manual to support the release of the Improving Teaching Skills for Early Childhood Education self-assessment tool designed to strengthen educators' intentional-teaching skills.
- Conduct research into the gap between teachers intentions in enacting the VEYLDF in early childhood education and care and the first three levels of the Victorian Curriculum F–10 in schools.
- Evaluate implementation activities to support the VEYLDF since its revision in 2016.
- Develop a training package for the new resource to support educators working with bilingual children and/or in multilingual contexts, as part of a professional-learning partnership with FKA Children's Services.
- Continue to provide professional learning resources to be delivered in partnership with the Department of Education as part of early childhood reform.

Victorian Curriculum F–10

- Conduct research into the gap between teachers intentions in enacting the VEYLDF in early childhood education and care and the first three levels of the Victorian Curriculum F–10 in schools.
- Release the new English as an Additional Language (EAL) curriculum aligned to the Victorian Curriculum F–10 construct.
- Publish the complete set of indicative progress examples as stimulus to support teachers during the curriculum planning phase to articulate learning progression along the continuum.
- Develop examples for whole-school curriculum planning for special schools to support high-quality curriculum planning in these settings.
- Release the existing Critical and Creative Thinking tasks to support teachers to assess students' learning and progression along the curriculum continuum.
- Develop and annotate work samples to assist teachers to develop a shared understanding of the standards and moderate work at the local level.
- Develop more sample teaching and learning resources, providing ideas about teaching and learning strategies and assessment approaches.

- Publish Intercultural Capability case studies and work samples.
- Continue making professional development opportunities available to achieve deeper exploration of the curriculum and examine implications for curriculum planning and implementation, including assessment.
- Implement reforms relating to the quality and appropriateness of VET delivered to secondary students, in particular the new VASS certificate types and block credit recognition arrangements.
- Monitor and evaluate the Victorian Curriculum F–10.

NAPLAN

- Work with ACARA to roll out NAPLAN Online in 2020, including a readiness test.
- Release a renewed NAPLAN data service to support the reporting requirements for NAPLAN Online.
- Begin NAPLAN 2020 testing on Tuesday 12 May.

Digital Assessment Library

- Continue ongoing development and trialing of items, with further release of resources to Victorian schools.
- Refine the online platform's functionality based on the feedback from trials.

VCE

- Implement 21 revised VCE studies in 2019: Accounting, Classical Studies, Dance, Drama, Extended Investigation, Industry and Enterprise, Philosophy, Systems Engineering, Theatre Studies, and Languages – Arabic, Chinese Second Language, Chinese Second Language Advanced, French, German, Greek, Indonesian Second Language, Italian, Japanese Second Language, Korean Second Language, Spanish and Vietnamese Second Language.
- Finalise the review and redevelopment and implement professional learning for VCE studies: Foundation English (Units 1 and 2), Applied Computing, and Agricultural and Horticultural Studies.
- Publish Advice for Teachers in digital format on our website for Accounting, Agricultural and Horticultural Studies, Computing and Languages – Foundation English, Arabic, Chinese Second Language, Chinese Second Language Advanced, French, German, Greek, Indonesian Second Language, Italian, Japanese Second Language, Korean Second Language, Spanish and Vietnamese Second Language.
- Evaluate and update processes and templates for use by providers applying for authorisation as senior secondary education providers, single-study language providers and single-study providers.
- Finalise the review and update of the 'Principles and guidelines for the review and development of VCE Studies'.
- Finalise the review and evaluation of the Higher Education Studies (HES) in the VCE program, with recommendations implemented in 2019.
- Finalise and implement revised curriculum for Work Related Skills Strand, Personal Development Skills Strand and Skills for Further Study – Senior.
- Publish Advice for Teachers on our website for Work Related Skills Strand, Personal Development Skills Strand and Skills for Further Study – Senior.
- Continue providing training to schools interested in starting Structured Workplace Learning (SWL) recognition for VET within the VCE and develop support material as required.
- Complete the pilot for the review of arrangements for VCE VET School assessed coursework.
- Develop and trial items for the redeveloped GAT for new literacy and numeracy reporting from 2021.
- Continue managing the online application system for Special Examinations Arrangements for VCE students which will be made available to schools progressively from the start of 2020, after an initial pilot and ongoing development by the end of 2019.
- Ensure Workplace Learning Recognition is available to all schools from 2019.
- Support the Department of Education and Training to implement the reforms to school-based apprenticeships and traineeships.

VCAL

- Begin annual briefings across the state, focusing on curriculum developments and creating professional learning opportunities for all VCAL providers.
- Continue providing training to schools interested in starting Structured Workplace Learning Recognition for VET within the VCAL and develop support material as required.
- Broaden the program to cover school-based apprenticeships and traineeships.
- Ensure Workplace Learning Recognition is available to all schools from 2019.
- Begin video production campaign for Get VET and continue production of print and online resources to roll out to schools.
- Support the Department to implement the reforms to school-based apprenticeships and traineeships.

OUR CORPORATE COMMITMENTS

Gender equality

We are committed to promoting gender equality in communication with schools and within our workforce. We develop educational programs that remain fair and accessible to all and ensure commitment to equity and diversity at all times.

Working with the community

We ensure that the diverse nature of Australian society is reflected in all aspects of our operations. We are strongly committed to the principles set out in Victoria's Multicultural Policy Statement entitled 'Victorian. And proud of it'.

We are committed to valuing, respecting and meeting the needs of Victoria's culturally and linguistically diverse communities, as well as those of women, young people and Koorie people.

People with disability

We are committed to improving accessible outcomes in curriculum, assessment, consultation, information and communication, employment, and physical access to facilities. We are guided by the disability policies of the Department and Acts relating to the State Disability Plan 2018–2021 for the whole of the Victorian Government. We are committed to raising staff awareness of disability and, in partnership with the community, achieving greater inclusion.

In managing examinations, we ensure all students have equitable access to facilities. This includes checking the accessibility of examination rooms and ensuring sufficient time for students to enter and leave. We provide a range of special provision options to enable students with special needs to access VCE examination material, including clarifiers, scribes, extra writing time and the use of assistive technologies, such as computers. VCE examinations are provided in alternative formats, including Braille, e-text and large print, for students with special examination arrangements. For the 2018 written examination period, we supplied 141 alternative format examinations.

Access

As part of our commitment to access, we published information about NAPLAN testing in 15 community languages on our website. We published information about the VCE and VCAL curriculum in 24 community languages on our website.

SUMMARY OF FINANCIAL RESULTS

The VCAA recorded a net surplus of \$8.5 million in 2018–19. This compares with a surplus of \$12.6 million in 2017–18. The net results for both 2017–18 and 2018–19 have been influenced by the receipt of additional funding from government for projects where expenditure is expected in future years.

In 2018–19 income totalled \$87.0 million, an increase of \$9.4 million from the previous year. Government operational funding increased by \$8.0 million, primarily as a result of additional funding for projects in 2018–19 including the transition to NAPLAN Online and the Digital Assessment Library.

Expenses from transactions for 2018–19 increased by \$13.5 million, to \$78.6 million, compared to the prior year. This was due to increases in both salary and non-salary expenses for the period.

Total assets increased by \$10.7 million in 2018–19; of this, financial assets increased by \$10.3 million.

| | 2018–2019 | 2017–2018 | 2016–2017 | 2015–2016 | 2014–2015 |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|
| | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 |
| Government funding | 76,979 | 69,014 | 52,056 | 49,880 | 47,278 |
| Other income | 10,119 | 8,708 | 8,296 | 6,881 | 8,772 |
| Total Income from transactions | 87,097 | 77,722 | 60,352 | 56,761 | 56,050 |
| Total expenses from transactions | 78,611 | 65,155 | 59,732 | 56,792 | 54,468 |
| Net result from transactions | 8,486 | 12,567 | 620 | (32) | 1,640 |
| Net result for the period | 8,486 | 12,567 | 620 | (32) | 1,587 |
| Net cash flows from operations | 11,139 | 14,844 | 1,242 | 1,774 | 1,547 |
| Financial assets | 36,850 | 26,587 | 13,379 | 12,618 | 10,973 |
| Total assets | 40,198 | 29,489 | 15,217 | 13,756 | 12,500 |
| Total liabilities | 11,291 | 9,069 | 7,364 | 6,523 | 5,235 |

REPORT OF OPERATIONS-GOVERNANCE AND ORGANISATIONAL STRUCTURE

Ministers

The VCAA is primarily accountable to the Minister for Education. It is also responsible to the Minister for Training and Skills, the Minister for Jobs, Innovation and Trade, and the Minister for Early Childhood Education in relation to sections of Part 2.5 of the *Education and Training Reform Act 2006*.

The Hon. James Merlino MP, Deputy Premier and Minister for Education

James Merlino MP is the Deputy Premier of Victoria and Minister for Education. As Minister for Education, Minister Merlino is behind the drive to make Victoria the Education State, providing Victoria's 970,000 students with access to a great school and the opportunity to thrive.

The Education State reforms are designed to lift outcomes in a number of key areas, including literacy, numeracy, science and the arts, as well as student wellbeing and engagement. This starts with early childhood education and also includes funding to address disadvantage and help primary and secondary students who have fallen behind.

Minister Merlino is also responsible for record levels of investment in early childhood education and school infrastructure and has introduced programs to extend kinder to all three-year-olds by 2020, raise the quality of teaching, provide more local support to schools, and to help make all schools inclusive.

The Hon. Gayle Tierney, Minister for Training and Skills

The Hon. Martin Pakula, Minister for Jobs, Innovation and Trade (from November 2018)

The Hon. Jenny Mikakos, Minister for Early Childhood Education (until November 2018)

The Hon. Philip Dalidakis, Minister for Trade and Investment (until November 2018).

VCAA Board

Chris Wardlaw PSM, BEc (Hons), DipEd, Chair, VCAA Board

Chris Wardlaw held Deputy Secretary roles in education in Hong Kong (2002–08) and Victoria (2009–13) before retiring. In the Hong Kong Government, Chris was responsible for curriculum, assessment and quality assurance for pre-primary, basic education and senior secondary education. In Victoria, he was responsible for strategy and review across the portfolio.

Before his time in Hong Kong, Chris had a long career in Victorian education, during which he took a leading role in major reforms supporting school-level decision-making, evaluation and review.

He taught economics and history at university and secondary levels before moving into educational administration.

Chris received an Australian Sports Medal in 2000 and the Public Service Medal in the 2013 Queen's Birthday Honours list. He was made a Fellow of Monash University in 2013.

He is Director of the Board of Athletics Australia and Deputy Chair of the Australian Institute for Teaching and School Leadership.

Jenny Atta B App Sc, MA Public Policy Secretary, Department of Education and Training

Jenny Atta has been Secretary of the Department of Education and Training since March 2019. Prior to this, Jenny was Acting Secretary from November 2018.

Jenny is directly responsible for the management of the Department and for ensuring the education and training portfolio Ministers are supported in the management and administration of their portfolios.

Jenny joined the Department in December 2015 as Deputy Secretary, Infrastructure and Finance Services Group. In this role, she was responsible for the management and oversight of the Department's financial, procurement and information technology services, along with strategic advice and planning for State Budget processes, and infrastructure policy and delivery.

This followed a range of senior roles in the Victorian Public Service (VPS), including with the Department of Treasury and Finance (DTF) and the Department of Human Services.

Jenny holds a Bachelor degree in Applied Science and a Masters of Public Policy.

**Gill Callister BA, BSW(Hons)
Secretary, Department of Education and Training**

Gill Callister commenced as Secretary of the Victorian Department of Education and Training on 1 January 2015. Before joining the Department, Gill was Secretary of the Department of Human Services (2009–14) and led policy, legislative and service delivery reform.

Gill's term finished on 28 November 2018.

**Suzy Chandler BA, MEd (Monash), MEd (Melb)
MACE FACEL**

Suzy Chandler was the Principal of Fintona Girls School from 2006 to 2017. She was Vice-Principal of Westbourne Grammar School from 2000–06 and taught at Camberwell Grammar from 1995–2000, Scotch College from 1993–94, and Yeshivah College from 1987–92. Her early career was spent in Education Department schools. She also served on the committees of a number of community groups and has been the Mayoress of Prahran and Stonnington, where her husband has been a local councillor for 35 years.

Suzy is a member of the Australian College of Educators, and a Fellow of the Australian Council for Educational Leaders. She is a supporter of the Northern Territory Danila Dilba Health Service, a non-government organisation that provides primary care to the Aboriginal and Torres Strait Islander peoples of the greater Darwin area.

Suzy completed her term on 17 July 2018.

**Professor Marcia Devlin BA, DipEd,
GradDipAppPsych, MEd, PhD**

Professor Marcia Devlin is the Senior Deputy Vice-Chancellor and a Professor of Learning Enhancement at Victoria University in Melbourne. Holding qualifications in primary and secondary teaching and a PhD in Education, she is also a registered Psychologist. She has worked in tertiary education for more than 25 years and is internationally recognised for her expertise in the quality of learning and teaching and in student retention and success.

A graduate member of the Australian Institute of Company Directors, Professor Devlin sits on a number of education-related boards.

Catherine Dillon BEd, MEd, GradDipEdStudies, MACEL

Catherine Dillon holds the position of Deputy Director, Learning and Teaching with Catholic Education Office Sandhurst. Previously she was Manager, Leadership and School Development with Catholic Education Melbourne from 2015 to 2017.

This followed school leadership roles as Principal of Mount St Joseph Girls' College, Altona, 2008–15 and Deputy Principal of Catholic Regional College, Sydenham, 2006–08. She is a registered teacher with 25 years' experience in the Catholic education sector.

Her current role focuses on leading school effectiveness and system improvement to maximise student learning growth.

Catherine is also currently serving as Board Chair of Lord Somers Camp and Power House, a youth development, leadership and community service organisation.

**Professor Wayne Hodgson BSc, PhD,
GradCertHighEd**

Professor Wayne Hodgson is Deputy Dean (Education) for the Faculty of Medicine, Nursing and Health Sciences at Monash University. In this role he is responsible for overseeing the faculty's undergraduate and postgraduate coursework programs in Australia and overseas.

