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September 2018

The Hon. James Merlino MP

Deputy Premier, Minister for Education and Minister for Emergency Services

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 2018.

Yours sincerely



Chris Wardlaw

Chair

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Report of operations – year in review

Report of the Chair

Education is fundamental to the wellbeing of all Victorians. The Victorian Curriculum and Assessment Authority (VCAA) contributes to that progress through providing contemporary, high- quality curriculum, assessment and reporting that supports educators and learners from the early years through to senior secondary level.

The activities of the VCAA Board this year were shaped by the VCAA’s Strategic Direction

2017–21. While the Strategic Direction is the core of VCAA’s planning framework, the Business Plan 2017–18 brings together and aligns the organisation’s divisional plans with the performance and development plans of VCAA staff. It provides clear accountability between budget, risk and planning and it guides a robust performance and monitoring regime.

We know that quality early childhood education is vital to children’s wellbeing, learning, development and long-term educational success. The VCAA, in partnership with the Department of Education and Training (DET), is committed to providing resources for early childhood professionals to guide our youngest learners.

In 2017–18 we continued to support early years education through developing assessment tools and practice guidelines. These accessible evidence-based resources are closely aligned with the Early Childhood Reform Plan goal of giving every child the best start in life. They help build the capability of early childhood professionals and strengthen their capacity to guide children through the learning and development outcomes of the Victorian Early Years Learning and Development Framework (VEYLDF).

The Victorian Curriculum Foundation–Year 10 (F–10) provides Victorian schools with a curriculum that enables them to develop teaching and learning programs that ensure our students are equipped for lifelong learning, personal and social development and active and informed citizenship.

In 2018 the VCAA organised a range of professional development opportunities to help schools develop teaching and learning programs and strengthen whole-school planning for delivery of the Victorian Curriculum.

Language studies continue to flourish. It is pleasing to see that in the past year the number of Aboriginal Languages taught in schools increased with the introduction of GunaiKurnai and Taungurung on their traditional Country. GunaiKurnai is taught in two schools, and several other schools are talking with Traditional Owners about introducing programs. In total, 10 Victorian schools offered Aboriginal Languages in 2017–18 and the VCAA provided professional learning sessions for all schools involved in these innovative programs.

The Victorian Certificate of Education (VCE) is a world-recognised senior secondary certificate because of our regular revision and improvement of our diverse range of studies which support the abilities, aspirations and interests of our students.

The VCAA appoints expert panels to review VCE study designs to ensure our curriculum continues to meet contemporary and emerging needs. In May 2018 statewide briefings began in preparation for implementation of 21 revised study designs, including those for 12 of the most studied languages, which will take place in 2019.

The talent of Victoria’s VCE students is extraordinary and in 2018 the VCE Season of Excellence once again showcased the exceptional creative output of these students. The Season allows outstanding young people to perform or exhibit their work in iconic venues such as the Melbourne Museum, the National Gallery of Victoria, the Melbourne Recital Centre and the Australian Centre for the Moving Image. This year’s shows upheld the Season’s perennially high standards.

The excellence of the VCE is underlined by its increasing adoption offshore. Thirty overseas schools now deliver the VCE (27 in China and one in each of Timor-Leste, Vanuatu and the Philippines). Ten of these deliver VCE on the Northern Hemisphere Timetable (NHT). In 2017, 535

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students completed the VCE offshore, 94 per cent of whom went on to enrol at an Australian tertiary institution.

The VCAA’s offshore model is based on the forging of strong connections between Victorian and international partner schools.

The VCAA is also working with the DET to provide a new Vocational Education and Training (VET) qualification for Aboriginal community members planning to teach their languages in schools. Around 40 Aboriginal people have expressed interest in completing this qualification.

Enrolments in VET remained high in 2017 with 50,504 students enrolling with 612 providers. This resulted in 68,137 certificate enrolments, including 3,031 enrolments in school-based or part-time apprenticeships or traineeships.

In February 2018, the Minister for Education, the Hon. James Merlino MP, wrote asking that the VCAA undertake an important review. The Minister’s central question was whether there should be a more explicit requirement for students to meet minimum standards of literacy and numeracy in order to be awarded the Victorian Certificate of Education (VCE) or the Victorian Certificate of Applied Learning (VCAL).

The letter is reproduced at Appendix 2.

Meanwhile, the talents of VCAL students, teachers and providers were put on display in the VCAL Achievement Awards. VCAL programs support senior secondary students to explore pathways into employment or further training that meets their individual needs, learning styles and career aspirations and continue to deliver strong outcomes.

During the reporting period the VCAA recorded 50,908 VCE completions (including 3,939 VCE [Baccalaureate] completions) and 13,255 VCAL certificate completions. It delivered to students’ homes 81,919 VCE statements of results, 14,913 VET statements of results and 3,691 VCAL statements of results.

The VCAA lost a great friend and colleague during the year with the passing of Professor Emeritus Collette Tayler. Professor Tayler held the Chair of Early Childhood Education and Care at the University of Melbourne for a decade and had served on the Board of the VCAA since July 2008. She was an extraordinary educator, researcher and teacher of teachers who left a profound mark on education in Victoria and nationally. She is greatly missed.

Other movements on the Board for the period were the appointments of Professor Marcia Devlin, Dr Toni Meath and Professor Emeritus Kaye Stacey. On 31 May 2018 Dale Pearce completed his service to the Board.

The Governor in Council renewed the appointment of Professor Wayne Hodgson on 1 June 2018 and on 30 June 2018 renewed the appointments of Pauline Jelleff and Professor Mark Rose.

The quality of Board input is essential to driving change for improved learning and building the best possible education system with valuable teaching and learning resources. All our Board members have exceptional knowledge and experience that ensures the best possible curriculum and assessment programs and services are available to Victorian teachers and their students.

I also wish to acknowledge the leadership of our Chief Executive Officer, Dr David Howes. David assumed this role on 15 July 2017 upon the retirement of John Firth and from day one has been

a dynamic and effective leader with a deep understanding of the work of the VCAA in serving the

Victorian community.

I thank him, the Secretary of the Department, Gill Callister, the dedicated staff of the VCAA and my fellow Board members for making 2017–18 a year of achievement.



**Chris Wardlaw**

Chair

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Report of the Chief Executive Officer

The 2017–18 year has been one of progress and attainment.

After a thorough and rigorous reaccreditation process, the VCAA’s registration as an awarding body was renewed by the Victorian Registration and Qualifications Authority (VRQA) on

1 January 2018, and the registration of the Victorian Certificate of Education (VCE) and the

Victorian Certificate of Applied Learning (VCAL) as accredited qualifications was extended to 31

December 2019.

As part of ongoing support by the VCAA for providers in implementing the VEYLDF, in 2017–18 the

VCAA published a literature review and practice guide for the Learning and Development Outcome

‘Children are effective communicators’. These resources will inform a greater understanding of communication in the early years.

The VCAA introduced middle years online Language Assessments for eight languages at three levels. This provided a new tool to assist teachers of languages in all sectors with formative assessment.

In May 2018, the VCAA managed the delivery of the NAPLAN tests in Victoria. Within the testing period, more than 260,000 Victorian students from Years 3, 5, 7 and 9 undertook tests of language conventions (spelling, grammar and punctuation), writing, reading and numeracy. One hundred

and twenty-four Victorian schools successfully undertook NAPLAN Online in place of the pen and paper tests.

The VCAA continued to support implementation of the Victorian Curriculum F–10 through

whole-school and curriculum area-specific planning as well as teacher participation in targeted professional learning. Specialist Teachers continued to facilitate face-to-face and online professional learning for groups of teachers and schools.

The VCAA also provided a range of curriculum and assessment support materials to help teachers implement their teaching, learning and assessment programs. In 2018, a suite of resources to support literacy and numeracy acquisition and the Guide to Formative Assessment Rubrics was published. The guide was accompanied by a series of workshops to support teachers to develop, trial and validate formative assessment rubrics.

The VCAA established a Curriculum Manager, Capabilities role to support the implementation of

Critical and Creative Thinking, Ethical, Intercultural, and Personal and Social Capabilities.

Delivery of VCAL continued to grow. In 2017 there were with 24,020 enrolments and a total of 460 providers across all sectors. Thirteen new providers were authorised to deliver the VCAL in 2018.

In 2018 Units 3 and 4 of the new VCE study Chinese Language, Culture and Society were implemented, following the successful implementation of Units 1 and 2 in 2017.

In 2017, more than 85,000 students sat at least one VCE exam administered by the VCAA. Ensuring the security and integrity of these examinations is one of our highest priorities. The 2017 examinations were conducted and marked accurately, securely and on schedule.

This achievement requires substantial planning and effort. Our examination-setters, chief assessors, markers and many staff operate a 24-hour, seven-day-a-week program from October to early December to ensure students receive their results in mid-December.

For the first time in 2017, students could receive their VCE results via a mobile phone app from

7.00am on results day. This platform was a joint initiative of the VCAA and the Victorian Tertiary Admissions Centre (VTAC). It had a high level of take-up with 36,458 students accessing their online results via the app.

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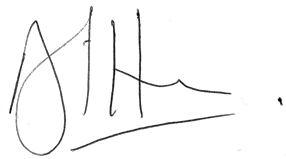
The VCAA International program supports the achievement of the Victorian Government’s International Education Sector Strategy. During the year the VCAA granted licences to eight new VCE providers in China and one in the Philippines.

In late 2017 the VCAA, in partnership with the DET, engaged the services of a School Education

Manager based in-country at the Victorian Government Business Office in Shanghai

In conclusion, I would like to thank VCAA’s staff for their continuing commitment to improving learning experiences and outcomes for all young Victorians.

It is a privilege to work with them.



**Dr David Howes**

Chief Executive Officer

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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.

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Key achievements

The VCAA’s registration as an awarding body was renewed by the VRQA on 1 January 2018, and the registration of the VCE and VCAL as accredited qualifications was extended to

31 December 2019.

During the reporting period, the VCAA recorded the following major achievements.