Professor Hodgson is a past winner of the faculty's Jubilee Teaching Prize and continues to teach pharmacology to students in a range of courses. He has a keen interest in research examining the relationship between admissions criteria and subsequent performance at university, and widening access to courses for students from underserved populations.

Professor Hodgson is an internationally renowned pharmacologist who specialises in toxinology (the study of toxins produced by living organisms). His laboratory has been responsible for characterising a wide range of animal venoms and associated toxins. He serves on a number of editorial boards of scientific journals.

Pauline Jelleff DipT, GradDipEdAd, GradDipComp

Pauline Jelleff is the current South-Eastern Regional Professional Learning Communities project manager of the Professional Practice and Leadership Division within the Department of Education and Training.

Pauline has more than 30 years' service with the Department and, during that time, has had a number of roles, most recently as a Principal for the past 14 years at two different schools. Her other roles included network chair for a number of years, English teacher in China, mentor for aspiring Principals and as Regional Network Leader. Most of her work in education has been in the South-East region and her current work continues to focus on continuous improvement in government schools.

Dr Toni Meath DEd, MEd (Melb), BEd (Syd) FACEL

Dr Toni Meath is the Principal of Melbourne Girls Grammar School. She is an experienced Principal and educational leader, passionate about the importance of using critical thinking and problem solving in student centred pedagogical approaches as ways to prepare students for success in their future world.

Dr Meath has been invited to national and international forums on a regular basis to speak on a range of topics including school innovation, improvement strategies, girls' and gifted education, student voice, critical thinking and pedagogy.

Before becoming Principal of Melbourne Girls Grammar, Dr Meath led The MacRobertson Girls' High School, Victoria's highest performing academic school, for six years.

Peter Moore DipT, BEd, MRE, GradCertRE, FACEL (Vic)

Peter Moore is Principal of St Monica's Catholic Primary School, Moonee Ponds, and was Principal of Our Lady of Immaculate Conception School, Sunshine 2003–12. He is a registered teacher and has 30 years' experience in the Catholic primary school sector as a teacher, Deputy Principal and Principal.

For the past decade, Peter has been the volunteer Chief Executive Officer of Melbourne Overseas Missions – a humanitarian organisation assisting communities in developing countries.

Russell Pettis MAppSc, FAIM

Russell Pettis was Chief Executive Officer of DENSO Automotive Systems Australia, where he worked for 19 years. He was responsible for the early implementation of the Certificate of Automotive Manufacturing at DENSO Australia.

Russell previously worked in the aerospace industry in manufacturing management roles with the Commonwealth Aircraft Corporation and at Aerospace Technologies Australia. In his early working years as a scientist he conducted marine research related to defence materials with the Defence Science and Technology Organisation.

In addition to his business career, Russell is the Victorian State President of the Naval Association of Australia.

Russell completed his term on 4 July 2019.

Andrée Poulter BA, DipEd, GCertTESOL

Andrée Poulter has been involved in education for more than 30 years. She has worked in government schools in western Queensland and Melbourne, written curriculum materials for the ESL Companion to the Curriculum Standards Framework, and led the implementation of whole-school curriculum change. She has introduced programs that promote the inclusion of all learners and delivered professional learning on a variety of topics, including cognitive coaching, the integration of explicit teaching of higher order thinking skills into curriculum designs, literacy across the curriculum, collaborative learning, and philosophy for children.

Andrée is committed to pedagogies that engage young people with important ideas relating to our culture as well as equipping them with the skills and values that will allow them to have fulfilling lives and to become responsible adults and citizens.

Andrée was Director of Curriculum at Melton Secondary College until taking up a position in June as Student Achievement Manager in the South Western Victoria Region.

Claire Rasmussen MEd, BA, GradDipEd (Secondary), GradCertEd (Educational Leadership), DipPM, Cert IV Training and Assessment

Claire Rasmussen holds the position of Chief Academic Officer at Bendigo Kangan Institute, where she is responsible for the implementation of strategic educational delivery objectives that support student engagement, retention and success across all programs. In addition, Claire's role has responsibility for academic governance and quality, student engagement, retention and success initiatives, along with eWorks, a commercial operation that develops and supports online learning resources.

Claire has extensive experience in teaching and learning in the secondary, VET and Higher Education sectors and more than 25 years' involvement in education regionally and nationally.

In 2018, Claire was a recent recipient of the Berwyn Clayton Award for Distinguished Service to the education and development of VET educators and other professionals and a Fellow of the International Specialised Skills Institute.

Professor Mark Rose PhD, MEdAdmin, BA, DipT

Professor Mark Rose is traditionally linked to the Gunditjmara Nation of Western Victoria. He has a 40-year career in education, contributing to a broad range of educational settings in Victoria, nationally and internationally. He is Professor in Indigenous Business and Enterprise at RMIT. In ministerially appointed arrangements, Professor Rose advised ministers Nelson, Bishop, Gillard and Garrett, co-chaired the Royal Commission into Aboriginal Deaths in Custody Review, and sat on numerous government taskforces.

He is involved with the United Nations Permanent Forum on Indigenous Issues in New York and is a delegate to the National Congress of Australia's First Peoples. He is Vice-President of the Victorian Aboriginal Education Association Incorporated. He chairs the Indigenous advisory group of ACARA and is Chancellor of Batchelor Institute in the Northern Territory.

Professor Emeritus Kaye Stacey BSc(Hons), MSc, DPhil, DipEd, FAustMS

Emeritus Professor Kaye Stacey is one of Australia's leading mathematics education experts with a strong international reputation. She has worked as a researcher in education, as a primary and secondary teacher educator and a supervisor of graduate research and is an adviser to governments. She has written many practically orientated books and articles for mathematics teachers and is especially interested in the challenges in adapting curriculum and assessment to the new technological environment, and in all aspects of STEM education.

Senior executives

The Chief Executive Officer is responsible to the VCAA Board for all policy and operational matters and to the Secretary of the Department of Education and Training for budgetary, personnel and other administrative matters.

Chief Executive Officer Dr David Howes

Dr David Howes was appointed Chief Executive Officer in July 2017. He previously was VCAA Executive Director, Curriculum from 2008 to 2015. From April 2015 to June 2017 he was the Assistant Deputy Secretary, Schools in the Early Childhood and School Education Group, Department of Education and Training.

Dr Howes holds a BA(Hons), DipEd, MEd and PhD degrees from the University of Melbourne and an Executive Masters of Public Administration from Monash University. Part of his MEd course of study was completed at the Institute of Education, University of London, after he was awarded the John and Eric Smyth Travelling Scholarship from the University of Melbourne.

Dr Howes has more than 30 years' experience in education as a teacher and educator in Australia and overseas, including the United Kingdom, the Middle East and Cambodia, where he served as an adviser to the Royal Government of Cambodia from 2003 to 2006 as part of a major reform of school education.

Executive Director, Assessment and Reporting Joe Pellegrino

The Executive Director, Assessment and Reporting is responsible for policies and procedures associated with assessment, certification, analysis and reporting of student achievement, and for coordinating the division's work programs, including the strategic redevelopment of the VCAA's assessment technology.

The Division collects and processes student enrolment and assessment data, manages the Victorian Student Register, and conducts measurement activities.

Joe Pellegrino previously held the position of Director, Assessment Centre at VCAA from 2007 and before that the role of Manager, P-10 Assessment. Joe has worked as an English and Media teacher and had close involvement with early development of the VCE Media study design, in curriculum and assessment development, teacher professional development, multimedia project management, and literacy and numeracy testing.

Acting Director, Assessment Centre Justin Seabury

The Director, Assessment Centre is responsible for assessment programs, assessment services and assessment operations business units located at the VCAA Assessment Centre, Coburg.

These business units are responsible for, or play a significant role in, implementation and assessment of all VCE examinations, the National Assessment Program – Literacy and Numeracy (NAPLAN) tests, selective entry high school testing, On Demand testing, Education State target assessments and the General Achievement Test (GAT). The Director is also responsible for the recruitment and training of sessional marking staff (including written, performance and language assessments) and management of the VCAA Assessment Centre, which provides facilities to support Division operations.

Justin Seabury is the manager of the Assessment Operations Unit, which has direct responsibility for the overall delivery and marking of VCE external assessments, including overseeing the VCAA's Special Provision policy and procedures. Justin has managed the unit since 2010 and was previously manager of the Student Records and Results Unit.

Executive Director, Curriculum Suzy Chandler

The Executive Director, Curriculum is responsible for the operations of the Curriculum Division, which includes leadership of Early Years project teams, the Victorian Curriculum F-10 Steering Committee, the Vocational Education Reference Group and the VCE Study Review and Examination Setting panels, as well as the Curriculum and Assessment Committees of the VCAA Board. These groups and committees provide the VCAA with advice and recommendations on development, implementation and monitoring of early childhood learning and development, the Victorian Curriculum F-10, the VCE and VCAL, including VET programs and setting VCE examinations.

Sharon Foster was Acting Director, Curriculum from 1 – 22 July 2018. Sharon has undertaken a wide range of roles in the education sector, ranging from classroom teacher, assistant principal, and regional and central roles in the Department of Education and Training.

Executive Director, Planning, Strategy and Corporate Support

Lea Saddington

The Executive Director, Planning, Strategy and Corporate Support leads the Infrastructure and Business Services Division, which is responsible for providing support and information services to the community and supporting VCAA business operations including finance, human resources, governance, legal services, information technology infrastructure, assurance and improvement, communications, planning and international.

Lea Saddington has worked at executive level in several Victorian public sector entities and in the private sector.

Director, Examinations

Michelle Humphreys

The role of Director, Examinations was created during the year to reflect the increasing complexity in examination development and management.

The Director, Examinations leads the development and production of VCE examinations and related materials including examination specifications, sample examination materials, examination reports and alternative format examination papers.

Michelle Humphreys was appointed to the role in February 2019. Michelle has held management and leadership roles within both the Assessment and Reporting Division and the Curriculum Division of the VCAA. Michelle held the position of Manager, Examinations from July 2014 to February 2019, and joined the Executive Management Team in February 2019. Before commencing at the VCAA, Michelle worked in the independent school sector.

She held a variety of school leadership positions in areas of senior school management, curriculum and student welfare, and was a teacher of secondary school business studies.

Committees

Executive Committee

The Executive Committee established under section 2.5.7 of the Act comprises the Chair Chris Wardlaw, the Chief Executive Officer Dr David Howes and Board members Peter Moore, Professor Marcia Devlin and Professor Wayne Hodgson.

Audit Committee

The Audit Committee comprised Board members Russell Pettis (Chair), Professor Marcia Devlin, Catherine Dillon, Claire Rasmussen and independent external members Stuart Alford, Jan Fitzgerald and Trevor Plowman. Russell Pettis completed his term as Audit Committee Chair in June 2019.

The Audit Committee assists the VCAA in fulfilling its monitoring and oversight responsibilities, and in the independent review and assessment of the effectiveness of its systems and controls.

The oversight responsibilities include financial management, risk management, performance and sustainability, and the internal audit function and audit activities. The *Education and Training Reform Act 2006* and the *Financial Management Act 1994* guide the Committee in its compliance accountabilities and responsibilities.

Early Years–10 Curriculum and Assessment Committee

The Early Years–10 Curriculum and Assessment Committee comprises Board members Peter Moore (Chair), Catherine Dillon, Professor Wayne Hodgson, Pauline Jelleff, Chris Wardlaw and external members Kim Little, Catharine Hydou, Coralee Pratt, Debra Punton and Helen Schiele.

The Committee gives advice to the VCAA and makes recommendations on:

- policies, criteria and standards for curriculum and assessment for the Early Years to Year 10
- relationship between VEYLDF and F–10 curriculum, and the F–10 curriculum and the senior secondary pathways in education and training, including the VCE, VETiS and VCAL
- administration of the NAPLAN program (years 3, 5, 7 and 9)
- monitoring and reporting of student participation and performance in EY–10 assessment programs
- provision of materials for schools and early childhood settings, and of professional development for teachers and educators, to support the implementation of Early Years to Year 10 curriculum and assessment programs
- research on matters relating to Early Years to Year 10 curriculum, standards and assessment at a national and international level.

Senior Secondary Curriculum and Assessment Committee

The Senior Secondary Curriculum and Assessment Committee comprises Board members Catherine Dillon (Chair), Professor Wayne Hodgson, Claire Rasmussen and Chris Wardlaw and external members Cameron Baker, Jeremy Beard, Sharyn Donald, Andrew Hay, Megan O'Connell and Jennifer Oliver.

The Committee gives advice to the VCAA and makes recommendations on:

- the development, evaluation and approval of curriculum and assessment designed to be undertaken in the senior secondary years
- policy and procedures for the design, delivery and evaluation of curriculum and assessment; products and services for the VCE and VCAL
- patterns of participation and quality of outcomes relating to courses of study in the senior secondary years
- research on matters relating to senior secondary curriculum and assessment.

Review Committees

Review Committees consist of three members, one of whom must be a Board member and committee Chair. A review committee is established only when required, and is responsible for:

- hearing student appeals against decisions by their school, and any penalties imposed, in respect of contraventions of VCAA assessment rules relating to school-based assessments
- conducting hearings into allegations that students have contravened the VCAA examination rules or obtained an assessment by fraudulent, illegal or unfair means and imposing penalties where appropriate in accordance with the requirements of the *Education and Training Reform Act 2006 (Vic)*. Penalties range from reprimands to amending or cancelling students' grades.

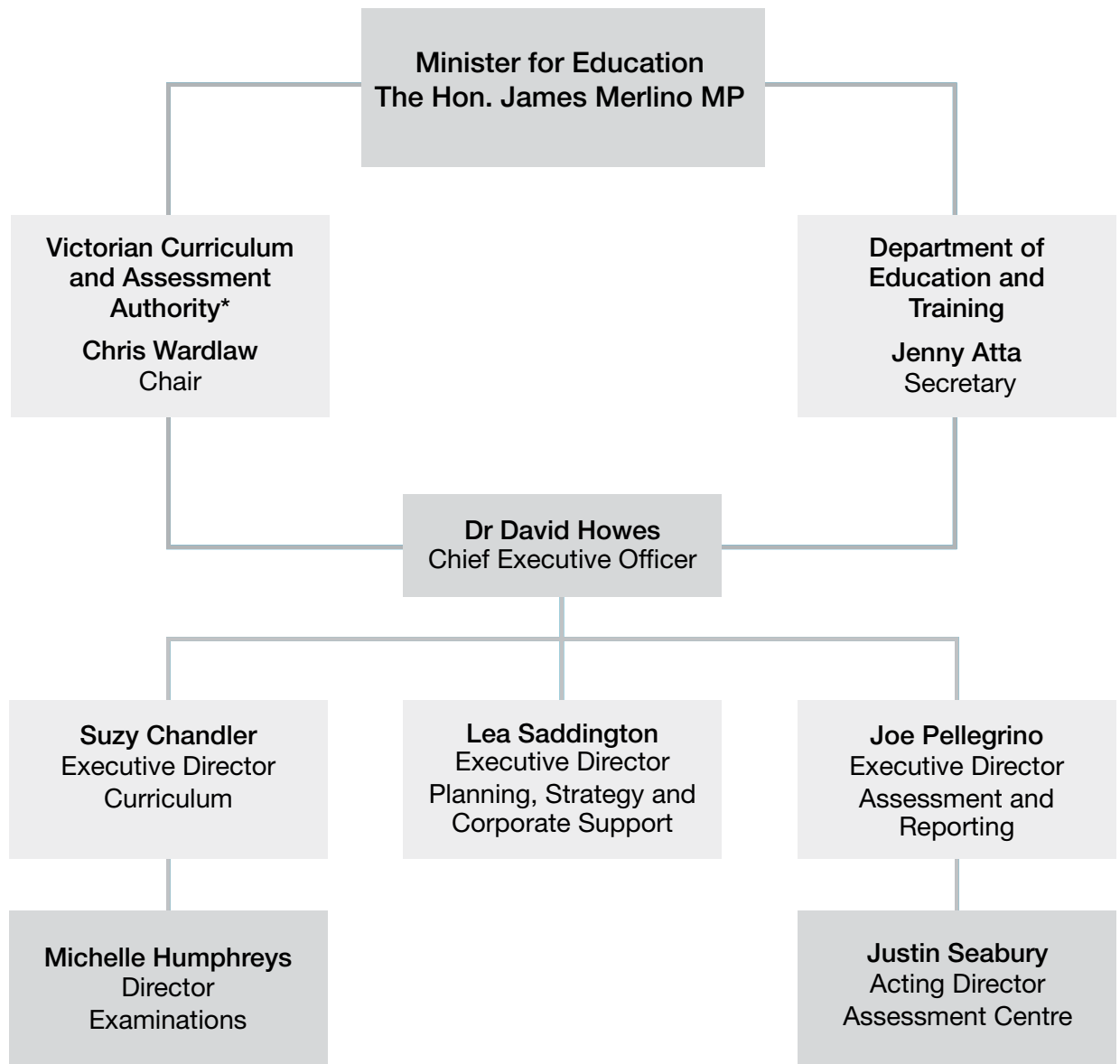
International Committee

The International Committee comprises the Board members Professor Wayne Hodgson (Chair) and Chris Wardlaw, the CEO Dr David Howes, and external members Joel Backwell, Cecilia Fan, Fion Lim, Tom Parker and Amanda Pickrell.

The International Committee advises the Board and makes recommendations on policy, strategy and operational matters on VCAA international activities and engagement, including:

- assessing applications from schools to deliver VCAA curriculum and assessment offshore
- licensing of VCAA products and services for use overseas
- risk management and quality assurance related to the offshore delivery of VCAA products and services
- aligning VCAA international activities with VCAA, departmental and government policy and strategy objectives.

Organisational structure (at 30 June 2019)



* The VCAA also reports to the Minister for Training and Skills, the Minister for Early Childhood Education, the Minister for Trade and Investment, and Minister for Jobs, Innovation and Trade in relation to relevant provisions in the *Education and Training Reform Act 2006 (Vic)* administered by those Ministers.

Staff

At 30 June 2019, the VCAA had 185 full-time equivalent (FTE) employees. During the year, the VCAA also employed 4,824 casual employees.

REPORT OF OPERATIONS

WORKFORCE DATA

Occupational health and safety

The VCAA's occupational health and safety objectives are to:

- prevent injury/illness from occurring in the workplace
- maintain the health and wellbeing of all staff
- comply with all statutory requirements of Acts and Regulations, codes of practice and standards.

To fulfil these objectives, the VCAA:

- proactively ensures that the workplace is safe and without risk to health
- monitors the health and wellbeing of the employees and conducts risk assessments of the work environment
- assists occupational health and safety representatives to maintain their knowledge and keep abreast of any legislative changes to the *Occupational Health and Safety Act 2004*
- develops and applies occupational health and safety policies, procedures and practices.

Major initiatives in 2018–19 included:

- supporting management representatives and occupational health and safety representatives to maintain their skills and knowledge
- actively encouraging staff to report all occupational health and safety issues
- continuing to review and upgrade the skills of first aid officers
- maintaining the knowledge level of wardens through practical drills.

During the reporting period, no new claims were received by the VCAA, and no Improvement or Prohibition Notices were issued to the VCAA.

Merit training

Twelve VCAA staff completed accreditation training during the reporting period. Eighty-one current staff have trained in merit-based selection procedures.

A merit protection-accredited person is required to be included on all recruitment selection panels.

Industrial relations

No time was lost due to industrial action during 2018–19.

Workforce data

Full-time equivalent (FTE) staffing trends

| Year | 2019 | 2018 | 2017 | 2016 | 2015 |
|------|------|------|------|------|------|
| FTE | 218 | 190 | 178 | 174 | 178 |

Summary of employment levels in June 2018 and 2019

| | All employees | | Ongoing | | | Fixed Term | | Casual employees |
|-----------|---------------|-----|---------------------|---------------------|-----|------------|-----|------------------|
| | Headcount | FTE | Full-time headcount | Part-time headcount | FTE | Headcount | FTE | Headcount |
| June 2019 | 230 | 218 | 164 | 29 | 185 | 37 | 33 | 377 |
| June 2018 | 201 | 190 | 153 | 26 | 172 | 22 | 18 | 303 |

Annualised total salary, by \$20,000 bands, for executives and other senior non-executive staff

| Income band (salary \$) | Executives | STS | PS | SMA | SRA | Other |
|-------------------------|------------|----------|----|-----|-----|-------|
| < 160,000 | 1 | | | | | |
| 160,000 – 179,999 | | | | | | |
| 180,000 – 199,999 | | 1 | | | | |
| 200,000 – 219,999 | 2 | 1 | | | | |
| 220,000 – 239,999 | | | | | | |
| 240,000 – 259,999 | | | | | | |
| 260,000 – 279,999 | 1 | | | | | |
| 280,000 – 299,999 | | | | | | |
| 300,000 – 319,999 | 1 | | | | | |
| Total | 5 | 2 | | | | |

Staff employment levels June 2018 and June 2019

| | June 2019 | | | | | | June 2018 | | | | | | | | | | | |
|-------------------------|---------------|------------|-----------------------|-----------------------|------------|-----------|-----------------|------------|---------------|------------|------------|-----------------------|-----------------------|-----------|-----------------|------------|-----------|--|
| | All employees | | Ongoing | | Fixed Term | | Casual Employee | | All employees | | Ongoing | | Fixed Term | | Casual Employee | | | |
| | Headcount | FTE | Full-time (headcount) | Part-time (headcount) | FTE | Headcount | FTE | Headcount | (headcount) | Headcount | FTE | Full-time (headcount) | Part-time (headcount) | FTE | Headcount | FTE | Headcount | |
| Gender | | | | | | | | | | | | | | | | | | |
| Male | 76 | 74 | 63 | 1 | 63 | 12 | 11 | 135 | 68 | 67 | 60 | 1 | 61 | 7 | 6 | 109 | | |
| Female | 154 | 144 | 101 | 28 | 122 | 25 | 22 | 242 | 133 | 123 | 93 | 25 | 111 | 15 | 12 | 194 | | |
| Self-described | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Age | | | | | | | | | | | | | | | | | | |
| Under 25 | 1 | 1 | - | - | - | 1 | 1 | - | 1 | 1 | - | - | - | 1 | 1 | - | - | |
| 23-34 | 23 | 22 | 18 | 1 | 19 | 4 | 3 | - | 19 | 18 | 13 | 1 | 14 | 5 | 4 | - | - | |
| 35-44 | 57 | 53 | 32 | 11 | 40 | 14 | 13 | - | 51 | 47 | 33 | 12 | 42 | 6 | 5 | - | - | |
| 45-54 | 66 | 63 | 48 | 8 | 54 | 10 | 9 | - | 60 | 58 | 49 | 5 | 53 | 6 | 5 | - | - | |
| 55-64 | 64 | 61 | 53 | 4 | 55 | 7 | 6 | - | 57 | 54 | 49 | 5 | 52 | 3 | 2 | - | - | |
| Over 64 | 19 | 18 | 13 | 5 | 17 | 1 | 1 | - | 13 | 12 | 9 | 3 | 11 | 1 | 1 | - | - | |
| VPSG1-6 | | | | | | | | | | | | | | | | | | |
| VPSG1 | 223 | 211 | 157 | 29 | 178 | 37 | 33 | - | 196 | 185 | 148 | 26 | 177 | 22 | 18 | - | - | |
| VPSG2 | 1 | 1 | - | - | - | 1 | 1 | - | 1 | 1 | - | - | - | 1 | 1 | - | - | |
| VPSG3 | 10 | 9 | 7 | 2 | 8 | 1 | 1 | - | 10 | 9 | 7 | 1 | 7 | 2 | 2 | - | - | |
| VPSG4 | 47 | 44 | 29 | 11 | 38 | 7 | 6 | - | 45 | 41 | 29 | 9 | 36 | 74 | 52 | - | - | |
| VPSG5 | 32 | 30 | 25 | 4 | 27 | 3 | 3 | - | 29 | 27 | 20 | 5 | 23 | 4 | 3 | - | - | |
| VPSG6 | 86 | 81 | 59 | 9 | 66 | 18 | 16 | - | 75 | 72 | 62 | 11 | 69 | 4 | 4 | - | - | |
| | 47 | 46 | 37 | 3 | 39 | 7 | 6 | - | 36 | 35 | 32 | - | 32 | 4 | 3 | - | - | |
| Senior Employees | 7 | 7 | 7 | - | 7 | - | - | - | 5 | 5 | 5 | - | 5 | - | - | - | - | |
| STS | 2 | 2 | 2 | - | 2 | - | - | - | 2 | 2 | 2 | - | 2 | - | - | - | - | |
| Executive Officers | 5 | 5 | 5 | - | 5 | - | - | - | 3 | 3 | 3 | - | 3 | - | - | - | - | |
| Total employees | 230 | 218 | 164 | 29 | 185 | 37 | 33 | 377 | 201 | 190 | 153 | 26 | 172 | 22 | 18 | 303 | | |

REPORT OF OPERATIONS – OTHER DISCLOSURES AND ATTESTATIONS

Local Jobs First

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy.

Departments and public sector bodies must apply the Local Jobs First policy in all projects valued at \$3 million or more in metropolitan Melbourne or for statewide projects, or \$1 million or more for projects in regional Victoria.

MPSG applies to all construction projects valued at \$20 million or more.

The MPSG guidelines and VIPP guidelines will continue to apply to MPSG applicable and VIPP applicable projects respectively where contracts have been entered before 15 August 2018.

Projects commenced – Local Jobs First Standard

During 2018–19, the VCAA commenced one Local Jobs First Standard project valued at \$12,126,558.

The project, known as Delivery of NAPLAN for Victorian Schools 2019–2021, was conducted statewide.

The outcomes expected from the implementation of the Local Jobs First policy to this project where information was available were:

- 0 new jobs
- 6 retained jobs
- 0 apprenticeships
- 0 traineeships
- 0 cadetships.

Reporting requirements

During 2018–2019 four small to medium enterprises were engaged through the supply chain on this project.

Projects completed – Local Jobs First Standard

The VCAA did not complete the Local Jobs First Standard project 2018–19. It is due for completion in 2021.

Consultancy expenditure

In 2018–19, there were six consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2018–19 in relation to these consultancies is \$211,835 (excluding GST). Details of individual consultancies are outlined below

| Consultant | Purpose of consultancy | Total approved project fee (\$ excluding GST) | Expenditure 2018–19 (\$ excluding GST) | Future expenditure (\$ excluding GST) |
|-------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------|-------------------------------------------|------------------------------------------|
| Deloitte Consulting Pty Ltd | Insight Part A options analysis | 41,000 | 41,000 | – |
| Cambridge Exam Research Ltd | Review marking systems for 3 VCE examinations | 15,086 | 15,086 | – |
| Dandolo Partners Pty Ltd | VCE on the Northern Hemisphere Timetable Evaluation | 62,946 | 62,946 | – |
| Dandolo Partners Pty Ltd | VCE Offshore Pricing Review | 51,253 | 51,253 | – |
| National Institute Of Organisation Dynamics Australia | Organisational review – Special Provisions Business Operations | 26,250 | 6,750 | 19,500 |
| Quantum Market Research Pty Ltd | VCAA Client/Stakeholder research | 34,800 | 34,800 | – |

In 2018–19 there were no consultancies where the total fees payable to the consultant was less than \$10,000.

Information and Communications Technology (ICT) expenditure

| BAU ICT expenditure | Non-BAU ICT expenditure | Operational expenditure | Capital expenditure |
|---------------------|-------------------------|-------------------------|---------------------|
| Total | Total = A+ B | A | B |
| \$10,089,442 | \$114,586 | \$47,948 | \$66,638 |

Freedom of information

The *Freedom of Information Act 1982 (Vic)* allows the public to access documents/information held by the VCAA. These can be documents created by the VCAA or supplied to the VCAA by an external organisation or individual. These can include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by the VCAA is available under its Part II Information Statement at vcaa.vic.edu.au.

The VCAA may refuse access, either fully or partially. Examples of documents that may not be accessed include: Cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to the VCAA in confidence.

Processing time for requests is 30 days. However, when external consultation is required the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times.

Under section 49A of the Act, an applicant not satisfied by a VCAA decision can seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

Making a request

FOI requests were submitted by making a written request to the Freedom of Information Officer, as detailed in section 17 of the *Freedom of Information Act 1982 (Vic)*. An application fee of \$28.90 applied from 1 July 2018 to 30 June 2019. Access charges could apply if the document pool was large, and the search for material was time consuming.