Early Years and Foundation–10

• The VCAA, in partnership with the DET, designed and delivered a range of VEYLDF interactive seminars and presentations to early years leadership and practitioner groups, including the school sector, cultural organisations, maternal and child health, family day care and early childhood education and care. This work has supported regional colleagues to strengthen existing networks and establish new early years partnerships.

• The VCAA published a literature review and practice guide focusing on the Learning and Development Outcome ‘Children are effective communicators’. It also developed a Planning Cycle Resource to support a continuum of learning from the VEYLDF Outcomes to the first three levels of the Victorian Curriculum F–10.

• The VCAA organised and facilitated a diverse range of professional development opportunities to help familiarise schools with the new Victorian Curriculum F–10, enable comprehensive whole-school curriculum planning and develop teaching and learning programs. Sessions were delivered face to face and online.

• The VCAA successfully facilitated the implementation of NAPLAN Online in 124 schools across all three sectors for the 2018 tests.

Senior Secondary

• One new study design was implemented in 2018:

– Units 3 and 4 of Chinese Language, Culture and Society were implemented in 2018, following the implementation of Units 1 and 2 in 2017.

• Twenty-one VCE studies were successfully reviewed and published across 2017 and 2018.

These studies will be implemented in schools in 2019. They are: Accounting, Classical

Studies, Dance, Drama, Extended Investigation, Industry and Enterprise, Philosophy, Systems Engineering, 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.

• A review of three VCE studies began in February 2018: Foundation English (Units 1 and 2), Computing, and Agricultural and Horticultural Studies.

• The examinations for VCE Northern Hemisphere Timetable were successfully completed in

May and June 2018.

• In 2017, 2,252 audits of 596 VCE providers were performed.

• The VCAL Achievement Awards recognised the outstanding achievements of young people, teachers and partner organisations that made a contribution to the qualification in the preceding year. The awards celebrated the outstanding achievements of 23 students, seven teachers and three partner organisations. The Chair’s Award was presented to Sacred Heart College Geelong for its outstanding contribution to the promotion and development of the VCAL.

• Reviews of VCAL Literacy and Numeracy Skills units were completed in 2017 and a target group of VCAL providers began work on developing resources for the new Units in 2018.

• VCAL delivery continued to grow. In 2017 there were 23,784 enrolments and a total of 448 providers across all sectors. Thirteen new providers were authorised to deliver the VCAL in

2018.

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• VCAL providers were offered the following professional development opportunities:

– three VCAL Showcase events focusing on best-practice VCAL programs and initiatives, offered in association with the Catholic Education Office Melbourne and Narre Warren South P–12 College

– the VCAL induction workshop for new VCAL providers and teachers

– the annual conference and induction workshop of the Victorian Applied Learning

Association, presented with support from the VCAA.

• One VCE VET program, Building and Construction, was reviewed in 2017 for implementation

in 2018 and minor changes were made to a further eight. Changes were made to the structure and units of VCE VET Building and Construction. Planning for the introduction of scored assessment for VCE VET Health in 2018 was completed.

• The VCAA, as a member of the Australasian Curriculum, Assessment and Certification Authorities, began a research project with the University of Melbourne to explore career aspirations and pathways of students who undertake VET in their senior secondary certificate.

• The VET unit began a series of reform projects relating to the quality and appropriateness of

VET delivered to secondary students and the promotion of VET to school communities.

Working with the community

The VCAA ensures that the diverse nature of Australian society is reflected in all aspects of its operations. It has a strong commitment to the principles set out in Victoria’s Multicultural Policy Statement entitled Victorian. And proud of it.

The VCAA is 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.

Cultural and linguistic diversity

In 2017–18, the VCAA:

• offered 50 languages at VCE level for Victorian students

• provided F–10 language-specific curriculum documentation for 20 languages on the Victorian

Curriculum website

• managed a Languages Assessment project to provide online F–10 Language tests in eight languages for teachers implementing the Victorian Curriculum.

• provided ongoing curriculum and assessment support for 60 Community Language Schools

• participated in the national reference group for the Collaborative Curriculum and Assessment Framework for Languages project, preparing national senior secondary examinations for 27 small-candidature community languages

• conducted workshops to support teachers involved in the Collaborative Curriculum and

Assessment Framework for Languages in the development of their language programs

• implemented Units 3 and 4 of an innovative new VCE study, Chinese Language, Culture and

Society

• supported schools with the implementation of 13 new F–10 Language curriculum documents in the Victorian Curriculum including Arabic, Auslan (the language of the Australian Deaf community), Classical Greek, German, Hindi, Japanese, Korean, Latin, Spanish, Turkish, Vietnamese, Victorian Aboriginal Languages and a framework for Classical Languages

• provided information for parents on the VCAA website about the VCE and VCAL curriculum in

24 community languages

• supported 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

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• conducted seminars, webinars and workshops on strategies for teaching and assessing languages as part of the Victorian Curriculum

• provided access to VCE courses and assessment in English as an Additional Language for students from non-English-speaking backgrounds

• presented keynote addresses and workshops at the annual conferences of Community Languages Victoria and the Victorian School of Languages, and conducted professional learning sessions for the Chinese Language Teachers’ Association of Victoria, the Ethnic Schools Association of Victoria, the Victorian Indonesian Language Teachers’ Association, the Victorian Association of Teachers of Italian, the Victorian Association of Teachers of

Spanish, the Association of French Teachers of Victoria, the Association of German Teachers of Victoria, the Modern Greek Teachers’ Association of Victoria, the Modern Language Teachers’ Association of Victoria, the Turkish Teachers’ Association of Victoria, the Australian Catholic University trainee teachers’ forum, the Victorian School of Languages and the Melbourne Graduate School of Education

• included works with diverse cultural perspectives on the VCE Drama and Theatre Studies

Units 3–4 play list.

Koorie people

• The VCAA, in collaboration with the Victorian Aboriginal Education Association and the Victorian Aboriginal Corporation for Languages, is updating the existing learning modules in line with the Victorian Curriculum to support schools in the teaching of Koorie languages.

• The VCAA provided professional learning opportunities in relation 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 protocols guide schools in their consultations with the Traditional Owners or Custodians of the land, and support meaningful learning for Victorian students about Koorie and other Aboriginal and Torres Strait Islander cultures, traditions, histories and experiences. The Koorie community provided strong, ongoing support for these projects.

• Koorie language programs are currently offered at Thornbury Primary School (Woi Wurrung), Mildura Primary School (Barkindj-Marawara), Gowrie Street Shepparton Primary School (Yorta Yorta), Bruthen Primary School (GunaiKurnai), Swan Hill Primary School (Wemba Wemba), Paynesville Primary School (GunaiKurnai), Bright P–12 College (Dhudhuroa and Murrinh- Patha), Heywood and District Secondary College (Dhauwurd Wurrung), Buxton Primary School (Taungurung) and Wooragee Primary School (Dhudhuroa and Murrinh-Patha). These schools are using the VCAA interactive website and the materials developed by several curriculum working groups.

• The VCAA continued to offer professional learning workshops, webinars and curriculum resources to support schools to teach the VCE Indigenous Languages study ‘Indigenous Languages of Victoria: Revival and Reclamation’ and the Victorian Curriculum F–10: Victorian Aboriginal Languages.

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Youth

The VCAA continues to provide advice and support to help young people make informed choices about pathways to work and further study. Support includes providing a wide range of study options in the post-compulsory schooling years.

The VCAA’s support for young people includes a telephone and email enquiry service, a range of publications advising on senior secondary study options, face-to-face advice to students at education expos, and a post-VCE and VCAL results information service carried out in collaboration with VTAC.

The VCAA celebrates and promotes young people’s achievements in the following ways:

• The VCE Season of Excellence – an annual festival showcasing a representative sample

of exemplary work by the previous years’ VCE students. Participating students come from government, independent and Catholic schools across Victoria. Two exhibitions, Top Designs and Top Arts, present works in design, technology, media and the visual arts. A short-film program, Top Screen, shows films created by Media students, and performing arts studies are showcased in the Top Class concert series in which selected performers come together for

a final event, Top Acts. VCE Season of Excellence events are complemented by associated education programs, publications and online content.

• 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 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 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 Margaret Schofield Memorial Scholarships are coordinated by the VCAA on behalf of the Margaret Schofield Memorial Trust. Two scholarship types are 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

– Music Composition Scholarship, awarded to VCE Style and Composition, VCE Music

Investigation, VCE Music Performance and/or VCE VET Music students.

Recipients must be accepted into a tertiary course in music and be committed to careers in music performance and/or composition.

People with a disability

The VCAA aims to improve outcomes in relation to accessible curriculum, assessment, consultation, information and communication, employment, physical access to facilities and staff awareness. It is guided by the disability policies of DET and acts in accordance with Absolutely everyone, the State Disability Plan 2017–2020 for the whole of the Victorian Government. The VCAA is committed to achieving greater inclusion, in partnership with the community.

Arrangements are made each year to ensure equitable access to facilities for all students undertaking examinations. This includes checking the accessibility of examination rooms and ensuring sufficient time for students to enter and leave. The VCAA also provides a range of special provision options to enable students to access VCE examination material including clarifiers, scribes, extra writing time and the use of assistive technologies, including computers.

In June 2017 the VCAA commissioned AccessibilityOz to conduct an audit of the corporate website (vcaa.vic.edu.au) and assess its accessibility for people with disabilities.

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Several improvements were implemented as a result of this review, including the removal and replacement of non-compliant material, better error messaging in critical electronic forms and the addition of captions and transcripts for all new videos. In January 2018 a project was begun for a major refresh of the website. This will deliver significant accessibility improvements across the site.

The 2018 VCE Season of Excellence included 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. The Australian Centre for the Moving Image (ACMI) provided a hearing loop for use during Top Screen. Appropriate seating facilities were arranged for the vision-impaired and people in wheelchairs. These facilities were also made available at Top Class and Top Acts. Details about disability access at Season of Excellence venues were posted on the VCAA website.

International programs

The VCAA International program supports the VCAA to achieve its vision of being a global education leader through the delivery of products and services internationally.