Applicants were required to make an FOI request in writing, and clearly identify what types of material/documents were being sought.

FOI statistics/timelines

The VCAA received three applications, two of which were valid. These applications were from members of the public.

The VCAA made two FOI decisions within the statutory 30-day time period. The average time taken to finalise the requests was 20 days.

One request was subject to a complaint/internal review by OVIC. No applications were made to the Victorian Civil and Administrative Tribunal (VCAT).

Further information

Further information about the operation and scope of FOI can be obtained from the Act, regulations made under the Act, and ovic.vic.gov.au.

FOI requests should be addressed to:
Freedom of Information Officer
Victorian Curriculum and Assessment Authority
Level 7, 2 Lonsdale Street
Melbourne Victoria 3000

(03) 9032 1662
vcaa.foi@edumail.vic.gov.au

Compliance with the *Building Act 1993*

The VCAA does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993* (Vic).

Legislative reviews

The VCAA did not undertake any reviews of legislation in 2018–19.

National Competition Policy

The Victorian Department of Education and Training is responsible for legislation and regulations enacted within the portfolio, and the regulatory burden assessments carried out include consideration of the principles contained in the National Competition Policy.

Competitive neutrality

Competitive neutrality policy supports fair competition between public and private businesses.

The VCAA does not conduct any businesses. The VCAA was not involved in any complaints for the year 2018–19.

Compliance with the *Protected Disclosure Act 2012*

The *Protected Disclosure Act 2012* (Vic) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

The VCAA does not tolerate improper conduct by its employees or officers, nor the taking of reprisals against those who come forward to disclose such conduct.

We are committed to ensuring transparency and accountability in our administrative and management practices. We support the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources or conduct involving a substantial risk to public health and safety or the environment.

We will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. We will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Under the Protected Disclosure Act, the VCAA is not able to receive disclosures of improper conduct or detrimental action by the VCAA or any of its employees or officers. Disclosures of improper conduct or detrimental action by the VCAA or any of its Board members and/or employees should be made to the Independent Broad-based Anti-corruption Commission (IBAC). Disclosures can be made anonymously.

Level 1, North Tower, 459 Collins Street
Melbourne Victoria 3000

1300 735 135
www.ibac.vic.gov.au – see the IBAC website for online complaint form
info@ibac.vic.gov.au – see the IBAC website for downloadable hard copy complaint form

Further information

The VCAA's Protected Disclosure procedures are available online (under Corporate Policies) at: www.vcaa.vic.edu.au/About-us/Pages/WhatWeDo.aspx. A hard copy of these procedures can also be obtained by requesting a copy by mail from the VCAA's Protected Disclosure Coordinator:

Executive Director, Planning, Strategy and Corporate Support
Victorian Curriculum and Assessment Authority
Level 7, 2 Lonsdale Street
Melbourne Victoria 3000

Additional information available on request

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994* (Vic), details in respect of the items listed below have been retained by the Chief Executive Officer of the VCAA and are available on request, subject to the provisions of the *Freedom of Information Act 1982* (Vic):

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by the VCAA about itself, and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by the VCAA
- details of any major external reviews carried out on the VCAA
- details of major research and development activities undertaken by the VCAA
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by the VCAA to develop community awareness of the VCAA and its services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within the VCAA and details of time lost through industrial accidents and disputes
- a list of major committees sponsored by the VCAA, the purposes of each committee and the extent to which the purposes have been achieved
- details of all consultancies and contractors including:
 - consultants/contractors engaged
 - services provided
 - expenditure committed for each engagement.

The information is available on request from:

Chief Executive Officer
Victorian Curriculum and Assessment Authority
Level 7, 2 Lonsdale Street
Melbourne Victoria 3000
vcaa@edumail.vic.gov.au

Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

I, Claire Rasmussen, on behalf of the Responsible Body, certify that the Victorian Curriculum and Assessment Authority has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

A handwritten signature in black ink, appearing to read 'CRasmussen', with a long, sweeping horizontal flourish extending to the right.

Claire Rasmussen

Audit Committee Chair

FINANCIAL REPORT

How this report is structured

The Victorian Curriculum and Assessment Authority (VCAA) has presented its audited general purpose financial statements for the financial year ended 30 June 2019 in the following structure to provide users with the information about the VCAA's stewardship of resources entrusted to it.

Financial statements

Declaration in Financial Statements

Comprehensive operating statement

Balance sheet

Statement of changes in equity

Cash flow statement

Notes to the financial statements

1. About this report

The basis on which the financial statements have been prepared and compliance with reporting regulations

2. Funding delivery of our services

Revenue recognised in respect of operational funding and other income sources

3. The cost of delivering services

Operating expenses

4. Key assets available to support output delivery

Plant and equipment, intangibles, investments and other financial assets

5. Other assets and liabilities

Working capital balances and other key assets and liabilities

6. How we financed our operations

Borrowings, cash flow information, leases

7. Risks, contingencies and valuation judgements

Financial risk management, contingent assets and liabilities as well as fair value determination

8. Other disclosures

FINANCIAL RESULTS

Declaration in Financial Statements

The attached financial statements for the Victorian Curriculum and Assessment Authority (VCAA) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of the VCAA at 30 June 2019.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 21 August 2019.



Chris Wardlaw

Chair
Melbourne
21 August 2019



David Howes

Chief Executive Officer
Melbourne
21 August 2019



Bruce Rohde

Chief Finance Officer
Melbourne
21 August 2019

Independent Auditor's Report

To the Board members of the Victorian Curriculum Assessment Authority

| | |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Opinion | <p>I have audited the financial report of the Victorian Curriculum Assessment Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • accountable officer's and chief finance and accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Standing Direction 5.2 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Board members's responsibilities for the financial report | <p>The Board members of the authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board members determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board members are responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian 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 report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board members
- conclude on the appropriateness of the Board members' 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 authority'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 report 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 authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board members 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.

MELBOURNE
22 August 2019



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2019

| | Note(s) | 2019 \$ | 2018 \$ |
|-------------------------------------------------------------|----------|-------------------|-------------------|
| Continuing operations | | | |
| Income from transactions | | | |
| Funding | 2.2 | 76,978,576 | 69,014,055 |
| Interest | 2.3.1 | 308,073 | 122,983 |
| Grants | 2.3.2 | 2,899,304 | 1,912,032 |
| Resources received free of charge | 2.3.3 | 2,537,238 | 2,479,869 |
| Other income | 2.3.4 | 4,374,156 | 4,192,978 |
| Total income from transactions | | 87,097,347 | 77,721,917 |
| Expenses from transactions | | | |
| Employee expenses | 3.1.1(a) | 45,451,602 | 41,031,728 |
| Depreciation and amortisation expense | 4.1.1 | 619,738 | 484,957 |
| Interest expense | 6.1.2 | 1,213 | 3,873 |
| Supplies and services | 3.1.2 | 29,264,869 | 20,407,114 |
| Other expenses | 3.1.2 | 736,480 | 747,360 |
| Resources received free of charge | 3.1.2 | 2,537,238 | 2,479,869 |
| Total expenses from transactions | | 78,611,140 | 65,154,901 |
| Net result from transactions (net operating balance) | | 8,486,207 | 12,567,016 |
| Net result | | 8,486,207 | 12,567,016 |
| Comprehensive result | | 8,486,207 | 12,567,016 |

The above comprehensive operating statement should be read in conjunction with the notes to the financial statements on p.48.

Balance sheet

As at 30 June 2019

| | Note(s) | 2019 \$ | 2018 \$ |
|----------------------------------------|---------|-------------------|-------------------|
| Assets | | | |
| Financial assets | | | |
| Cash and deposits | 6.3 | 34,640,341 | 5,503,422 |
| Receivables | 5.1 | 2,209,840 | 2,083,872 |
| Investments and other financial assets | 4.3 | – | 19,000,000 |
| Total financial assets | | 36,850,181 | 26,587,294 |
| Non-financial assets | | | |
| Plant and equipment | 4.1 | 423,406 | 468,682 |
| Intangible assets | 4.2 | 2,390,765 | 1,940,395 |
| Other non-financial assets | 5.3 | 533,655 | 492,920 |
| Total non-financial assets | | 3,347,826 | 2,901,997 |
| Total assets | | 40,198,007 | 29,489,291 |
| Liabilities | | | |
| Payables | 5.2 | 11,195,720 | 8,995,840 |
| Borrowings | 6.1 | 95,771 | 73,142 |
| Total liabilities | | 11,291,491 | 9,068,982 |
| Net assets | | 28,906,516 | 20,420,309 |
| Equity | | | |
| Accumulated surplus | | 24,208,024 | 15,721,817 |
| Contributed capital | | 4,698,492 | 4,698,492 |
| Net worth | | 28,906,516 | 20,420,309 |

The balance sheet should be read in conjunction with the notes to the financial statements.

Statement of changes in equity

For the financial year ended 30 June 2019

| | Accumulated Surplus \$ | Contributions by owner \$ | Total \$ |
|--------------------------------|------------------------------|---------------------------------|-------------------|
| Balance at 1 July 2017 | 3,154,801 | 4,698,492 | 7,853,293 |
| Net result for the year | 12,567,016 | – | 12,567,016 |
| Balance at 30 June 2018 | 15,721,817 | 4,698,492 | 20,420,309 |
| Net result for the year | 8,486,207 | – | 8,486,207 |
| Balance at 30 June 2019 | 24,208,024 | 4,698,492 | 28,906,516 |

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

Cash flow statement

For the financial year ended 30 June 2019

| | Note(s) | 2019 \$ | 2018 \$ |
|-------------------------------------------------------------------------|--------------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Receipts from Government | | 79,886,630 | 71,050,654 |
| Interest received | | 308,073 | 122,983 |
| Goods and Services Tax recovered from ATO | | 10,613 | 14,038 |
| Other receipts | | 4,183,816 | 4,282,868 |
| Total receipts | | 84,389,132 | 75,470,543 |
| Payments | | | |
| Payments to employees | | (45,009,303) | (39,212,236) |
| Goods and Services Tax paid to ATO | | (50,114) | (75,271) |
| Payments to suppliers | | (28,190,457) | (21,339,011) |
| Total payments | | (73,249,874) | (60,626,518) |
| Net cash flows from/(used in) operating activities | 6.3.1 | 11,139,258 | 14,844,025 |
| Cash flows from investing activities | | | |
| Payments for investments | | – | (19,000,000) |
| Proceeds from sale of investments | | 19,000,000 | – |
| Payments for non-financial assets | | (294,407) | (574,084) |
| Payments for work in progress | | (684,050) | (899,119) |
| Net cash flows from/(used in) investing activities | | 18,021,543 | (20,473,203) |
| Cash flows from financing activities | | | |
| Repayment of finance leases | | (23,882) | (29,296) |
| Net cash flows from/(used in) financing activities | | (23,882) | (29,296) |
| Net increase/(decrease) in cash and cash equivalents | | 29,136,919 | (5,658,474) |
| Cash and cash equivalents at the beginning of the financial year | | 5,503,422 | 11,161,896 |
| Cash and cash equivalents at the end of the financial year | 6.3 | 34,640,341 | 5,503,422 |

The cash flow statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ABOUT THIS REPORT

The Victorian Curriculum and Assessment Authority (VCAA) is a statutory authority continued under the *Education and Training Reform Act 2006 (Vic)* (ETR Act) and a public body under the *Financial Management Act 1994 (Vic)*. The VCAA directly reports to, and is primarily accountable to, the Victorian Minister for Education. The *ETR Act 2006* sets out the functions and powers of the VCAA.

A description of the nature of its operations and its principal activities is included in the Report of operations, which does not form part of these statements.

Its principal address is: Victorian Curriculum and Assessment Authority
Level 7, 2 Lonsdale Street
Melbourne Vic 3000

Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgments, estimates and assumptions are required to be made about financial information being presented. The significant judgments made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgments are disclosed. Estimates and associated assumptions are based on professional judgments derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgments and assumptions made by management in the application of Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgment or estimates'.

These financial statements cover the VCAA as an individual reporting entity and include all the controlled activities of the agency.

Where necessary, changes to the presentation of comparative figures have been made for disclosure purposes.

Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated.

Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994*, and applicable AAS which include Interpretations issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. For the purposes of preparing financial statements, VCAA is classed as a not-for-profit entity.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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

These annual financial statements were authorised for issue by the Chair of the Board on 21 August 2019.

2. FUNDING DELIVERY OF OUR SERVICES

The VCAA's mission is to provide high-quality curriculum, assessment and reporting to enable learning for life.

The VCAA is predominantly funded by accrual-based appropriations from the Department of Education and Training (DET) for the provision of outputs. As a statutory authority, the VCAA also derives revenue from a number of external sources, including the Commonwealth Government, overseas student fees, publication sales, student services, royalties and other administrative fees.

Structure

2.1 Summary of income that funds the delivery of our services

2.2 Funding

2.3 Income from transactions

2.3.1 Interest

2.3.2 Grants

2.3.3 Fair value of assets and services received free of charge or for nominal consideration

2.3.4 Other income

2.1 Summary of income that funds the delivery of our services

| | Notes | 2019 \$ | 2018 \$ |
|-----------------------------------------------------------|-------|-------------------|-------------------|
| Funding | 2.2 | 76,978,576 | 69,014,055 |
| Interest | 2.3.1 | 308,073 | 122,983 |
| Grants | 2.3.2 | 2,899,304 | 1,912,032 |
| Fair value of assets and services received free of charge | 2.3.3 | 2,537,238 | 2,479,869 |
| Other income | 2.3.4 | 4,374,156 | 4,192,978 |
| Total income from transactions | | 87,097,347 | 77,721,917 |

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

Where applicable, amounts disclosed as revenue are net of returns, allowances and duties and taxes. Revenue is recognised for each of the major activities as follows:

2.2 Funding

| | 2019 \$ | 2018 \$ |
|----------------------------------|-------------------|-------------------|
| Operational funding ^① | 76,978,576 | 68,539,055 |
| Capital funding | – | 475,000 |
| Total funding | 76,978,576 | 69,014,055 |

^① VCAA receives operational funding from DET, from which both employee and non-employee costs are met. Operational funding for 2018–19 includes \$11.6 million for The transition to NAPLAN Online, \$6.3 million of this is for 2019–20. In 2017–18, \$8.0 million was received for 2018–19 delivery. A further \$8.2 million was received from DET for the development of the Digital Assessment Library.

Funding is recognised when the VCAA obtains control of the funding and has a right to receive the funding to the extent it is probable the economic benefits will flow to the VCAA and can be reliably measured. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

2.3 Income from transactions

2.3.1 Interest

| | 2019 | 2018 |
|---------------------------|----------------|----------------|
| | \$ | \$ |
| Interest on bank deposits | 308,073 | 122,983 |
| Total interest | 308,073 | 122,983 |

Interest income includes interest received on bank deposits in the operational bank account.

Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

2.3.2 Grants

| | 2019 | 2018 |
|------------------------|------------------|------------------|
| | \$ | \$ |
| General purpose grants | 2,899,304 | 1,912,032 |
| Total grants | 2,899,304 | 1,912,032 |

Grant income arises from transactions in which a party provides goods or services (or extinguishes a liability) to the VCAA without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For non-reciprocal grants, the VCAA recognises revenue when the grant is received.

Grants can be received as general purpose grants which refer to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

2.3.3 Fair value of assets and services received free of charge or for nominal consideration

| | 2019 | 2018 |
|-----------------------------------------------------------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| Accommodation | 2,537,238 | 2,479,869 |
| Total fair value of assets and services received free of charge or for nominal consideration | 2,537,238 | 2,479,869 |

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the VCAA obtains control over them. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

Fair value of assets and services received free of charge or from nominal consideration relates to two separate building occupancy agreements:

- 2 Lonsdale Street, Melbourne.
- VCAA Assessment Centre at Coburg.

The value of the VCAA accommodation costs from DET is recognised in the comprehensive operating statement as an expense offset by an increase to revenue as resources received free of charge.

2.3.4 Other income

| | 2019 | 2018 |
|---------------------------|------------------|------------------|
| | \$ | \$ |
| User charges | 3,399,690 | 3,317,041 |
| Royalties | 132,692 | 141,485 |
| Miscellaneous income | 841,774 | 734,452 |
| Total other income | 4,374,156 | 4,192,978 |

User charges

User charges include income for student fees and charges from overseas students and the offshore delivery of the VCE.

3. THE COST OF DELIVERING SERVICES

This section provides an account of the expenses incurred by the VCAA on delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the costs associated with provision of services are recorded.

Structure

3.1 Expenses incurred in delivery of services

3.1.1 Employee benefits

3.1.2 Other operating expenses

3.1 Expenses incurred in delivery of services

| | Notes | 2019 \$ | 2018 \$ |
|--------------------------------------------------------|-------|-------------------|-------------------|
| Employee benefit expenses | 3.1.1 | 45,451,602 | 41,031,728 |
| Other operating expenses | 3.1.2 | 32,538,587 | 23,634,343 |
| Total expenses incurred in delivery of services | | 77,990,189 | 64,666,071 |

3.1.1 Employee benefits

3.1.1(a) Employee benefits – comprehensive operating statement

| | 2019 \$ | 2018 \$ |
|----------------------------------------------------------------------|-------------------|-------------------|
| Salary and wages (including annual leave and long service leave) | 39,309,818 | 35,490,585 |
| Superannuation | 3,710,310 | 3,334,860 |
| Other on-costs (fringe benefits tax, payroll tax and WorkCover levy) | 2,431,475 | 2,206,283 |
| Total employee benefits | 45,451,602 | 41,031,728 |

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements and superannuation contributions. These are recognised when incurred, except for contributions in respect of defined benefit plans.

3.1.1(b) Employee benefits in the balance sheet

As per the *Education and Training Reform Act 2006*, for employees in the VCAA recognised as employees of the DET, their liabilities for long service leave and annual leave are recognised by DET. When a staff member accesses their leave entitlement, it is paid by DET and reduces the accumulated balances of the provision accounts in the DET balance sheet.

Provisions for on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

3.1.1(c) Superannuation contributions

As per the *Education and Training Reform Act 2006*, employees in the VCAA recognised as employees of the DET are entitled to receive superannuation benefits. DET contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

The VCAA does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's total defined benefit liabilities in its disclosure for administered items. However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the VCAA.

Superannuation contributions for the reporting period are included as part of salaries and associated costs in the comprehensive operating statement of the VCAA.

The VCAA paid contributions on behalf of eligible casual and sessional employees into 231 different funds.

Contributions are calculated at a rate of 9.5 per cent (2018: 9.5 per cent) pursuant to the provisions of the *Superannuation Guarantee Act 1992*. The names, details and amounts of the major employee superannuation funds and contributions made by the VCAA are as follows:

| | Paid contribution for the year | | Contribution outstanding at year end | |
|---------------------------------|--------------------------------|------------------|--------------------------------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ |
| Defined contribution plans: | | | | |
| Victorian Superannuation Scheme | 955,636 | 853,537 | 55,718 | 52,072 |
| Catholic Superannuation Fund | 85,240 | 63,761 | 2,276 | 652 |
| Uni Superannuation Fund | 61,000 | 39,138 | 5,916 | 4,740 |
| Various other | 385,183 | 297,588 | 18,448 | 17,708 |
| Total | 1,487,059 | 1,254,024 | 82,358 | 75,172 |

3.1.2 Other operating expenses

| | 2019 | 2018 |
|---------------------------------------------------------------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Supplies and services: | | |
| Examination centre, supervisor and other payments | 4,404,838 | 4,341,461 |
| Teacher release and development payments | 2,092,803 | 659,808 |
| Contractors and consultants | 15,324,562 | 8,744,685 |
| Administrative expenses | 2,455,845 | 2,315,537 |
| Information, technology and communication expenses | 2,537,245 | 2,195,922 |
| Purchase of other supplies and services | 2,449,576 | 2,149,701 |
| | 29,264,869 | 20,407,114 |
| Other expenses: | | |
| Lease payments | 703,635 | 708,754 |
| Bad debts from transactions | 32,845 | 38,606 |
| | 736,480 | 747,360 |
| Fair value assets and services provided free of charge or for nominal consideration: | | |
| Accommodation | 2,537,238 | 2,479,869 |
| | 2,537,238 | 2,479,869 |
| Total other operating expenses | 32,538,587 | 23,634,343 |

Other operating expenses generally represents the day-to-day running costs incurred in normal operations. It also includes bad debts expense from transactions that are mutually agreed.

Supplies and services are recognised as an expense in the reporting period in which they are incurred and generally represent cost of goods sold and the day-to-day running costs, including school requisites and maintenance costs, incurred in the normal operations of the VCAA.

Contributions of resources received free of charge or for nominal consideration represents the value of the VCAA accommodation costs from DET recognised in the comprehensive operating statement as an expense offset by an increase to revenue as resources received free of charge.

Operating lease payments, including any contingent rentals, are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

The VCAA controls assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the VCAA for the delivery of these outputs.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

Structure

4.1 Property, plant and equipment

4.1.1 Depreciation / amortisation and impairment

4.1.2 Carrying values by purpose groups

4.1.3 Reconciliation of movements in carrying values

4.2 Intangible assets

4.3 Investments and other financial assets

4.1 Property, plant and equipment

| | Gross carrying amount | | Accumulated depreciation/ amortisation | | Net carrying amount | |
|---------------------|-----------------------|------------------|-------------------------------------------|--------------------|---------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Plant and equipment | 4,184,783 | 3,923,219 | (3,880,586) | (3,757,883) | 304,196 | 165,336 |
| Motor vehicles | 129,061 | 116,646 | (33,661) | (43,978) | 95,400 | 72,668 |
| Work in progress | 23,810 | 230,678 | – | – | 23,810 | 230,678 |
| | 4,337,654 | 4,270,543 | (3,914,247) | (3,801,861) | 423,406 | 468,682 |

Initial recognition

Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

In 2018 a number of items were reclassified from plant and equipment to intangible assets. See section 4.2.

Subsequent measurement

Plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised in Section 7.3 by asset category.

Vehicles are valued using the current replacement cost method. The VCAA acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Department of Treasury and Finance who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

4.1.1 Depreciation / amortisation and impairment

| Charge for the period | 2019 | 2018 |
|-----------------------|----------------|----------------|
| | \$ | \$ |
| Plant and equipment | 168,253 | 144,261 |
| Intangibles | 427,842 | 311,732 |
| Motor vehicles | 23,643 | 28,964 |
| | 619,738 | 484,957 |

All plant and equipment and other non-financial physical assets that have finite useful lives are depreciated. The exception to this rule includes items under operating leases.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Amortisation is provided on computer software and other intangible assets. Amortisation is generally calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

| Asset | Useful life: years |
|----------------------------------------------------|--------------------|
| Plant and equipment (including computer equipment) | 3–5 |
| Intangibles | 3–5 |
| Leased assets (motor vehicles) | 5–10 |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where applicable.

Where items of plant and equipment have separately identifiable components, which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

Impairment of non-financial assets

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

During the 2019 financial year no assets have been impaired. (2018: Nil)

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of depreciated or amortised replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

4.1.2 Carrying values by purpose groups

| | Education | | Total | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ |
| Plant and equipment ⁽ⁱ⁾ | 304,196 | 165,336 | 304,196 | 165,336 |
| Motor vehicles | 95,400 | 72,668 | 95,400 | 72,668 |
| Work in progress | 23,810 | 230,678 | 23,810 | 230,678 |
| | 423,406 | 468,682 | 423,406 | 468,682 |

⁽ⁱ⁾ Plant and equipment are classified primarily by the purpose for which the assets are used according to one of six 'purpose groups' based upon government purpose classifications. All assets within a purpose group are further sub categorised according to the asset's 'nature' (i.e. plant and equipment, etc.), with each sub-category being classified as a separate class of asset for financial reporting purposes.

4.1.3 Reconciliation of movements in carrying values

| | Plant and equipment | | Motor vehicles | | Work in progress | | Total | |
|------------------------------------------|---------------------|----------------|----------------|---------------|------------------|----------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Opening Written Down Value Balance (WDV) | 165,336 | 817,883 | 72,668 | 150,146 | 230,678 | 501,316 | 468,682 | 1,469,345 |
| Additions | 119,382 | 77,051 | 80,321 | – | 100,245 | 182,019 | 299,948 | 259,070 |
| Disposals | – | – | (33,946) | (48,514) | – | – | (33,946) | (48,514) |
| Transfer to Intangibles | – | (585,337) | – | – | – | (452,657) | 0 | (1,037,994) |
| Transfer to Plant and equipment | 187,731 | – | – | – | (307,113) | – | (119,382) | – |
| Depreciation/amortisation expense | (168,253) | (144,261) | (23,643) | (28,964) | – | – | (191,896) | (173,225) |
| Closing WDV Balance | 304,196 | 165,336 | 95,400 | 72,668 | 23,810 | 230,678 | 423,406 | 468,682 |

4.2 Intangible assets

| | Computer software | | Work in progress | | Total | |
|--------------------------------------------|-------------------|----------------|------------------|------------------|------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Gross carrying amount | | | | | | |
| Opening WDV Balance | 770,638 | – | 1,169,757 | – | 1,940,395 | – |
| Additions | 175,025 | – | 878,212 | 1,214,133 | 1,053,237 | 1,214,133 |
| Transfer to/from Plant & equipment | – | 585,337 | – | 452,657 | – | 1,037,994 |
| Transfers to/from WIP | 478,397 | 497,033 | (653,422) | (497,033) | (175,025) | – |
| Amortisation of intangible produced assets | (427,842) | (311,732) | – | – | (427,842) | (311,732) |
| Closing WDV Balance | 996,218 | 770,638 | 1,394,547 | 1,169,757 | 2,390,765 | 1,940,395 |

Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An internally generated intangible asset arising from development (or from the development phases of an internal project) is recognised if, and only if, all of the following are demonstrated:

- a. the technical feasibility of completing the intangible asset so that it will be available for use or sale
- b. an intention to complete the intangible asset and use or sell it
- c. the ability to use or sell the intangible asset
- d. the intangible asset will generate probable future economic benefits;
- e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- f. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

Intangible produced assets with finite useful lives are amortised as an 'expense from transactions' on a straight line basis over their useful lives. Produced intangible assets have useful lives of between 3 to 5 years.

Intangible non-produced assets with finite useful lives are amortised as an 'other economic flow' on a straight line basis over their useful lives. The amortisation period is 3 to 5 years.

4.3 Investments and other financial assets

| | 2019 | 2018 |
|-------------------------------------------------------------|------|-------------------|
| | \$ | \$ |
| Current investments and other financial assets | | |
| Term deposits | | |
| Australian dollar term deposits > 3 months ^(a) | – | 19,000,000 |
| Total current investments and other financial assets | – | 19,000,000 |
| Total investments and other financial assets | – | 19,000,000 |

^(a) Term deposits under Investments and other financial assets class include only term deposits with maturity greater than 90 days.

5. OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from the VCAA's controlled operations.

Structure

5.1 Receivables (and guidance on de-recognition of financial assets)

5.1.1 Movement in the allowance for credit losses

5.1.2 Aging analysis of contractual receivables

5.2 Payables

5.2.1 Maturity analysis of contractual payables

5.3 Other non-financial assets

5.1 Receivables

| | 2019 | 2018 |
|-------------------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| Contractual receivables | | |
| Fee paying overseas students | 1,077,170 | 1,185,975 |
| Provisions for doubtful receivables | (29,929) | (30,262) |
| Other receivables | 1,162,599 | 919,409 |
| | 2,209,840 | 2,075,122 |
| Statutory | | |
| Amounts owing from the Department of Education and Training | – | 8,750 |
| Total receivables | 2,209,840 | 2,083,872 |
| <i>represented by:</i> | | |
| Current receivables | 2,209,840 | 2,083,872 |

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The VCAA holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The VCAA applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

Details about the VCAA's impairment policies, the VCAA's exposure to credit risk, and the calculation of the loss allowance are set out in note 7.1.4.

5.1.1 Movement in the allowance for credit losses

The VCAA measures loss allowances at an amount equal to life time expected credit losses (ECLs). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECLs are a probability-weighted estimate of credit-losses. Credit losses are measured as the present value of all cash shortfalls.