There are 38 schools internationally that deliver VCAA programs. Thirty schools deliver the VCE (27 in China and one of each in Timor-Leste, Vanuatu and the Philippines), five schools deliver the General Assessment Test (GAT) and two deliver the Victorian Curriculum. The VCAA administers the delivery of NAPLAN at the Multinational School Riyadh in Saudi Arabia.

The VCAA also provides a moderation and equivalence service to the South African Crawford Schools. Under this arrangement, the Crawford Schools’ internal Year 12 examination papers for 15 subjects are evaluated and moderated at the examination development stage by VCE assessors to achieve equivalence in standard to the VCE.

The VCE offshore partnership model establishes strong partnerships between Victorian and international schools that benefit students, teachers and school leaders locally and internationally.

The VCAA granted licences to eight new VCE providers in China and one in the Philippines in the reporting period.

In 2017, 535 students completed the VCE offshore, 94 per cent of whom subsequently enrolled at an Australian tertiary institution. Fifty-eight per cent of VCE offshore students were accepted into Group of Eight universities.

Ten schools delivered VCE offshore studies on the Northern Hemisphere Timetable (NHT); nine in

China and one in the Philippines.

In December 2017 a School Education Services Manager based in China was appointed. This position is based at the Victorian Government Trade and Investment Office, Shanghai. The position is shared with the International Education Division of DET.

The VCAA International program supports the achievement of the Victorian Government’s

International Education Sector Strategy.

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Early Years and Foundation–10

Early Years

The VCAA, in partnership with the DET, manages the implementation of the Victorian Early Years Learning and Development Framework (VEYLDF), with links to the first three levels of the Victorian Curriculum Foundation–10.

In partnership with DET, the VCAA has been actively engaged with the early years sector to embed the VEYLDF in practice to improve outcomes for all children.

Achievements

• As part of ongoing VEYLDF implementation and communication, the VCAA embarked on

a project to produce literature reviews and practice guides for each VEYLDF Learning and Development Outcome. In 2016–17 the VCAA published a literature and practice guide focusing on the Learning and Development Outcome ‘Children have a strong sense of wellbeing’. In 2017–18, the VCAA published a literature review and practice guide for the Learning and Development Outcome ‘Children are effective communicators’. These resources were developed to inform a greater understanding of communication. Children’s wellbeing, identity, sense of agency and capacity to make friends is connected to the development of communication skills, and strongly linked to their capacity to express feelings and thoughts and to be understood. The practice guide aims to strengthen a shared understanding across early years services and settings through case studies and key learning points.

• The VCAA has developed Planning Cycle Resources, building on the VEYLDF Illustrative Maps, to support a continuum of learning from the VEYLDF Outcomes to the first three levels of the Victorian Curriculum F–10. These sample learning and development plans are for educators working with children in early years settings. The plans focus on learning and development

in the domains of mathematics and science, and are organised to reflect the age ranges of birth to two years, three to five years, and six to eight years. This resource supports an intentional approach to children’s learning, and supports educators to achieve National Quality Standard 1: Education program and practice.

• The VCAA promoted and communicated this resource through a Twilight Seminar held at the Bastow Institute for Education Leadership and with presentations at early childhood sector conferences.

• The VCAA has been developing a training manual and professional learning program to support early years assessment in networks, including a program for early years leaders.

The Victorian Curriculum F–10

The VCAA has developed curriculum for F–10 students. The curriculum sets out what every

student should learn during their first 11 years of schooling in simple, coherent and comprehensive content descriptions and achievement standards. This enables teachers to plan, monitor, assess and report on every student’s achievements. The Victorian Curriculum F–10 incorporates the Australian Curriculum and reflects Victorian priorities and standards.

The Victorian Curriculum F–10 is a learning continuum comprised of knowledge and skills set out in eight learning areas and four capabilities. The content descriptions and achievement standards for all curriculum areas describe what to teach and how students are expected to learn. The Victorian Curriculum F–10 includes a curriculum for students with additional learning needs including disabilities, to help teachers support students’ learning as they transition into Foundation level.

2018 was the second year of full implementation of the Victorian Curriculum in government and Catholic schools. Independent schools may elect to use the curriculum as a model and resource for the effective implementation of the Australian Curriculum.

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In 2018 the VCAA continued to support the implementation of the Victorian Curriculum F–10 through whole-school and curriculum-area specific planning, and teacher participation in targeted professional learning. Specialist Teachers continued to facilitate face-to-face and online professional learning for groups of teachers and schools.

The VCAA provides a range of curriculum and assessment support materials to help teachers implement their teaching, learning and assessment programs. The VCAA offers stakeholders, including universities and teachers’ professional associations, timely and high-quality advice about implementing curriculum and developing teaching and learning programs.

The VCAA provides the Victorian Curriculum F–10 on a dedicated website (victoriancurriculum. vcaa.vic.edu.au), which includes an overview of each learning area and capability, and content descriptions and achievement standards.

The main VCAA website provides additional F–10 resources and support, including the Revised Curriculum Planning and Reporting Guidelines, audit and planning templates, analysis questions, FAQs, PowerPoint presentations, teaching resources and information about professional development opportunities.

In 2018, a suite of resources to support literacy and numeracy acquisition and the Guide to Formative Assessment Rubrics were published. The Guide was accompanied by a series of workshops to support teachers to develop, trial and validate a suite of formative assessment rubrics

The Curriculum Planning website (curriculumplanning.vcaa.vic.edu.au) provides resources

for school leaders for assessing their curriculum planning practices, identifying strengths and challenges to planning, and documenting a comprehensive, school-wide curriculum.

Achievements

• Content relating to learning about Aboriginal and Torres Strait Islander Peoples was strengthened in the five disciplines in the Arts.

• Advice relating to the use of Information and Communications Technologies in each learning area was published.

• The Victorian Curriculum F–10 website had more than 6,875,000 page views, and 387,520 users.

• The Curriculum Planning website had 294,114 page views and 67,000 users.

• The number of subscribers to the online F–10 Curriculum Update increased to more than 8,000 recipients.

• VCAA Specialist Teachers facilitated a range of professional development programs for primary and secondary teachers from government, Catholic and independent schools, to familiarise them with, and help them plan and implement the new Victorian Curriculum F–10. Face-to-

face sessions and keynote presentations were provided at major conferences and to groups of teachers and schools, with requests being met at regional and network level.

• VCAA staff held a briefing for professional teacher associations.

• A framework has been established to undertake systematic and valid curriculum monitoring processes for the Victorian Curriculum F–10.

• The VCAA established a two-year Curriculum Manager, Capabilities role to support the implementation of Critical and Creative Thinking, Ethical, Intercultural, and Personal and Social Capabilities.

• A suite of annotated student work samples, including videos, was published for English.

• Five Intercultural Capability units were published in Term 1, 2018 as the result of a project involving 20 schools from across all sectors to develop and trial units of work to explicitly teach the new curriculum. This is a partnership project with the Department of Education and Training International Education Division. Work began in 2018 to provide valid and reliable assessments of student learning in Intercultural Capability.

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• A comprehensive collection of new evidence-based Literacy and Numeracy Learning Progressions were released to support teachers in deepening their understanding of sequential literacy and numeracy learning. They were based on the Literacy and Numeracy Learning Progressions developed by the Australian Curriculum, Assessment and Reporting Authority (ACARA).

• A suite of free online Language Assessment resources were made available to support assessment in the eight most widely taught languages.

Foundation–10 assessment

NAPLAN 2017

In August 2017, the VCAA reported to schools and parents the results of National Assessment

Program – Literacy and Numeracy (NAPLAN) Testing 2017. Student results were referenced to the

10-band national achievement scale. Each year level was reported against a range of six bands

(the higher the band, the greater the complexity of the skills assessed):

• Year 3: Bands 1–6

• Year 5: Bands 3–8

• Year 7: Bands 4–9

• Year 9: Bands 5–10.

Parents of each child who undertook the NAPLAN 2017 tests were issued with an individual student report showing their child’s achievement in reading, writing, language conventions (spelling, grammar and punctuation) and numeracy. Individual results were referenced to the national average and to the middle 60 per cent of all students who completed the test.

These reports provided parents with an interpretation of results to help them read the NAPLAN report. They described each test’s content, and provided a summary of the typical skills and knowledge assessed at each band for each subject area.

One of the achievement bands for each year level is identified as the national minimum standard for that year level. The national minimum standard represents a wide range of the typical skills demonstrated by students at this level. Students with results in the band representing the national minimum standard typically demonstrate the basic elements of literacy and numeracy for that year level. These skills are published on the National Assessment Program website for each learning domain and for each year level.

Table 1 – Relationship between year levels and the national minimum standard (NMS)

|  |  |  |  |
| --- | --- | --- | --- |
| Year level | Below NMS | At NMS | Above NMS |
| Year 3 | Band 1 | Band 2 | Bands 3–6 |
| Year 5 | Band 3 | Band 4 | Bands 5–8 |
| Year 7  Year 9 | Band 4  Band 5 | Band 5  Band 6 | Bands 6–9  Bands 7–10 |

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NAPLAN 2018

In May 2018, the VCAA implemented the NAPLAN 2018 in Victoria. Within the testing period, more than 260,000 Victorian students from Years 3, 5, 7 and 9 undertook tests of language conventions (spelling, grammar and punctuation), writing, reading and numeracy.

Development of the tests was project managed by the Australian Curriculum, Assessment and

Reporting Authority (ACARA) who coordinated the tests’ development in consultation with

the VCAA and the other state and territory test administration authorities, the Commonwealth

Government, and non-government school representatives.

To ensure that NAPLAN results can be reported on the same assessment scales from year to year, a common-person equating process is undertaken each year, with a number of Victorian schools participating.

Additionally, a pairwise comparison of writing scripts is conducted each year during test marking. This comparison ensures that different writing test prompts do not affect student results from year to year. In Victoria, there are eight markers involved.

The VCAA was responsible for marking Tasmanian NAPLAN writing tests (approximately 24,000)

as well as Victorian tests (approximately 260,000).

More than 300 Victorian markers were employed to mark the tests’ writing component.

The VCAA continued the operational implementation of NAPLAN Online with the Government, Catholic and independent sectors. In August 2017, the VCAA undertook a further trial to confirm technical and operational readiness in schools. This was followed by a comprehensive test of the national platform in November–December. In March 2018 additional in-person training of school staff was delivered in online transition schools. All NAPLAN Online schools were required to complete a set of preparatory tasks to confirm operational and technical readiness ahead of the May tests, including conducting practice tests. A national Coordinated Practice Test was held in late March to confirm the capacity of the online platform to handle expected peak load during May.

One hundred and twenty-four schools successfully delivered the NAPLAN online tests in May

2018.

The VCAA continues to participate in a number of reference groups and committees at a local and national level as part of the online transition.

Achievements

• NAPLAN 2017 reports to parents for Victorian students from approximately 2300 schools were delivered on schedule and on budget.

• NAPLAN 2017 school reports were delivered on schedule via the secure NAPLAN Data Service and were supported with professional development workshops for teachers, principals and curriculum leaders at multiple locations across Victoria.

• To support the transition to NAPLAN Online in Victoria, the VCAA:

– facilitated school participation in a national School Readiness Test in August 2017. Schools due to complete the tests in May 2018 were able to undertake this preparatory event for their staff and reconfirm technical readiness

– conducted face-to-face training in March 2018 and provided funding for 1–2 staff to attend for each participating school

– further developed a range of support materials for participating schools, including implementation guides, incident response guidance and user manuals for the platform

– participated in the National User Acceptance Testing of the NAPLAN Online system in

December 2017 to assist with verifying the final version of the platform was fit for purpose

• Tests for more than 260,000 Victorian students were delivered to, administered by, and returned from more than 2,300 schools during the NAPLAN 2018 testing period, on schedule and within budget.

• All 124 Victorian NAPLAN Online transition schools successfully completed the NAPLAN

tests online in May 2018. Schools that participated fully reached or exceeded the preparation requirements.

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On Demand

On Demand is an online application that provides tests linked to the Victorian Curriculum, including both general ability tests and learning domain-specific assessments. Teachers can administer On Demand tests for a single student or an entire class. The application provides linear tests, as well as computer-adaptive tests that automatically adapt to the ability of the student. Tests are available in English and Mathematics.

On Demand is widely used in Victorian schools for:

• assessing the ability levels of new-intake or late-arrival students

• identifying strengths and weaknesses of individual students

• corroborating teacher judgments of students’ abilities

• assisting in the planning of teaching programs

• assisting in curriculum planning

• longitudinal analysis of student achievement.

Education State Targets Sample Assessments

Early in 2016, DET requested that the VCAA lead sample assessment programs for Critical and Creative Thinking (CCT) and The Arts to establish a baseline to establish measures of excellence in Victoria to inform the Education State targets over the next 10 years.

The VCAA developed a statewide sample assessment program to conduct annual assessments in CCT and The Arts and in Term 3, 2016 implemented it across a sample of Victorian schools.

For CCT, tasks are administered from an existing online assessment instrument to assess students in Years 6 and 10. For The Arts, new assessment tasks and rubrics were developed for Years 6 and

10 for each of the five Arts domains: Dance, Drama, Music, Media Arts and Visual Arts. The Arts disciplines are cycled around on an annual basis, with Music and Visual Arts being held constant each year.

Each year, the VCAA draws a representative sample of schools for the assessments in CCT and The Arts across all sectors. Student level sampling is undertaken by VCAA for the CCT assessments and schools are provided with the names of 25 students who are asked to take part in the assessment. Schools that participate in The Arts provide the VCAA with a list of students eligible to participate in the assessments. Students are eligible to participate in Visual Arts or Media if they are currently enrolled in a Year 6 or 10 Visual Arts/Media Arts subject at school. Students are eligible to participate in Music or Dance if they have been learning music or dance inside or outside school for at least one year (for Year 6 students) or at least two years (for Year 10 students).

The VCAA employs Assessment Supervisors to facilitate the CCT assessments in schools and Arts

Assessors to assess art works and performances in participating schools each year.

Results are psychometrically analysed to produce annual excellence percentages for Year 6 and

10 in both CCT and The Arts to inform the overall performance of the state and enable tracking against the set targets.

Achievements

• CCT online assessments were conducted in 88 schools during Term 2 between Monday 22

May and Friday 9 June 2017. A total of 1,977 students were assessed in CCT (1,139 at Year 6 and 838 at Year 10).

• Arts assessments were conducted in 66 schools during Term 3 between Monday 22 August and Friday 9 September 2017. Arts assessments were conducted across two disciplines: Music and Visual Arts. A total of 1047 students were assessed in The Arts (520 at Year 6 and

527 at Year 10) across the two Arts disciplines.

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CCT online assessments were delivered in 117 Victorian schools during Term 2 between 21 May and 8 June 2018 with 911 Year 6 students and 1,181 Year 10 students completing the CCT online assessment, a total of 2,092 Victorian students.

Arts assessments were conducted in 138 Victorian schools during Terms 2 and 3 between Tuesday

12 June and Friday 17 August 2018. Arts assessments were conducted across four disciplines: Music, Visual Arts, Dance and Media Arts.

In terms of increase in school participation numbers since 2016, CCT participation has been successfully increased from 52 schools in 2016, to 88 schools in 2017 to 117 schools in 2018. This represents more than a 100% increase in CCT school participation between 2016 and 2018. For The Arts, numbers have been successfully increased from 43 schools in 2016, to 66 schools in

2017 to 138 schools in 2018. This represents a 200% increase in Arts school participation between

2016 and 2018.

Senior Secondary

The VCAA has responsibility for the VCE and the VCAL. The VCAA develops high-quality curriculum and assessments, teacher support materials and related professional development activities to support the delivery of the two certificates.

The VCAA is also responsible for developing and maintaining the recognition arrangements for vocational education and training within the VCE and the VCAL.

Senior Secondary curriculum

VCE

The VCAA supports the delivery of the VCE curriculum by providing advice and resources to teachers, including a wide range of curriculum materials and resources via the VCAA website. Implementation sessions are held across the state to accompany the introduction of revised VCE studies.

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

The VCE covers a broad range of studies. More than 130 study options are available at Year 12 level, including 50 languages, 24 VCE VET programs, and school-based apprenticeships and traineeships in 13 industries.

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

All 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 VCAL student’s learning program comprises four compulsory curriculum strands:

• literacy and numeracy skills

• work related skills

• industry specific skills

• personal development skills.

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

Students who complete the Senior VCAL or the VCE are able to enrol in 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.

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VET

VET programs allow students to combine general and vocational studies with Senior Secondary education. Students are also provided with pathways into training, further education and employment, and direct experience in business and industry.

Students undertaking vocational education and training through either the VCE or the VCAL are able to include nationally recognised vocational education and training in their study program. In Victoria, the term ‘VCE VET’ has been adopted to describe the formalised arrangements under which VET certificates have been incorporated in the VCE. Most students undertaking vocational education and training as part of their VCE or VCAL are enrolled in VCE VET programs.

The VCAA develops VCE VET programs from national training package VET qualifications or the nationally recognised curriculum that can form part of a VCE or VCAL certificate. Students are able to select from a suite of vocational certificates approved by the VCAA for inclusion in the VCE or the VCAL.

Students may enrol in a VET certificate undertaken as a school-based apprenticeship or traineeship program in a range of industry areas promoted by industry stakeholders. Students undertaking other VET training at or above Certificate II level are eligible for block credit recognition, which provides broader pathways for VCE students because they are given access to a range of VET programs and the opportunity to tailor their studies to local industry requirements and training opportunities. It enables greater student uptake of school-based apprenticeships and traineeships in a wider range of industries.

Through both the industry and the work-related skills strands of the VCAL, students are able to gain credit for vocational education and training undertaken in any industry or training setting.

VET enrolments

Enrolments in VET remained high in 2017 with a total of 50,504 students enrolled with 612 providers. This resulted in 68,137 certificate enrolments across a range of industries, including

3,031 enrolments in school-based or part-time apprenticeships or traineeships.

Achievements

• During February and March 2018, 16 VCE leaders’ briefings were conducted at eight metropolitan locations. In addition, VCE teachers’ briefings were held at eight regional locations across Victoria. These briefings covered many topics of interest for VCE leaders and teachers such as administrative procedures, special provision, curriculum updates, School-based Assessment audit, examination conduct and supervision, statistical moderation and study

score calculation. These briefings were attended by 486 participants from metropolitan and regional schools across Victoria. Feedback indicated that participants found the professional development session engaging and beneficial, particularly for those new to VCE leadership roles.

• The VCAA delivered a professional learning program for VCE English teachers in March 2018.

The program was designed primarily for teachers of VCE English who had not previously marked the VCE English examination and focused on aspects of the 2017 VCE English examination providing a practical marking experience.

• VCE Foundation English (Units 1 and 2), Computing and Agricultural and Horticultural Studies are being reviewed in 2018.

• Annual training days for teachers of studies that include School-assessed Tasks (Visual Arts, Technologies and Computing) were conducted and received positive feedback. Teachers unable to attend the training days in person were able to participate online.

• Nine universities participated in the Higher Education Studies in the VCE program and offered eligible VCE students a broad range of first-year undergraduate studies approved by the VCAA Board.

• Statewide briefings began in May 2018 in preparation for the 2019 implementation of revised study designs for VCE Accounting, Classical Studies, Dance, Drama, Extended Investigation, Industry and Enterprise, Philosophy, Systems Engineering, Theatre Studies, 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.

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• Units 3 and 4 of a new VCE study Chinese Language, Culture and Society were implemented, following the implementation of Units 1 and 2 in 2017.

• Online resources were made available for VCE Music, Outdoor and Environmental Studies, Australian and Global Politics, Health and Human Development, Legal Studies, Product Design and Technology, Visual Communication Design, Media, Chinese Language Culture and Society, Classical Studies, Dance, Drama, Extended Investigation, Industry and Enterprise, Philosophy, Systems Engineering and Theatre Studies. Further resources for Accounting and second Languages are scheduled for the second half of 2018.