The movement in the allowance for impairment in respect of trade receivables during the year is shown below. Comparative amounts for 2018 represent the allowance amount for impairment losses under AASB 139. The VCAA has determined that the application of AASB 9's impairment requirements at 1 July 2018 did not result in any additional allowance for impairment.

| | 2019 | 2018 |
|-----------------------------------------------------------------------------------|-----------------|-----------------|
| | \$ | \$ |
| Balance at beginning of the year | (30,262) | (31,091) |
| Increase in allowance recognised in the net result | (29,929) | (30,262) |
| Reversal of allowance of receivables written off during the year as uncollectible | 30,262 | 31,091 |
| Balance at end of the year | (29,929) | (30,262) |

5.1.2 Aging analysis of contractual receivables

| | Carrying amount | Not past due and not impaired | Past due but not impaired | | | |
|------------------------------|------------------|-------------------------------|---------------------------|------------|-------------------|---------------|
| | | | Less than 1 month | 1-3 months | 3 months - 1 year | 1-5 years |
| 2019 | \$ | \$ | \$ | \$ | \$ | \$ |
| Fee paying overseas students | 1,047,241 | 1,015,737 | – | – | – | 31,504 |
| Other receivables | 1,162,599 | 1,148,329 | – | 250 | 14,020 | – |
| Total | 2,209,840 | 2,164,066 | – | 250 | 14,020 | 31,504 |
| 2018 | | | | | | |
| Fee paying overseas students | 1,155,713 | 1,119,802 | – | – | – | 35,911 |
| Other receivables | 919,409 | 407,994 | 446,510 | – | 64,905 | – |
| Total | 2,075,122 | 1,527,796 | 446,510 | – | 64,905 | 35,911 |

The average credit period for fee paying overseas students is 45 days and for other receivables is 30 days.

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

5.2 Payables

| | 2019 | 2018 |
|-------------------------------------------|-------------------|------------------|
| | \$ | \$ |
| Contractual | | |
| Supplies and services | 2,106,391 | 1,528,393 |
| Accrued wages and salaries | 4,405,182 | 3,988,121 |
| Accrued expenses | 2,375,483 | 1,483,209 |
| Other payables | 639,773 | 684,782 |
| | 9,526,829 | 7,684,505 |
| Statutory | | |
| Group tax payable | 243,228 | 217,991 |
| Amounts payable to government departments | 1,425,663 | 1,093,344 |
| Total payables | 11,195,720 | 8,995,840 |
| <i>represented by:</i> | | |
| Current payables | 11,195,720 | 8,995,840 |

Payables consist of:

Contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the VCAA prior to the end of the financial year that are unpaid, and arise when the VCAA becomes obliged to make future payments in respect of the purchase of those goods and services.

Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days. The terms and conditions payable to government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

5.2.1 Maturity analysis of contractual payables ⁽ⁱ⁾

| | Carrying amount | Nominal amount | Maturity dates |
|----------------------------|------------------|------------------|-------------------|
| | \$ | \$ | Less than 1 month |
| 2019 | | | |
| Supplies and services | 2,106,391 | 2,106,391 | 2,106,391 |
| Accrued wages and salaries | 4,405,182 | 4,405,182 | 4,405,182 |
| Accrued expenses | 2,375,483 | 2,375,483 | 2,375,483 |
| Other payables | 639,773 | 639,773 | 639,773 |
| Total | 9,526,829 | 9,526,829 | 9,526,829 |
| 2018 | | | |
| Supplies and services | 1,528,393 | 1,528,393 | 1,528,393 |
| Accrued wages and salaries | 3,988,121 | 3,988,121 | 3,988,121 |
| Accrued expenses | 1,483,209 | 1,483,209 | 1,483,209 |
| Other payables | 684,782 | 684,782 | 684,782 |
| Total | 7,684,505 | 7,684,505 | 7,684,505 |

⁽ⁱ⁾ Maturity analysis is presented using the contractual undiscounted cash flows.

5.3 Other non-financial assets

| | 2019 | 2018 |
|-----------------------------------------|----------------|----------------|
| | \$ | \$ |
| Current other assets | | |
| Prepayments | 533,655 | 492,920 |
| Total current other assets | 533,655 | 492,920 |
| Total other non-financial assets | 533,655 | 492,920 |

Other non-financial assets include prepayments, which represent payments in advance of receipt of goods or services or the payments made for services covering a term extending beyond 30 June 2019.

6. HOW WE FINANCED OUR OPERATIONS

This section provides information on the sources of finance utilised by the VCAA during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the VCAA.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

Structure

- 6.1** Borrowings
 - 6.1.1** Maturity analysis of borrowings
 - 6.1.2** Interest expense
- 6.2** Lease liabilities
 - 6.2.1** Finance lease liabilities (VCAA as lessee)
 - 6.2.2** Operating leases (VCAA as lessee)
- 6.3** Cash flow information and balances
 - 6.3.1** Reconciliation of net result to cash flow from operating activities
- 6.4** Commitments for expenditure
 - 6.4.1** Total commitments payable

6.1 Borrowings

| | 2019 | 2018 |
|----------------------------------------|---------------|---------------|
| | \$ | \$ |
| Current borrowing | | |
| Finance lease liabilities ^① | 41,158 | 48,722 |
| Total current borrowings | 41,158 | 48,722 |
| Non-current borrowings | | |
| Finance lease liabilities ^① | 54,613 | 24,420 |
| Total non-current borrowings | 54,613 | 24,420 |
| Total borrowings | 95,771 | 73,142 |

^① Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Borrowings are classified as financial instruments. All interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the VCAA has categorised its interest as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest bearing liabilities. The VCAA determines the classification of its interest bearing liabilities at initial recognition.

6.1.1 Maturity analysis of borrowings

| | Carrying amount | Nominal amount | Maturity dates | | | |
|---------------------------|-----------------|----------------|-------------------|--------------|-------------------|---------------|
| | | | Less than 1 month | 1-3 months | 3 months - 1 year | 1-5 years |
| | | | \$ | \$ | \$ | \$ |
| 2019 | | | | | | |
| Finance lease liabilities | 95,771 | 99,739 | 3,430 | 6,860 | 30,869 | 54,613 |
| Total | 95,771 | 99,739 | 3,430 | 6,860 | 30,869 | 54,613 |
| 2018 | | | | | | |
| Finance lease liabilities | 73,142 | 74,728 | 4,060 | 8,120 | 36,542 | 24,420 |
| Total | 73,142 | 74,728 | 4,060 | 8,120 | 36,542 | 24,420 |

6.1.2 Interest expense

| | 2019 | 2018 |
|-------------------------------|--------------|--------------|
| | \$ | \$ |
| Interest on finance leases | 1,213 | 3,873 |
| Total interest expense | 1,213 | 3,873 |

Interest expense includes costs incurred in connection to the interest component of finance leases repayments. Interest expense is recognised in the period in which it is incurred.

6.2 Lease liabilities

6.2.1 Finance lease liabilities (VCAA as lessee)

| | Minimum future lease payments ⁽ⁱ⁾ | | Present value of minimum future lease payments | |
|---------------------------------------------------------|----------------------------------------------|---------------|------------------------------------------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ |
| Finance lease liabilities payable⁽ⁱⁱ⁾ | | | | |
| Not longer than one year | 43,428 | 50,057 | 41,158 | 48,755 |
| Longer than one year and not longer than five years | 56,311 | 24,671 | 54,613 | 24,420 |
| Longer than five years | – | – | – | – |
| Minimum future lease payments | 99,739 | 74,728 | 95,771 | 73,175 |
| less future finance charges | (3,968) | (1,586) | – | – |
| Present value of minimum lease payments | 95,771 | 73,142 | 95,771 | 73,175 |
| <i>Included in the financial statements as:</i> | | | | |
| Current borrowing lease liabilities (note 6.1) | – | – | 41,158 | 48,722 |
| Non-current borrowing lease liabilities (note 6.1) | – | – | 54,613 | 24,420 |
| Total | – | – | 95,771 | 73,142 |

⁽ⁱ⁾ Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.

⁽ⁱⁱ⁾ Finance lease liabilities include obligations that are recognised on the balance sheet; the future payments related to operating and lease commitments are disclosed in note 6.4.

The lease commitments relate to the VCAA's motor vehicle leases. The VCAA entered into leasing arrangements with VicFleet to lease motor vehicles for lease periods between 24 and 36 months.

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset. If there is certainty that the VCAA will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability, and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

6.2.2 Operating leases (VCAA as lessee)

| | 2019 | 2018 |
|------------------------------------------------------|----------------|----------------|
| | \$ | \$ |
| Non-cancellable operating lease payable | | |
| Not longer than one year | 237,437 | 60,979 |
| Longer than one year and not longer than five years | 32,021 | 67,244 |
| Total non-cancellable operating lease payable | 269,458 | 128,223 |

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

6.3 Cash flow information and balances

Cash and deposits recognised in the balance sheet comprise cash on hand and cash at bank, deposits at call and those highly liquid investments (with an original maturity of three months or less).

| | 2019 | 2018 |
|----------------------------------------------------------------|-------------------|------------------|
| | \$ | \$ |
| Total cash and deposits at call disclosed in the balance sheet | 34,640,341 | 5,503,422 |
| Balance as per cash flow statement | 34,640,341 | 5,503,422 |

6.3.1 Reconciliation of net result to cash flow from operating activities

| | 2019 | 2018 |
|----------------------------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Net result for the period | 8,486,207 | 12,567,016 |
| Non cash movements: | | |
| (Gain)/loss on disposal of non-current assets | – | – |
| Depreciation and amortisation of non-current assets | 619,738 | 484,957 |
| Resources received free of charge (revenue) | 2,537,238 | 2,479,869 |
| Resources received free of charge (expense) | (2,537,238) | (2,479,869) |
| Movements in assets and liabilities: | | |
| (Increase)/decrease in receivables | (125,635) | 133,871 |
| (Increase)/decrease in other non-financial assets | (40,735) | (124,198) |
| Increase/(decrease) in payables | 2,200,016 | 1,783,208 |
| Increase/(decrease) in provisions | (333) | (829) |
| Net cash flow from/(used in) operating activities | 11,139,258 | 14,844,025 |

6.4 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

6.4.1 Total commitments payable ⁽ⁱ⁾

| Nominal amounts: 2019 | Less than 1 year | Between 1 and 5 years | Total |
|-----------------------------------------------------|------------------|-----------------------|------------------|
| | \$ | \$ | \$ |
| Capital expenditure commitments payable | 390,261 | – | 390,261 |
| Operating commitments payable | 5,599,265 | 2,920,033 | 8,519,298 |
| Total commitments (inclusive of GST) | 5,989,526 | 2,920,033 | 8,909,559 |
| Less GST recoverable from the Australian Tax Office | | | 809,960 |
| Total commitments (exclusive of GST) | | | 8,099,599 |

| Nominal amounts: 2018 | Less than 1 year | Between 1 and 5 years | Total |
|-----------------------------------------------------|------------------|-----------------------|------------------|
| | \$ | \$ | \$ |
| Capital expenditure commitments payable | 288,942 | – | 288,942 |
| Operating commitments payable | 4,709,146 | 518,015 | 5,227,161 |
| Total commitments (inclusive of GST) | 4,998,088 | 518,015 | 5,516,103 |
| Less GST recoverable from the Australian Tax Office | | | 501,464 |
| Total commitments (exclusive of GST) | | | 5,014,639 |

⁽ⁱ⁾ Future finance lease and non-cancellable operating lease payables are recognised on the balance sheet.

7. RISKS, CONTINGENCIES AND VALUATION JUDGMENTS

The VCAA is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgments and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgment to be applied, which for the VCAA related mainly to fair value determination.

Structure

- 7.1 Financial instruments specific disclosures
 - 7.1.1 Financial instruments: categorisation
 - 7.1.2 Financial instruments: Net holding gain/(loss) on financial instruments by category
 - 7.1.3 Financial risk management objectives and policies
 - 7.1.4 Financial instruments: credit risk
 - 7.1.5 Financial instruments: liquidity risk
 - 7.1.6 Financial instruments: market risk
- 7.2 Contingent assets and contingent liabilities
- 7.3 Fair value determination
 - 7.3.1 Fair value determination of financial assets and liabilities
 - 7.3.2 Fair value determination: non-financial physical assets

7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the VCAA's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

From 1 July 2018, the VCAA applied AASB 9 and classified all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets under AASB 9

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the VCAA to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The VCAA recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- term deposits.

Categories of financial liabilities under AASB 9 and previously under AASB 139

Financial liabilities at amortised cost are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. The VCAA recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the VCAA retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the VCAA has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

From 1 July 2018, the VCAA has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss (ECL) approach. Instruments subject to AASB 9 impairment assessment include the VCAA's contractual receivables, statutory receivables and its investment in debt instruments.