• In 2018 the processes for authorising non-school senior secondary providers, Catholic system and government system schools and single study language providers to deliver the VCE and VCAL have been reviewed and developed as a result of the transfer of responsibility for this function to the VCAA from the VRQA in 2017

• The 2018 annual audit of School-based Assessment was successfully launched. In 2017, a total of 2,252 audits were performed across 596 VCE providers.

• The Victorian Assessment Software System (VASS) was successfully used to provide notification and outcomes of the audit to schools/VCE providers and enabled them to track their audit status. An individual tailored report is delivered to each school/VCE provider on the outcome of their audit. Qualtrics, an online service provider, continues to be contracted for the purpose of collecting information from schools/VCE providers throughout the audit and was successful in resolving most issues around the collection of information.

• Processes for the 2018 School-based Assessment audit were strengthened and will be further improved in 2019.

• A review of the VCAA Special Provision policy and procedures in 2017 focusing on the categories of Specific Learning Disorder (formerly Learning Disability) and Significant Health Impairment (with specific consideration to Mental Health conditions) led to a number of revisions to the policy that came into effect from the start of the 2018 academic year. Some of the key revisions included a commitment to accommodate earlier engagement with the VCAA (from Year 7), formal applications for Special Provision (from Year 9) and placing a greater emphasis on school-based evidence/observations.

• In 2017, one VCE VET program was reviewed and minor changes were made to eight other programs for implementation in 2018. Preparation began for the introduction of scored assessment for the VCE VET Health program in 2018.

• The Structured Workplace Learning (SWL) recognition pilot began with 28 schools and 16

LLENs participating. The consultation involved two full-day professional development activities spread over the year, meetings and discussions with schools, SWL employers, LLENs and students. A suite of materials to support SWL recognition was released in November at the

VET statewide workshops.

• The VCAA began activities relating to the ‘Reform of VET Policy and Provision’. Work relating to the quality and appropriateness of VET began with discussion at the statewide VET workshops. A proposed change to Block Credit recognition arrangements was developed based on feedback from more than 800 participants.

• Work began on the Promotion of VET campaign with more than 200 schools identifying good news stories about their VET programs or students.

• Work began on a joint project between ACACA and the University of Melbourne to explore the career aspirations of senior secondary students who have undertaken VET.

The VCAA provided:

• statewide workshops on new developments in VCE VET programs and the VET sector to more than 800 participants from schools, RTOs and industry representatives in 14 locations across the state

• professional development seminars (in partnership with professional teaching associations, tertiary providers and RTOs) for VCE VET Agriculture, Automotive, Dance, Equine Industry, Health, Hospitality, Information Technology, Music and Sport and Recreation programs

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• workshops for more than 300 teachers and trainers from schools and RTOs engaged in the delivery of scored VCE VET programs

• support to networks of teachers, trainers and VET personnel from schools, TAFE, private RTOs, industry and government organisations

• assistance to DET, Independent Schools Victoria and the Catholic Education Commission

Victoria in relation to VET in VCE and the VCAL

• assistance to DET and VRQA to develop School-based Apprenticeship guidelines and revised processes for engaging with RTOs to provide VET to VCE or VCAL students in schools

• advice to Service Skills Organisations on the structure and content of qualifications appropriate for students undertaking Senior Secondary certificates

• support to the Victorian Skills Commissioner and the commission’s Industry Advisory Groups relating to VET delivered to school students

• support to the ACARA VET group to help gather data and report VET activity by students undertaking Senior Secondary certificates

• materials to support training package implementation and scored assessment in VCE VET

programs.

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Senior Secondary assessment

VCE

During the October–November 2017 VCE written examination period, 111 examinations covering 108 VCE studies were conducted over 19 days, including the Auslan examination and Collaborative Curriculum Assessment Framework for Languages (CCAFL) examinations.

Further Mathematics, Specialist Mathematics and Mathematical Methods each had two written examinations in November.

All student examinations were processed and assessed and examination scores finalised over a period of 56 days.

VCE graded assessment and study scores 2017

Graded assessment comprises School-assessed Coursework or School-assessed Tasks and external assessments. In 2017, there were 788,498 graded assessments. The median grade awarded was B and 57 per cent of grades were B or higher.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Table 2 – Study scores 2012–2017 |  | | | | | |
|  | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Number of study scores issued | 259,007 | 257,940 | 258,811 | 258,472 | 257,070 | 259,854 |
| Students with at least one study score | 76,493 | 76,325 | 76,320 | 76,655 | 77,058 | 77,404 |
| Students with at least one study score of 40+ | 14,610 | 14,657 | 14,740 | 14,782 | 14,653 | 14,806 |
| Students with at least one study score of 50 | 643 | 659 | 622 | 614 | 611 | 661 |
| Number of study scores of 50 | 706 | 721 | 693 | 683 | 673 | 732 |

VCE VET programs

In 2017, 24 VCE VET programs across 16 broad industry areas comprising 43 distinct qualifications were available. Twelve VCE VET programs gave students the option of undertaking scored assessment of designated Unit 3 and 4 sequences.

Scored assessment was available in the following VCE VET programs: Business, Community Services, Creative and Digital Media, Dance, Engineering Studies, Equine Industry, Furnishing, Hospitality, Information and Communications Technology, Integrated Technologies, Laboratory Skills, Music Industry and Sport and Recreation.

The study score for a VCE VET program is calculated through assessments on a set of coursework tasks and an examination at the end of the year. The score allows students to use their VCE VET programs for direct contribution to their Australian Tertiary Admissions Rank (ATAR).

VCAL

The VCAL provides a Senior Secondary credential through which participating students can receive recognition for their achievements in programs that have traditionally not provided credit within a formal qualification. This can include recognition of learning that occurs in structured workplace settings, locally developed programs, community projects and youth development programs.

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Achievements

During the reporting period, the VCAA:

• recorded:

– 50,908 VCE completions

– 3,939 students awarded the VCE (Baccalaureate)

– 13,255 VCAL certificate completions

– 667 students who had successfully completed at least one unit of a Higher Education study.

• delivered to students’ homes:

– 81,919 VCE statements of results

– 79,043 GAT statements

– 14,913 VET statements of results

– 3,691 VCAL statements of results

– 430 statements of Equivalent Qualification.

• delivered to students through their school:

– 69,412 VCE statements of results

– 38,432 VET statements of results

– 18,636 VCAL statements of results.

• delivered:

– 1066 GAT statements to overseas students (Crawford Schools)

– 535 certificates and 586 statements of results to overseas VCE providers.

• provided, in partnership with VTAC, an information service for students, whereby:

– 71,863 students accessed their results online

– 36,458 students accessed their online results via their mobile phones (29,642 using iOS

and 6,816 on Android).

Future plans and challenges

The following are planned for 2018–19:

• Develop a literature review and practice guide for the Learning and Development Outcome

‘Children are confident and involved learners’.

• Develop a professional learning resource for practitioners working with bilingual children and families in multilingual early years settings.

• Develop, trial and evaluate a self-assessment tool and practice guidelines for educators to enhance instructional support (intentional teaching).

• Continue to develop resources to support educators to engage with the Early Years Planning

Cycle.

• Release the training manual and professional learning program on assessment to early years networks.

• 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.

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• 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 implications for curriculum planning and implementation, including assessment.

• Undertake monitoring and evaluation of the Victorian Curriculum F–10.

• Continue working collaboratively with ACARA to increase involvement in NAPLAN Online in

2019, and continue activities leading to a readiness test and the 2018 pilot delivery.

• Implement 21 revised VCE studies in 2019: Accounting, Classical Studies, Dance, Drama, Extended Investigation, Industry and Enterprise, Philosophy, Systems Engineering, Theatre Studies, 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 provide implementation of professional learning for VCE studies: Foundation English (Units 1 and 2), Computing, and Agricultural and Horticultural Studies.

• Publish Advice for Teachers in digital format on the VCAA website for Accounting, Agricultural and Horticultural Studies, Computing, 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 to be implemented for 2019.

• Provide Advice for Teachers for the new VCAL Literacy and Numeracy Skills Units.

• Ensure that all changes to Training Packages are translated into VCE VET programs where appropriate and that the information provided to schools enables a smooth transition in 2018.

• Develop new VCE VET programs where appropriate.

• Ensure that changes made to other VET qualifications are made available on VASS for school enrolment.

• Roll out training to all schools interested in commencing Structured Workplace Learning Recognition for VET. Develop support material as required. Plan for the extension of the program to cover School-Based Apprenticeships and Traineeships.

• Develop and begin implementation of VCAA reforms relating to the quality and appropriateness of VET delivered to secondary students. Launch the Get VET promotional campaign through preparation of print and online resources for students and schools.

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Summary of financial results

The table below provides a summary of financial information for 2017–18 and comparison with prior years.

In 2017–18 income totalled $77.7 million. This was an increase of $17.4 million from the previous year. Government operational funding increased by $17.0 million. This included $6.8 million for the realignment of the VCAA’s funding base and $8.0 million to support the transition to NAPLAN online in 2018–19.

Expenditure for 2017–18 increased by $5.4 million to $65.2 million. This was due to increases in both salary and non-salary expenses for the period.

The VCAA recorded a net surplus of $12.6 million in 2017–18 compared with a surplus of

$0.6 million in 2016–17.

Total assets increased in 2017–18 due to the net increase in financial assets of $13.2 million. This was due to funds that were received in 2017–18 being invested with The Treasury Corporation of Victoria.

Total liabilities increased in 2017–18 by $1.7 million due to increased payables at year end.

Table 3 – Five-year financial summary

|  |  |  |  |
| --- | --- | --- | --- |
| 52,056 | 49,880 | 47,278 | 43,177 |
| 8,296 | 6,881 | 8,772 | 8,380 |
| 60,352 | 56,761 | 56,050 | 51,557 |
| 59,732 | 56,792 | 54,468 | 53,659 |
| 620 | (32) | 1,582 | (2,103) |
| 620 | (32) | 1,587 | (2,088) |
| 1,242 | 1,774 | 1,547 | (453) |
| 11,162 | 10,942 | 9,522 | 8,490 |
| 15,217 | 13,756 | 12,500 | 11,701 |
| 7,364 | 6,523 | 5,235 | 6,022 |

|  |  |  |  |
| --- | --- | --- | --- |
| 2017–18 2016–17  $,000 $,000 | | | 2015–16 2014–15 2013–14  $,000 $,000 $,000 |
| Government appropriations  Other income  Total income from transactions Total expenses from transactions Net result from transactions  Net result for the period  Net cash flows from operations  Cash and investments  Total assets  Total liabilities | 69,014  8,708  77,722  65,155  12,567  12,567  14,844  24,503  29,489  9,069 |  | |

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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 Trade and Investment and the Minister for Early Childhood Education in relation to sections of Part 2.5 of the Education and Training Reform Act 2006.