Under AASB 9, loss allowances are measured on either of the following basis;

- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Where the VCAA has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the VCAA's continuing involvement in the asset.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

7.1.1 Financial instruments: categorisation

| | Financial assets at amortised cost | Financial liabilities at amortised cost | Total |
|------------------------------------------------|---------------------------------------|--------------------------------------------|-------------------|
| 2019 | \$ | \$ | \$ |
| Contractual financial assets | | | |
| Cash and deposits | 34,640,341 | – | 34,640,341 |
| Receivables⁽ⁱ⁾ | | | |
| Receivables | 2,209,840 | – | 2,209,840 |
| Investments and other financial assets | | | |
| Term deposits | – | | – |
| Total contractual financial assets | 36,850,181 | – | 36,850,181 |
| Contractual financial liabilities | | | |
| Payables⁽ⁱ⁾ | | | |
| Supplies and services | – | 9,526,829 | 9,526,829 |
| Borrowings | | | |
| Lease liabilities | – | 95,771 | 95,771 |
| Total contractual financial liabilities | – | 9,622,600 | 9,622,600 |

| | Contractual financial assets – loans and receivables / held to maturity | Contractual financial liabilities at amortised cost | Total |
|------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------|-------------------|
| 2018 | \$ | \$ | \$ |
| Contractual financial assets | | | |
| Cash and deposits | 5,503,422 | – | 5,503,422 |
| Receivables⁽ⁱ⁾ | | | |
| Receivables | 2,075,122 | – | 2,075,122 |
| Investments and other financial assets | | | |
| Term deposits | 19,000,000 | | 19,000,000 |
| Total contractual financial assets | 26,578,544 | – | 26,578,544 |
| Contractual financial liabilities | | | |
| Payables⁽ⁱ⁾ | | | |
| Supplies and services | – | 7,684,505 | 7,684,505 |
| Borrowings | | | |
| Lease liabilities | – | 73,142 | 73,142 |
| Total contractual financial liabilities | – | 7,757,647 | 7,757,647 |

⁽ⁱ⁾ The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

7.1.2 Financial instruments: Net holding gain/(loss) on financial instruments by category

| | Net holding gain/ (loss) | Total interest income/ (expense) | Total |
|-------------------------------------------|-----------------------------|----------------------------------------|-----------------|
| 2019 | \$ | \$ | \$ |
| Contractual financial assets | | | |
| Financial assets at amortised cost | (32,845) | – | (32,845) |
| Total contractual financial assets | (32,845) | – | (32,845) |

| | | | |
|------------------------------------------------|----------|----------------|----------------|
| Contractual financial liabilities | | | |
| Financial liability at amortised cost | – | (1,213) | (1,213) |
| Total contractual financial liabilities | – | (1,213) | (1,213) |

| 2018 | | | |
|------------------------------------------------|---------------|----------------|----------------|
| Contractual financial assets | | | |
| Financial assets at amortised cost | 38,606 | – | 38,606 |
| Total contractual financial assets | 38,606 | – | 38,606 |
| Contractual financial liabilities | | | |
| Financial liability at amortised cost | – | (3,873) | (3,873) |
| Total contractual financial liabilities | – | (3,873) | (3,873) |

Note: Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

The net holding gains or losses disclosed above are determined as follows:

- for financial assets at amortised cost that are classified as financial assets at fair value through other comprehensive income, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

7.1.3 Financial risk management objectives and policies

As a whole, the VCAA's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements and notes.

The main purpose in holding financial instruments is to prudentially manage the VCAA's financial risks within the government policy parameters.

The VCAA's main financial risks include credit risk, liquidity risk and interest rate risk. The VCAA manages these financial risks in accordance with its financial risk management policy.

The VCAA uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer of the VCAA.

7.1.4 Financial instruments: credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The VCAA's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the VCAA. Credit risk is measured at fair value and is monitored on a regular basis.

In addition, the VCAA does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, the VCAA's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the VCAA will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowance for losses, represents the VCAA's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to the VCAA's credit risk profile in 2018–19.

Credit quality of contractual financial assets

| | Financial Institutions (AA- credit rating) | Financial Institutions (AAA- credit rating) | Other | Total |
|-------------------------------------------|-----------------------------------------------|------------------------------------------------|------------------|-------------------|
| 2019 | \$ | \$ | \$ | \$ |
| Cash and deposits | 34,640,341 | | – | 34,640,341 |
| Receivables ⁽ⁱ⁾ | – | – | 2,209,840 | 2,209,840 |
| Term deposits | – | – | – | – |
| Total contractual financial assets | 34,640,341 | – | 2,209,840 | 36,850,182 |
| 2018 | | | | |
| Cash and deposits | 5,503,422 | – | – | 5,503,422 |
| Receivables ⁽ⁱ⁾ | – | – | 2,075,122 | 2,075,122 |
| Term deposits | – | 19,000,000 | | 19,000,000 |
| Total contractual financial assets | 5,503,422 | 19,000,000 | 2,075,122 | 26,578,544 |

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

7.1.5 Financial instruments: liquidity risk

Liquidity risk is the risk that the VCAA would be unable to meet its financial obligations as they fall due. The VCAA operates under the Government fair payments policy of settling financial obligations within 30 days and, in the event of a dispute, making payments within 30 days from the date of resolution.

The VCAA's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet. VCAA manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding investments and other contractual financial assets that are readily tradeable in the financial markets
- careful maturity planning of its financial obligations based on forecasts of future cash flows
- a high credit rating for the State of Victoria (Moody's Investor Services & Standard & Poor's AAA), which assists in accessing the debt market at a lower interest rate.

The DET has provided the VCAA with a letter of comfort dated 21 August 2015 recognising that if required, the DET will provide supplementary funding to the VCAA to meet its current and future financial commitments as and when they fall due.

The VCAA's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

7.1.6 Financial instruments: market risk

The VCAA's exposure to market risk is primarily through interest rate risk. Objectives, policies and processes used to manage this risk are disclosed below.

Sensitivity disclosure analysis and assumptions

VCAA's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. The following movements are 'reasonably possible' over the next 12 months:

- A movement of 50 basis points down and 50 basis points up (2018: 50 points up and 100 points down) in the market interest rates (AUD)

The VCAA has performed a sensitivity analysis relating to its exposure to interest risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of the financial instrument will fluctuate because of changes in market interest rates. The VCAA does not hold any interest-bearing financial instruments that are measured at fair value, therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The VCAA actively manages this risk by monitoring movement in interest rates on a daily basis. Management has concluded that cash at bank, as a financial asset can be left at floating rate without necessarily exposing the VCAA to significant bad risk.

The carrying amount of financial assets and financial liabilities that are exposed to interest rates are set out in the following table. In addition, the VCAA's sensitivity to interest rate risk is set out in the table.

Interest rate exposure of financial instruments

| 2019 | Interest rate risk exposure | | | | |
|------------------------------------|--------------------------------|-------------------|---------------------|------------------------|----------------------|
| | Weighted average interest rate | Carrying amount | Fixed interest rate | Variable interest rate | Non-interest bearing |
| | % | \$ | \$ | \$ | \$ |
| Financial assets | | | | | |
| Cash and deposits | 1.23 | 34,640,341 | – | 34,640,341 | – |
| Receivables ⁽ⁱ⁾ | | 2,209,840 | – | – | 2,209,840 |
| Total financial assets | | 36,850,181 | – | 34,640,341 | 2,209,840 |
| Financial liabilities | | | | | |
| Payables ⁽ⁱ⁾ | | | | | |
| Supplies and services | | 9,526,829 | – | – | 9,526,829 |
| Borrowings | | | | | |
| Lease liabilities | | 95,771 | 95,771 | – | – |
| Total financial liabilities | | 9,622,600 | 95,771 | – | 9,526,829 |
| | | | | | |
| 2018 | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 1.25 | 5,503,422 | – | 5,503,422 | – |
| Receivables ⁽ⁱ⁾ | | 2,075,122 | – | – | 2,075,122 |
| Term deposits | 2.19 | 19,000,000 | 19,000,000 | – | – |
| Total financial assets | | 26,578,544 | 19,000,000 | 5,503,422 | 2,075,122 |
| Financial liabilities | | | | | |
| Payables ⁽ⁱ⁾ | | | | | |
| Supplies and services | | 7,684,505 | – | – | 7,684,505 |
| Borrowings | | | | | |
| Lease liabilities | | 73,142 | 73,142 | – | – |
| Total financial liabilities | | 7,757,647 | 73,142 | – | 7,684,505 |

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

Interest rate sensitivity analysis

| | -50 basis points | | | + 50 basis points | |
|----------------------------------------|-------------------|------------------|----------------------------------------|-------------------|----------------------------------------|
| | Carrying Amount | Net Result | Available-for-sale revaluation surplus | Net Result | Available-for-sale revaluation surplus |
| 2019 | \$ | \$ | \$ | \$ | \$ |
| Contractual financial assets | | | | | |
| Cash and deposits | 34,640,341 | (173,202) | - | 173,202 | - |
| Investments and other financial assets | - | - | - | - | - |
| Total impact | 34,640,341 | (173,202) | - | 173,202 | - |
| 2018 | | | | | |
| Contractual financial assets | | | | | |
| Cash and deposits | 5,503,422 | (27,517) | - | 55,034 | - |
| Investments and other financial assets | 19,000,000 | (95,000) | - | 190,000 | - |
| Total impact | 24,503,422 | (122,517) | - | 245,034 | - |

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefits is known, or non-quantifiable.

Contingent liabilities

possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

present obligations that rise from past events but are not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
- the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

At 30 June 2019 the VCAA had no contingent assets (nil at 30 June 2018) and no contingent liabilities (nil at 30 June 2018).

7.3 Fair value determination

Significant judgment: fair value measurement of assets and liabilities

Fair value determination requires judgment and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the VCAA.

This section sets out information on how the VCAA determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- Plant and equipment

In addition, the fair values of other assets and liabilities which are carried at amortised cost also need to be determined for disclosure purposes.

The VCAA determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The VCAA determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end; and
 - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer Note 7.3.1) and non-financial physical assets (refer Note 7.3.2).

7.3.1 Fair value determination of financial assets and liabilities

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices

Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly

Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The VCAA currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019-20 reporting period.

The VCAA determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

7.3.2 Fair value determination: non-financial physical assets

Fair value measurement hierarchy

| 2019 | Carrying amount as at | Fair value measurement at end of reporting period using: |
|-------------------------------------------------------------|-----------------------|----------------------------------------------------------|
| | 30 June 2019 | Level 3 ⁽ⁱ⁾ |
| | \$ | \$ |
| Plant, equipment and vehicles at fair value | | |
| Vehicles ⁽ⁱⁱ⁾ | 95,400 | 95,400 |
| Plant and equipment | 304,196 | 304,196 |
| Total of plant, equipment and vehicles at fair value | 399,596 | 399,596 |

| 2018 | Carrying amount as at | Fair value measurement at end of reporting period: |
|-------------------------------------------------------------|-----------------------|----------------------------------------------------|
| | 30 June 2018 | Level 3(i) |
| | \$ | \$ |
| Plant, equipment and vehicles at fair value | | |
| Vehicles ⁽ⁱⁱ⁾ | 72,668 | 72,668 |
| Plant and equipment | 165,336 | 165,336 |
| Total of plant, equipment and vehicles at fair value | 238,004 | 238,004 |

(i) Classified in accordance with the fair value hierarchy, see note 7.3.

(ii) Vehicles are categorised to Level 3 assets as the current replacement cost is used in estimating the fair value.

There have been no transfers between levels during the period.

Vehicles are valued using the current replacement cost method. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Department of Treasury and Finance who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2019.

For all assets measured at fair value, the current use is considered the highest and best use.

Reconciliation of Level 3 fair value

| | Vehicles | | Plant and equipment | |
|-----------------------------------------------------------------------------------------------------------|---------------|----------------|---------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ |
| Opening balance | 72,668 | 150,146 | 165,336 | 817,883 |
| Purchases (sales) | 46,375 | (48,514) | 119,382 | 77,051 |
| Transfers in (out) of Level 3 | – | – | 187,731 | (585,337) |
| <i>Gains or losses recognised in net result</i> | | | | |
| Depreciation | (23,643) | (28,964) | (168,253) | (144,261) |
| Closing balance | 95,400 | 72,668 | 304,196 | 165,336 |
| Total gains or losses for the period included in profit or loss for assets held at the end of the period. | – | – | – | – |

Description of significant unobservable inputs to Level 3 valuations

| | Valuation technique | Significant unobservable inputs |
|-------------------------------|--------------------------|----------------------------------------------|
| Vehicles, plant and equipment | Current replacement cost | Useful life of vehicles, plant and equipment |

The significant unobservable inputs have remain unchanged from 2018.

8. OTHER DISCLOSURES

This section provides additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

- 8.1** Subsequent events
- 8.2** Remuneration of executives
- 8.3** Responsible persons
- 8.4** Related parties
- 8.5** Remuneration of auditors
- 8.6** Ex-gratia expenses
- 8.7** Economic dependency
- 8.8** Other accounting policies
- 8.9** Changes in accounting policies
- 8.10** Australian Accounting Standards issued that are not yet effective
- 8.11** Glossary of technical terms

8.1 Subsequent events

No significant events occurred subsequent to 30 June 2019.

The policy in connection with recognising subsequent events is as follows: where events occur between the end of the reporting period and the date when the financial statements are authorised to be issued:

adjustments are made to amounts recognised in the financial statements where those events provide information about conditions which existed at the reporting date; and/or

disclosure is made where the events to conditions which arose after the end of the reporting period that are considered to be of material interest.

8.2 Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full-time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Several factors affected total remuneration payable to executives over the year, including re-negotiated contracts and retirements. Acting arrangements are not included.

| Remuneration of executive officers (including Key Management Personnel disclosed in note 8.4). | Total remuneration | |
|---------------------------------------------------------------------------------------------------|--------------------|------------------|
| | 2019 | 2018 |
| Short-term employee benefits | \$691,001 | \$714,060 |
| Post-employment benefits | \$78,325 | \$68,717 |
| Other long-term benefits | \$17,776 | \$13,151 |
| Total remuneration⁽ⁱ⁾ | \$787,102 | \$795,928 |
| Total number of executives | 4 | 4 |
| Total annualised employee equivalents⁽ⁱⁱ⁾ | 3.28 | 3.6 |

(i) The total number of executive officers includes persons who also meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (note 8.4)

(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

8.3 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period.

Remuneration received or receivable by Board members including the Accountable Officer in connection with the management of the VCAA during the reporting period was in the range:

| Income band | 2019 | 2018 |
|------------------------|------------------|------------------|
| | No. | No. |
| \$0 | 7 | 8 |
| \$1 to \$9,999 | 1 | 2 |
| \$10,000 to \$19,999 | 6 | 5 |
| \$40,000 to \$49,999 | 1 | 1 |
| \$60,000 to \$69,999 | – | 1 |
| \$290,000 to \$299,999 | – | 1 |
| \$300,000 to \$309,999 | 1 | – |
| Total numbers | 16 | 18 |
| | | |
| Total amount | \$434,511 | \$467,585 |

Amounts relating to the ministers are excluded and reported in the Financial Statements of the Department of Premier and Cabinet. For information regarding related party transactions of ministers, the register of members' interests is publicly available from: www.parliament.vic.gov.au/publications/register-of-interests.

The compensation details exclude the salaries and benefits of Ms Gill Callister and Ms Jenny Atta, who held the position of Secretary of the Department of Education and Training (DET). According to the *Education and Training Reform Act 2006*, membership of the authority must include the Secretary of DET, however the Secretary's remuneration and allowances are reported within DET's Financial Report.

Responsible Ministers and VCAA Board members

The persons who held the positions of Responsible Minister, and Members of the VCAA are as follows:

During the current financial year, the composition of the Cabinet and Ministerial appointments changed following the State election on 24 November 2018.

Listing of Cabinet Ministers has been provided in two tables below:

1. Cabinet Ministers in office for the period 1 July – 30 October 2018 (i.e. up to the start of caretaker period).
2. Cabinet Ministers in office from 29 November 2018 – 30 June 2019.

Listing of the persons who held the position of Responsible Ministers for the period 1 July – 30 October 2018.

| Minister | Portfolio |
|------------------------------|----------------------------------------|
| The Hon. James Merlino MP | Minister for Education |
| The Hon. Jenny Mikakos MP | Minister for Early Childhood Education |
| The Hon. Gayle Tierney MP | Minister for Training and Skills |
| The Hon. Philip Dalidakis MP | Minister for Trade and Investment |

Listing of the persons who held the position of Responsible Ministers for the period 29 November 2018 – 30 June 2019.

| Minister | Portfolio |
|---------------------------|-----------------------------------------|
| The Hon. James Merlino MP | Minister for Education |
| The Hon. Gayle Tierney MP | Minister for Training and Skills |
| The Hon. Martin Pakula MP | Minister for Jobs, Innovation and Trade |

In this period, responsibility for Early Childhood Education was assigned to Parliamentary Secretary Sonya Kilkenny MP.

Accountable Officer – Chief Executive Officer

Dr David Howes

| VCAA Board Members | |
|----------------------------------------------------------------|----------------------------------------------|
| Mr Chris Wardlaw, Chair | Dr Toni Meath |
| Ms Jenny Atta (ex officio) Term commenced 29 November 2018 | Mr Peter Moore |
| Ms Gill Callister (ex officio) Term completed 28 November 2018 | Mr Russell Pettis Term completed 4 July 2019 |
| Ms Suzy Chandler Term completed 17 July 2018 | Ms Andrée Poulter |
| Professor Marcia Devlin | Ms Claire Rasmussen |
| Ms Catherine Dillon | Professor Mark Rose |
| Professor Wayne Hodgson | Professor Kaye Stacey |
| Ms Pauline Jelleff | |

8.4 Related parties

The VCAA is a wholly owned and controlled entity of the State of Victoria within the education portfolio. Related parties of the VCAA include:

- All key management personnel and their close family members;
- All cabinet ministers and their close family members;
- All departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

Key management personnel of the VCAA include the portfolio ministers, the Secretary of the Department of Education and Training (DET), Board members, the Accountable Officer and senior executive managers.

These include:

| | |
|-----------------------|--------------------------------------------------------------|
| Joe Pellegrino | Executive Director, Assessment and Reporting |
| Suzy Chandler | Executive Director, Curriculum (appointed 23 July 2018) |
| Lea Saddington | Executive Director, Planning, Strategy and Corporate Support |

| Compensation | 2019 | 2018 |
|------------------------------|------------------|------------------|
| | \$ | \$ |
| Short-term employee benefits | 1,036,251 | 1,013,188 |
| Post-employment benefits | 99,277 | 89,709 |
| Other long-term benefits | 24,864 | 17,603 |
| Total | 1,160,392 | 1,120,500 |

Acting arrangements for Executive Officers that are key management personnel are not included.

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other member of the public, for example, stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions with the Victorian Government Procurement Board requirements.

Related party transactions with the members of the Governing Board and their related parties, which occurred during the normal course of business, apart from remuneration of Board directors which is disclosed in note 8.3, are listed below.

The value of transactions below are between the VCAA and DET. They do not include operational or capital funding which is disclosed in note 2.2, however they do include resources received free of charge (Notes 2.3.3 and 3.1.2).

| | 2019 | 2018 |
|----------------------|-----------|-----------|
| | \$ | \$ |
| Revenue received | 5,436,542 | 4,390,655 |
| Expenditure incurred | 3,224,735 | 3,160,271 |

The VCAA transacts with other government-related entities in the course of performing its statutory functions. Individual transactions are not being considered material for this disclosure and there is no individual impact on the VCAA's financial position or profit and loss.

Outside of normal citizen type transactions with the VCAA, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised for impairment of receivables from related parties.

8.5 Remuneration of auditors

| | 2019 | 2018 |
|-------------------------------------------|---------------|---------------|
| | \$ | \$ |
| Victorian Auditor-General's Office | | |
| Audit of the financial statements | 28,700 | 28,000 |
| Total remuneration of auditors | 28,700 | 28,000 |

8.6 Ex-gratia expenses

The VCAA had not made any ex-gratia payments as at 30 June 2019 (nil at 30 June 2018).

8.7 Economic dependency

The VCAA is dependent on the State Government, through DET, for a significant volume of its operating revenue, provision of human resources, information system support, financial facilities and ongoing financial support.

8.8 Other accounting policies

Foreign currency balances/transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction.

8.9 Changes in accounting policies

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 financial instruments: Recognition and Measurement.

Classification and measurement of financial assets

For 2018–19 (the initial year of application of AASB 9), the VCAA's management assessed the business models which apply to its financial assets and has classified the financial instruments into the appropriate AASB 9 categories.

Impairment - Financial assets and contract assets

Under AASB 9, all loans and receivables as well as other debt instruments not carried at fair value through net result are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.

For other loans and receivables, the VCAA applies the AASB 9 simplified approach to measure expected credit losses based on the change in the ECLs over the life of the asset.

The VCAA has determined that the application of AASB 9's impairment requirements at 1 July 2018 did not result in any additional allowance for impairment.

Transition

Changes in accounting policies resulting from the adoption of AASB 9 have generally been applied retrospectively, except that the VCAA will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) change.

8.10 Australian Accounting Standards issued that are not yet effective

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises of their applicability and early adoption where applicable. Please refer to the following detailed list of the Australian Accounting Standards issued but not yet effective for the 2018-19 reporting period.

| Standard/ Interpretation (i) | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AASB 15 Revenue from Contracts with Customers | The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities. | 1 Jan 2019 | The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. The assessment has indicated that there will be no significant impact for the VCAA. |
| AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for-Profit Public- Sector Licensors | AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities. | 1 Jan 2019 | AASB 2018-4 provides additional guidance for not-for-profit public sector licenses, which include: <ul style="list-style-type: none"> • Matters to consider in distinguishing between a tax and a license, with all taxes being accounted for under AASB 1058; • IP licenses to be accounted for under AASB 15; and • Non-IP, such as casino licenses, are to be accounted for in accordance with the principles of AASB 15 after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16. The assessment has indicated that there will be no significant impact for the VCAA. |
| AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for-Profit Entities | AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. | 1 Jan 2019 | This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 <ul style="list-style-type: none"> • Statutory receivables are recognised and measured similarly to financial assets. AASB 15 <ul style="list-style-type: none"> • The customer does not need to be the recipient of goods and/or services; • The contract could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or equivalent means; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be sufficiently specific to be able to apply AASB 15 to these transactions. The assessment has indicated that there will be no significant impact for the VCAA. |

| Standard/ Interpretation (i) | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AASB 16 Leases | The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet. | 1 Jan 2019 | <p>The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>No significant impact expected on the VCAA's operating statement and balance sheet based on the value and length of current operating leases.</p> |
| AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities | <p>This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.</p> | 1 Jan 2019 | <p>Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption.</p> <p>The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets. In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.</p> <p>The assessment has indicated that there will be no significant impact for the VCAA.</p> |
| AASB 1058 Income of Not-for-Profit Entities | <p>AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions.</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context.</p> <p>AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p> | 1 Jan 2019 | <p>Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions.</p> <p>The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed.</p> <p>The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement. The assessment has indicated that there will be no significant impact for the VCAA.</p> |

| Standard/ Interpretation (i) | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AASB 17 Insurance Contracts | <p>The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.</p> <p>This standard currently does not apply to the not-for-profit public sector entities.</p> | 1 Jan 2021 | The assessment has indicated that there will be no significant impact for the public sector. |
| AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material | <p>This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications.</p> <p>The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.</p> | 1 Jan 2020 | The standard is not expected to have a significant impact on the public sector. |
| AASB 1059 Service Concession Arrangements: Grantor | <p>This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction.</p> <p>An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.</p> | 1 Jan 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019) | <p>For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied:</p> <ul style="list-style-type: none"> • Operator is providing public services using a service concession asset; • Operator manages at least some of public services under its own discretion; <p>The State controls / regulates:</p> <ul style="list-style-type: none"> – what services are to be provided; – to whom; and – at what price; <p>State controls any significant residual interest in the asset.</p> <p>If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard.</p> <p>The assessment has indicated that there will be no significant impact for the VCAA.</p> |
| AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059 | This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020. | 1 Jan 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019) | <p>This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020. As the State has elected to early adopt AASB 1059, the financial impact will be reported in the financial year ending 30 June 2019, rather than the following year.</p> <p>The assessment has indicated that there will be no significant impact for the VCAA.</p> |

(i) For the current year, given the number of consequential amendments to AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers, and AASB 16 Leases, the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

In addition to the new standards and amendments, the AASB has issued a list of other amending standards that are not effective for the 2018-19 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business

8.11 Glossary of technical terms

Summary of the major technical terms used in this report:

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

- (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred)
- (b) the effects of changes in actuarial assumptions.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an other economic flow.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

Financial asset

A financial asset is any asset that is:

- (a) cash
- (b) an equity instrument of another entity
- (c) a contractual right
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

- is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability

A financial liability is any liability that is:

(a) a contractual or statutory obligation:

- (i) to deliver cash or another financial asset to another entity
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) a contract that will or may be settled in the entity's own equity instrument and is:

- (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
- (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

- (a) a balance sheet as at the end of the period
- (b) a comprehensive operating statement for the period
- (c) a statement of changes in equity for the period
- (d) a statement of cash flows for the period
- (e) notes, comprising a summary of significant accounting policies and other explanatory information
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature. While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants, which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Interest expense

Costs incurred in connection with the borrowing of funds. Interest expenses include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Non-financial asset

Non-financial assets are all assets that are not 'financial assets'.

Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- (a) gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets
- (b) depletion of natural assets (non-produced) from their use or removal
- (c) fair value changes of financial instruments.

Payables

Includes short-term and long-term trade debt and accounts payable, grants and interest payable.

Receivables

Includes short-term and long-term trade credit and accounts receivable, grants, taxes and interest receivable.

Sales of goods and services

Refers to revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges include sale of goods and services revenue.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the VCAA.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (such as, assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

| | |
|---------|--------------------------|
| - or 0 | zero, or rounded to zero |
| (xxx) | negative numbers |
| 20xx | year period |
| 20xx-xx | year period |

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Appendix 2: VCAA board meeting attendance

6 Board meetings held

| Board member name | 22 Aug 2018 | 24 Oct 2018 | 5 Dec 2018 | 20 Feb 2019 | 8 May 2019 | 26 June 2019 | Attendance |
|---------------------------|-------------|-------------|------------|-------------|------------|--------------|------------|
| Catherine Dillon | ● | ● | ● | ○ | ● | ▲ | 4/5 |
| Jenny Atta (ex-officio) | D | ○ | D | ○ | D | D | 4/6 |
| Professor Marcia Devlin | ● | ● | ● | ● | ● | ● | 6/6 |
| Professor Wayne Hodgson | ▲ | ● | ● | ● | ● | ● | 5/5 |
| Pauline Jelleff | ● | ● | ● | ● | ● | ● | 6/6 |
| Dr Toni Meath | ● | ● | ● | ● | ● | ● | 6/6 |
| Peter Moore | ● | ● | ● | ● | ● | ● | 6/6 |
| Russell Pettis | ● | ● | ● | ● | ● | ● | 6/6 |
| Andrée Poulter | ● | ● | ● | ● | ● | ● | 6/6 |
| Claire Rasmussen | ● | ● | ● | ● | ● | ● | 6/6 |
| Professor Mark Rose | ● | ○ | ▲ | ● | ○ | ● | 3/5 |
| Emeritus Prof Kaye Stacey | ● | ● | ● | ● | ▲ | ● | 5/5 |
| Chris Wardlaw (Chair) | ○ | ● | ○ | ● | ● | ● | 4/6 |

● Attended ▲ Leave of absence D Delegated ○ Apology

Note

Gill Callister, previous DET Secretary, finished her term on 28 November 2018. Jenny Atta was appointed Secretary after this.

Appendix 3 – Acronyms and abbreviations

| | |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACACA | Australasian Curriculum, Assessment and Certification Authorities |
| ACARA | Australian Curriculum, Assessment and Reporting Authority |
| ATAR | Australian Tertiary Admission Rank |
| Auslan | Language of the Australian deaf community |
| AusVELS | Foundation to Year 10 curriculum: Australian Curriculum learning areas for English, Mathematics, History and Science, plus the Victorian Essential Learning Standards |
| CAS | Computer algebra system (i.e. Mathematical Methods CAS) |
| DAL | Digital Assessment Library |
| DET | Department of Education and Training |
| EAL | English as an Additional Language |
| FWC | Fair Work Commission |
| FTE | Full-time equivalent |
| GAT | General Achievement Test |
| HESS | Higher Education Scored Study |
| NAPLAN | National Assessment Program – Literacy and Numeracy |
| RTO | Registered Training Organisation |
| STEM | Science, Technology, Engineering, Mathematics |
| TAFE | Technical and Further Education |
| VASS | Victorian Assessment Software System |
| VCAA | Victorian Curriculum and Assessment Authority |
| VCAL | Victorian Certificate of Applied Learning |
| VCE | Victorian Certificate of Education |
| VCE VET | Approved program combining VCE and VET qualification |
| VELS | Victorian Essential Learning Standards |
| VET | Vocational Education and Training |
| VETiS | Vocational Education and Training in Schools |
| VEYLDF | Victorian Early Years Learning and Development Framework |
| VPS | Victorian Public Sector |
| VRQA | Victorian Registration and Qualifications Authority |
| VTAC | Victorian Tertiary Admissions Centre |