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.

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 began her career in the community sector serving disadvantaged Victorians. She then led child protection, family services and mental health units within the Department of Human Services and, in 2009, was Deputy Secretary at Skills Victoria.

Gill is President of the Institute of Public Administration Australia (Victoria). Her leadership in public policy was recognised in 2013 when she was named in the Australian Financial Review’s 100

Women of Influence, and received a Sir James Wolfensohn Public Service Scholarship to attend Harvard University’s Kennedy School of Government. In October 2014, Gill was awarded the IPAA National Fellowship award and a Monash University Fellowship.

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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.

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

Professor Marcia Devlin is the Deputy Vice-Chancellor, Senior Vice-President and Professor of Learning Enhancement at Victoria University in Melbourne. Her primary and secondary teaching qualifications, her PhD in Education, her previous role as Deputy Vice-Chancellor at Federation University, her expertise in regional and remote educational settings and completion of the Company Directors course at the Australian Institute of Company Directors provide her with significant experience, knowledge and skills across all education sectors.

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 as a teacher, Deputy Principal and Principal. Her current role focuses on leading school effectiveness and system improvement to maximise student learning growth and social emotional development.

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, as an English teacher in China, as a mentor for aspiring Principals and in acting roles 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.

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

Dr Toni Meath is the Principal of The Mac Robertson Girls’ High School. Toni has excellent leadership skills and knowledge of the Victorian government education sector. Her work in education innovation has been published nationally and internationally. Before becoming Principal of The Mac Robertson Girls’ High School in 2013, Toni was the founding Assistant Principal of Nossal High School, Victoria’s first co-educational select entry high school.

Peter Moore DipT, BEd, MRE, GradCertRE

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 more than 25 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.

Dale Pearce BA, DipEd

Dale Pearce has more than 30 years’ experience as a secondary school teacher and Principal. He is Chair of the Victorian Senior Secondary Principals Group and sponsor of the Victorian Virtual Learning Network.

Dale is active with a range of professional associations and community organisations. He has a strong interest in international education including establishing, in partnership with the Chinese Government, a Confucius Classroom program providing Mandarin language programs to more than 5,000 students in the Bendigo region.

He is Principal of Bendigo Senior Secondary College. Dale’s term on the Board finished on 31 May 2018.

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 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.

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 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 is Assistant Principal responsible for Teaching and Learning at Melton Secondary College.

Report of operations - governance and organisational structure 27

Claire Rasmussen MEd, BA, GradDipEd (Secondary), GradCertEd (Educational

Leadership), DipPM, Cert IV Training and Assessment

Claire Rasmussen holds the position of Director, VET Practice at Federation University Australia where she is responsible for providing advice on the strategic direction of VET delivery and leading quality learning and teaching outcomes. 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, nationally and more recently through her consultancy and facilitation work for the Chinese Government.

Claire is a member of Federation University Academic Board, Learning and Teaching committee. She has a strong interest in the development of professional learning of VET teachers, to ensure the unique and complex characteristics of VET teachers are maintained and enhanced to meet the demands of a complex vocational education and training environment.

Claire is 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. Mark is Professor in Indigenous Business and Enterprise at RMIT. In ministerially appointed arrangements, Mark 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.

Professor Emeritus Collette Tayler DipT, BEd, PhD, TCert, FACE

The late Professor Emeritus Collette Tayler held the Chair in Early Childhood Education and Care at the University of Melbourne. Within the Graduate School of Education, Collette led the academic direction of the Master of Teaching Early Childhood, a specialist birth-to-age-eight teaching course bridging care, education and health.

Collette was a leader of the E4Kids longitudinal study and a chief investigator in the National Science of Learning Centre and the 3a (Abecedarian Approach Australia) group of research and development projects for use in early childhood settings. She had an extensive background in early childhood education and held numerous positions, including as a primary school teacher.

Collette retired from the Board on 21 August 2017.

She is remembered with affection and great respect by all at the VCAA.

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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 of the VCAA 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.

David 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.

David 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.

John Firth was CEO of the VCAA until 14 July 2017.

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.

Under his leadership, the Division also 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 Directors, Assessment Centre

Taylor Ashton and 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.

Taylor Ashton and Justin Seabury have shared the responsibilities of the Director position in an acting capacity since 2016–17. Responsibilities have been split between Senior Secondary and F–10.

Taylor Ashton is acting manager of the Assessment Programs unit, which oversees the delivery of NAPLAN, On Demand testing and selective entry high school testing programs. Taylor joined the VCAA in 2001 and has occupied senior roles in senior secondary and F–10. He has primary responsibility for development of the VCAA’s digital assessment platforms.

Report of operations - governance and organisational structure 29

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

Dr Mary Oski

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.

Mary Oski’s professional background includes senior leadership roles within Catholic education with responsibility for learning and teaching, school improvement, review practices and processes, principal appointments and leadership initiatives. Mary taught for many years within secondary schools and held leadership roles in curriculum and student wellbeing. She is a National Fellow of the Australian Council of Educational Leaders (ACEL) for contribution to educational leadership.

Acting Executive Director, Curriculum

Sharon Foster

The Director, Curriculum Services is responsible for leading the development of the VCAA digital delivery strategy.

Sharon Foster 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. She has also worked in a teacher professional learning association, managing a national program exploring the implementation of curriculum.

Before taking up this role Sharon was the Manager, Victorian Curriculum F–10 Unit, responsible for development and implementation of the new Victorian Curriculum F–10.

Sharon worked at the executive level in the health sector for 10 years, leading national education programs and the introduction of an early years literacy program for disadvantaged families.

From May 2014 to January 2018 the role was held by Charmaine Taylor. Charmaine had previously been responsible for coordinating and delivering professional services to schools to support implementation of the curriculum. Her other roles at the VCAA included being Information Technology Study Manager and Chief Examiner and Chief Assessor for several VCE studies.

Acting Director, Curriculum Services

Alan McLean

The Director, Curriculum Services is responsible for leading strategic projects and ongoing work related to curriculum development and implementation from the early years to senior secondary certificates. This role manages the senior Curriculum Managers, who provide content expertise to the Victorian Curriculum F–10 Unit, the VCE Unit and the Examinations Unit.

Alan McLean, Acting Director, Curriculum Services from April 2018, worked as a secondary English and History teacher in three Victorian secondary schools. He worked in the English area at the VCAA’s predecessor body, the Victorian Curriculum and Assessment Board, during the development of the VCE, and at the then Historic Buildings Council as the inaugural

Education Officer under the Teacher Release to Industry Program. Alan has a BA (Hons), DipEd, GradCertificate of Education, Master of Arts, and an Executive Masters in Public Administration.

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

Committees of the VCAA Board

Executive Committee

The Executive Committee established under section 2.5.7 of the Act comprises the VCAA Chair Chris Wardlaw, the Chief Executive Officer David Howes and Board members Suzy Chandler, Dale Pearce (resigned 31 May 2018) and Professor Wayne Hodgson.

Audit Committee

The VCAA Audit Committee comprises VCAA Board members Russell Pettis (Chair), Catherine Dillon, Claire Rasmussen and the late Professor Emeritus Collette Tayler (resigned August 2017) and independent external members Stuart Alford, Jan Fitzgerald and Trevor Plowman.

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

The oversight responsibilities include financial management, risk management, performance

and sustainability, and the 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 VCAA Board members Peter Moore (Chair), Catherine Dillon, Professor Wayne Hodgson, Pauline Jelleff, Chris Wardlaw and the late Professor Emeritus Collette Tayler (resigned August 2017) and external members Sharyn Donald (appointed May 2018), Catharine Hydon, Louise MacDonald (resigned May 2018), Aine Maher (resigned May 2018), Coralee Pratt, Debra Punton and Helen Schiele (appointed May

2018).

The committee provides expert advice and makes recommendations to the VCAA in relation to the

Early Years to Year 10 on:

• policies, criteria and standards for curriculum and assessment for the Early Years to Year 10

• the relationship between VEYLDF and F–10 curriculum and the F–10 curriculum and senior secondary pathways in education and training, including the VCE, VET in Schools and VCAL

• administration of the NAPLAN program (Years 3, 5, 7 and 9)

• monitoring and reporting of student participation and performance in Early Years to Year 10 assessment programs

• the 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.

Report of operations - governance and organisational structure 31

Senior Secondary Curriculum and Assessment Committee

The Senior Secondary Curriculum and Assessment Committee comprises the VCAA Board members Catherine Dillon (Chair), Suzy Chandler, Professor Wayne Hodgson, Dale Pearce (previous Committee Chair until his term finished on 31 May 2018), Claire Rasmussen and Chris Wardlaw and external members Cameron Baker, Jeremy Beard, Sharyn Donald (appointed May

2018), Andrew Hay, Megan O’Connell, Jennifer Oliver and Louise Macdonald (resigned May 2018). The committee provides expert advice and makes recommendations to the VCAA Board on:

• the development, evaluation and approval of curriculum and assessment designed to be

undertaken in the senior secondary years

• policies and procedures for the design, delivery and evaluation of curriculum and assessment products and services for the VCE, VCE VET and the 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

The 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 of their school to impose penalties in respect of contraventions of VCAA assessment rules relating to school-based assessment

• 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. Penalties range from reprimands to amending or cancelling students’ grades.

International Committee

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

The VCAA International Committee advises the VCAA 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

• alignment of VCAA international activities with VCAA, departmental and government policy and strategy objectives.

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Organisational structure (at 30 June 2018)

Minister for Education

Victorian Curriculum and Assessment Authority\*

Chris Wardlaw

Chair

Department of Education and Training

Gill Callister

Secretary

Dr David Howes

CEO

Sharon Foster Acting Executive Director Curriculum

Lea Saddington Executive Director Planning, Strategy and Corporate Support

Joe Pellegrino Executive Director Assessment and Reporting

Alan McLean Acting Director Curriculum Services

Taylor Ashton/ Justin Seabury Acting Directors Assessment Centre

\* The VCAA also reports to the Minister for Training and Skills, the Minister for Early Childhood Education, and the Minister for Trade and Investment, in relation to relevant provisions in the Education and Training Reform Act 2006 (Vic) administered by those 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 Trade and Investment and the Minister for Early Childhood Education in relation to sections of Part 2.5 of the Education and Training Reform Act 2006.

John Firth retired as CEO of the VCAA on 14 July 2017. Dr David Howes commenced as CEO on 17 July 2017.

Charmaine Taylor was Director Curriculum Services. She left the VCAA on 14 April 2018. Mary Oski was Executive Director Curriculum. She left the VCAA on 3 April 2018.

VCAA staff

At 30 June 2018, the VCAA had 172 full-time equivalent (FTE) employees. During the year, the VCAA also employed 4,654 casual employees.

Report of operations - governance and organisational structure 33

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 2017–18 included:

• supporting management representatives and occupational health and safety representatives to

maintain the 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.

Workplace Consultative Committee

The VCAA Workplace Consultative Committee is an employee representative committee whose membership was decided following an employee nomination and consultation process. It is also the VCAA’s Occupational Health and Safety Committee.

The role of the committee is to foster a safe and healthy workplace.

Merit training

Two VCAA staff completed accreditation training during the reporting period. Seventy-four 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 2017–18.

Report of operations – workforce data 35

Workforce data

Table 4: Full Time Equivalent (FTE) staffing trends from 2014 to 2018

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year** | **2018** | **2017** | **2016** | **2015** | **2014** |
| FTE | 190 | 178 | 174 | 178 | 185 |

Table 5: Summary of employment levels in June of 2017 and 2018

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| June 2018 | All employees Ongoing Fixed Term Casual employees | | | | |
| Headcount  201 | FTE  190 | Full-time Part-time headcount headcount FTE  153 26 172 | Headcount  22 | FTE Headcount  18 303 |
| June 2017 | 186 | 178 | 144 25 162 | 17 | 16 659 |

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Employee

FTE

Headcount

Headcount

Table 6: Staff employment levels June 2017 and 20181

|  |  |  |
| --- | --- | --- |
| **June 2017** | All employees Ongoing Fixed Term Casual  Employee | FTE Headcount  6 192  10 467  – –  –  6  5  4  1  –  **16**  –  2  6  4  4  –  **–**  –  –  **16 659** |
| Headcount  6  11  –  –  6  6  4  1  –  **17**  –  2  6  5  4  –  **–**  –  –  **17** |
| Full-time Part-time  Headcount Headcount FTE  59 1 59  85 24 103  – – –  – – –  11 1 12  29 11 37  46 6 51  54 4 56  4 3 6  **137 25 155**  – – –  6 2 7  27 9 34  23 5 26  49 9 56  32 – 32  **7 – 7**  2 – 2  5 – 5  **144 25 162** |
| Headcount FTE  66 65  120 113  – –  – –  18 18  46 42  56 55  59 57  7 6  **179 171**  – –  10 9  42 39  33 31  62 60  32 32  **7 7**  2 2  5 5  **186 178** |
| **June 2018** | All employees Ongoing Fixed Term Casual | FTE Headcount  6 109  12 194  – –  1  4  5  5  2  1  **18**  1  2  52  3  4  3  **–**  –  –  **18 303** |
| Headcount  7  15  –  1  5  6  6  3  1  **22**  1  2  74  4  4  4  **–**  –  –  **22** |
| Full-time Part-time  60 1 61  93 25 111  – – –  – – –  13 1 14  33 12 42  49 5 53  49 5 52  9 3 11  **148 26 177**  – – –  7 1 7  29 9 36  20 5 23  62 11 69  32 – 32  **5 – 5**  2 – 2  3 – 3  **153 26 172** |
| Headcount FTE  68 67  133 123  – –  1 1  19 18  51 47  60 58  57 54  13 12  **196 185**  1 1  10 9  45 41  29 27  75 72  36 35  **5 5**  2 2  3 3  **201 190** |
| **Gender** Male Female Self-  **Age**  Under 25  25–34  35–44  45–54  55–64  Over 64  **VPSG1–6**  VPSG1  VPSG2  VPSG3  VPSG4  VPSG5  VPSG6  **Senior**  STS Executive  **Total** | | |

Figures are for staff on pay during the last full pay period in June of each year and exclude those on leave without pay or absent on secondment, external contractors and consultants, temporary staff employed by employment agencies.

described

**employees**

Officer

1 VCAA Public Service staff are also included in the DET workforce data

Report of operations – workforce data 37

Table 7: 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

160 000 – 179 999 2

180 000 – 199 999

200 000 – 219 999 1

220 000 – 239 999 1

240 000 – 259 999

260 000 – 279 999

280 000 – 299 999 1

300 000 – 319 999

320 000 – 339 999

340 000 – 359 999

360 000 – 379 999

380 000 – 399 999

400 000 – 419 999

420 000 – 439 999

440 000 – 459 999

460 000 – 479 999

480 000 – 499 999

**Total 3 2**

Note: Senior Technical Specialists (STS), Principal Scientists (PS), Senior Medical Advisors (SMA), Senior Regulatory Analysts (SRA).

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Report of operations – other disclosures and attestations

Victorian Industry Participation Policy

The Victorian Industry Participation Policy Act 2003 requires departments and public sector bodies to report on the implementation of the ‘Local Jobs First – Victorian Industry Participation Policy’ (Local Jobs First – VIPP). Departments and public sector bodies are required to apply the Local Jobs First – VIPP in all procurement activities valued at $3 million or more in metropolitan Melbourne and for statewide projects, or $1 million or more for procurement activities in regional Victoria.

During the 2017–18 reporting period, the VCAA did not begin any Local Jobs First – VIPP

applicable procurements.

Consultancy expenditure

In 2017–18, there were four consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2017–18 in relation to these consultancies is $110,759 (excluding GST). Details of individual consultancies are outlined below.

Table 9: Consultancy expenditure

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Consultant** | **Purpose of consultancy** | **Total approved project fee ($ excluding GST)** | **Expenditure**  **2017–18**  **($ excluding**  **GST)** | **Future expenditure ($ excluding GST)** |
| Deloitte Touche Tohmatsu | Transition to VCAA of Insight Assessment Platform | 25,500 | 25,500 |  |
| Monash University | Advice on branching in online testing | 18,204 | 18,204 |  |
| Dandolo Partners Pty Ltd | Evaluation of VCE on a Northern Hemisphere Timetable | 100,000 | 45,455 | 54,545 |
| Quantum Market Research Pty Ltd | VCAA Client/ Stakeholder research | 38,500 | 21,600 |  |

In 2017–18 there were no consultancies where the total fees payable to the consultant was less than $10,000.

Information and Communications Technology (ICT) expenditure

For the 2017–18 reporting period, the VCAA had a total ICT expenditure of $9,312,774 million

(excluding GST), all of which was Business as Usual (BAU) ICT.

Report of operations – other disclosures and attestations 39

Freedom of Information

The Freedom of Information Act 1982 (Vic) allows the public a right of access to documents held by the VCAA. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by the VCAA. This comprises documents both created by the VCAA or supplied to the VCAA by an external organisation or individual, and may also 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 on the VCAA’s website at vcaa.vic.edu.au.

The Act allows the VCAA to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include: Cabinet document 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.

From 1 September 2017, the Act has been amended to reduce the processing time for Freedom of

Information (FoI) requests received from 45 to 30 days. In some cases, this time may be extended.

If an applicant is not satisfied by a decision made by the VCAA, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter. This is in addition to appeal rights to the Victorian Civil and Administrative Tribunal.

Making a request

Access to documents may be obtained 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 $28.40 (from 1 July 2017 to 30 June 2018) applies. Access charges may also be payable if the document pool is large and the search for material is time consuming.

When making an FoI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

Requests for documents in the possession of the VCAA should be addressed to: Freedom of Information Officer

Victorian Curriculum and Assessment Authority

Level 7, 2 Lonsdale Street

Melbourne Victoria 3000

Telephone: (03) 9032 1662

[Email: vcaa.foi@edumail.vic.gov.au](mailto:%20vcaa.foi@edumail.vic.gov.au)

FoI statistics/timelines

During 2017–18, the VCAA received eight FoI applications, four of which were valid. These applications were from members of the public.

The VCAA made five FoI decisions during the 12 months ended 30 June 2018 (with one decision relating to an application received during 2016–17).

Two decisions were made within the statutory 30-day time period; no decisions within 30–45 days;

two decisions within 46 to 90 days; and one decision in greater than 90 days. The average time taken to finalise requests in 2017–18 was 48 days.

During 2017–18 no requests were subject to a complaint/internal review by Office of the Victorian

Information Commissioner (OVIC) or an application to VCAT.

Further information regarding the operation and scope of FoI can be obtained from the Act, regulations made under the Act, and foi.vic.gov.au.

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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).

National Competition Policy

In 1995, the Commonwealth, state and territory governments agreed to implement the National Competition Policy to promote greater competition and encourage economic growth. Three requirements of the policy are:

• legislative reviews to eliminate restrictions on competition

• assessment of new legislation and regulation to ensure continued policy compliance

• competitive neutrality to ensure consistency in pricing of goods and services.

Legislative reviews

The VCAA did not undertake any reviews of legislation under the National Competition Policy in

2017–18.

Assessment of new legislation and regulations

No new Acts or regulations relating to the VCAA were enacted during 2017–18.

Competitive neutrality

Competitive neutrality requires government businesses to ensure, where services may compete with the private sector, that any advantages arising from their government ownership are removed if they are not in the public interest. The VCAA does not conduct any businesses. The VCAA was not involved in any complaints for the year 2017–18.

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.

The VCAA is committed to ensuring transparency and accountability in its administrative and management practices and supports 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.

The VCAA will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It 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

Phone: 1300 735 135

Inter[net: www.ibac.vic.gov.au](http://www.ibac.vic.gov.au/) – see the IBAC website for online complaint form

Email: [info@ibac.vic.gov.au](mailto:info@ibac.vic.gov.au) – see the IBAC website for downloadable hard copy complaint form

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Further information

The VCAA’s Protected Disclosure procedures, which outline the VCAA’s responsibilities in respect of protected disclosures, are available online (under Corporate Policies) at: vcaa.vic.edu.au/Pages/ aboutus/index.aspx. A hard copy of these procedures can also be obtained by requesting a copy by mail from the VCAA’s Protected Disclosure Coordinator:

Lea Saddington

Executive Director, Planning, Strategy and Corporate Support

Level 7, 2 Lonsdale Street

Melbourne Victoria 3000

Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, 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

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Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

I, Russell Pettis 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.



Russell Pettis

Audit Committee Chair

Report of operations – other disclosures and attestations 43

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 2018 in the following structure to provide users with the information about the VCAA’s stewardship of resources entrusted to it.

Financial statements

Declaration of Accountable Officers and Chief Finance and Accounting Officer

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 of the VCAA

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 judgments

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

8. Other disclosures

Financial report 45

Financial statements

Declaration of Accountable Officers and Chief Finance and Accounting Officer

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 Minister

for Finance 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 2018 and financial position of the VCAA at 30 June 2018.

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.

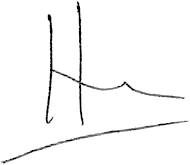
We authorise the attached financial statements for issue on 22 August 2018.



**Chris Wardlaw** Chair Melbourne

22 August 2018

**David Howes**



Chief Executive Officer

Melbourne

22 August 2018



**Bruce Rohde**

Chief Finance and Accounting Officer

Melbourne

22 August 2018

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**Independent Auditor’s Report**

***To the Board members of the Victorian Curriculum Assessment Authority***

**Opinion** I have audited the financial report of the Victorian Curriculum Assessment Authority (the authority) which comprises the:

• balance sheet as at 30 June 2018

• 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 finanace and accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2018 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 *Financial Management Act 1994* and applicable Australian Accounting

Standards.

**Basis for**

**Opinion**

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* 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 *Code of Ethics for Professional Accountants* (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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Board members’ responsibilities for the**

**financial report**

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 *Financial Management Act 1994*, 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.

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.



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**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

27 August 2018

Charlotte Jeffries

*as delegate for the Auditor-General of Victoria*



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Comprehensive operating statement for the financial year ended 30 June 2018

|  |  |  |
| --- | --- | --- |
| Note(s) 2018 2017  $ $ | | |
| **Continuing operations**  **Income from transactions**  Funding 2.2  Interest 2.3.1  Other income 2.3.4  Grants 2.3.2  Resources received free of charge 2.3.3 | 69,014,055  122,983  4,192,978  1,912,032  2,479,869 | 52,056,487  96,205  3,889,799  1,918,365  2,391,472 |
| **Total income from transactions** | **77,721,917** | **60,352,328** |
| **Expenses from transactions**  Employee expenses 3.1.1(a) Depreciation and amortisation expense 4.1.1  Interest expense 6.1.2  Supplies and services 3.1.2  Resources received free of charge 3.1.2 | 41,031,728  484,957  3,873  21,154,474  2,479,869 | 37,071,402  437,003  5,095  19,827,095  2,391,472 |
| **Total expenses from transactions** | **65,154,901** | **59,732,067** |
| **Net result from transactions (net operating balance)** | **12,567,016** | **620,261** |
| **Net result** | **12,567,016** | **620,261** |
| **Comprehensive result** | **12,567,016** | **620,261** |

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

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Balance sheet as at 30 June 2018

|  |  |  |
| --- | --- | --- |
| Note(s) 2018 2017  $ $ | | |
| **Assets**  **Financial assets**  Cash and deposits 6.3  Receivables 5.1  Investments and other financial assets 4.3 | 5,503,422  2,083,872  19,000,000 | 11,161,896  2,216,914  - |
| **Total financial assets** | **26,587,294** | **13,378,810** |
| **Non-financial assets**  Plant and equipment 4.1  Intangible assets 4.2  Other non-financial assets 5.3 | 468,682  1,940,395  492,920 | 1,469,345  -  368,722 |
| **Total non-financial assets** | **2,901,997** | **1,838,067** |
| **Total assets** | **29,489,291** | **15,216,877** |
| **Liabilities**  Payables 5.2  Borrowings 6.1 | 8,995,840  73,142 | 7,212,632  150,952 |
| **Total liabilities** | **9,068,982** | **7,363,584** |
| **Net assets** | **20,420,309** | **7,853,293** |
| **Equity**  Accumulated surplus  Contributed capital | 15,721,817  4,698,492 | 3,154,801  4,698,492 |
| **Net worth** | **20,420,309** | **7,853,293** |

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

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Statement of changes in equity for the financial year ended 30 June 2018

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Note(s) | Accumulated  Surplus | Contributions by owner | Total |
|  | $ | $ | $ |
| **Balance at 1 July 2016** |  | **2,534,540** | **4,698,492** | **7,233,032** |
| Net result for the year |  | 620,261 | - | 620,261 |
| **Balance at 30 June 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** |

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

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Cash flow statement for the financial year ended 30 June 2018

|  |  |  |
| --- | --- | --- |
| Note(s) 2018  $ | | 2017  $ |
| **Cash flows from operating activities**  **Receipts**  Receipts from Government  Interest received  Goods and Services Tax recovered from ATO Other receipts | 71,050,654  122,983  14,038  4,282,868 | 53,841,535  96,205  10,804  3,546,529 |
| **Total receipts** | **75,470,543** | **57,495,073** |
| **Payments**  Payments to employees  Goods and Services Tax paid to ATO Payments to suppliers | (39,212,236) (75,271) (21,339,011) | (36,933,923) (100,605) (19,218,676) |
| **Total payments** | **(60,626,518)** | **(56,253,204)** |
| **Net cash flows from/(used in) operating**  **activities** 6.3.1 | **14,844,025** | **1,241,869** |
| **Cash flows from investing activities** Payments for non-financial assets Payments for investments  Payments for work in progress | (574,084) (19,000,000)  (899,119) | (27,310)  - (911,244) |
| **Net cash flows from/(used in) investing activities** | (20,473,203) | (938,554) |
| **Cash flows from financing activities**  Repayment of finance leases | (29,296) | (82,927) |
| **Net cash flows from/(used in) financing activities** | **(29,296)** | **(82,927)** |
| **Net increase/(decrease) in cash and cash equivalents**  **Cash and cash equivalents at the beginning of the financial year** | **(5,658,474)**  **11,161,896** | **220,388**  **10,941,508** |
| **Cash and cash equivalents at the end** 6.3  **of the financial year** | **5,503,422** | **11,161,896** |
| **Consisting of:**  **Committed cash (Government grant funding received in advance)**  **Non-committed cash (cash reserve for short- term liabilities)** | **4,745,105**  **758,317** | **4,649,962**  **6,511,934** |

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

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Notes to the financial statements

1 About this report

The VCAA is 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.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

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 Board of Directors on

22 August 2018.

Notes to the financial statements 53

2 Funding delivery of our services

Introduction

The VCAA’s objective is to provide high-quality curriculum, assessment and reporting that promotes individual lifelong learning.

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

|  |  |  |
| --- | --- | --- |
| Note(s) 2018  $ | | 2017  $ |
| Funding 2.2  Interest 2.3.1  Grants 2.3.2  Fair value of assets and services received  free of charge 2.3.3  Other income 2.3.4 | 69,014,055  122,983  1,912,032  2,479,869  4,192,978 | 52,056,487  96,205  1,918,365  2,391,472  3,889,799 |
| **Total income from transactions** | **77,721,917** | **60,352,328** |

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

|  |  |  |
| --- | --- | --- |
| 2018 2017  $ $ | | |
| Operational funding(i)  Capital funding | 68,539,055  475,000 | 51,326,487  730,000 |
| **Total funding** | **69,014,055** | **52,056,487** |

(i) VCAA receives operational funding from the DET, from which both employee and non-employee costs are met.

Operational funding for 2017–18 includes $8 million from the DET for the transition to NAPLAN online for 2018–19.

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2.3 Income from transactions

2.3.1 Interest

|  |  |  |
| --- | --- | --- |
| 2018  $ | | 2017  $ |
| Interest on bank deposits | 122,983 | 96,205 |
| **Total interest** | **122,983** | **96,205** |

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

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

2.3.2 Grants

|  |  |  |
| --- | --- | --- |
| 2018  $ | | 2017  $ |
| General purpose grants | 1,912,032 | 1,918,365 |
| **Total grants** | **1,912,032** | **1,918,365** |

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 receivable or 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

|  |  |  |
| --- | --- | --- |
| 2018 2017  $ $ | | |
| Accommodation | 2,479,869 | 2,391,472 |
| **Total fair value of assets and services received free of charge or for nominal consideration** | **2,479,869** | **2,391,472** |

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the VCAA obtains control over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. 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, Coburg

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

Notes to the financial statements 55

2.3.4 Other income

|  |  |  |
| --- | --- | --- |
| 2018 2017  $ $ | | |
| User charges  Royalties  Miscellaneous income | 3,317,041  141,485  734,452 | 3,010,766  164,242  714,791 |
| **Total other income** | **4,192,978** | **3,889,799** |

**User charges**

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

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3 The cost of delivering services

Introduction

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | Note(s) 2018 2017  $ $ | | |
| Employee benefit expenses 3.1.1  Other operating expenses 3.1.2 | | 41,031,728  23,634,343 | 37,071,402  22,218,567 |
| **Total expenses incurred in delivery of services** | | **64,666,071** | **59,289,969** |

3.1.1(a) Employee benefits – comprehensive operating statement

|  |  |  |
| --- | --- | --- |
| 2018 2017  $ $ | | |
| Salary & wages (including annual leave and long service leave) Wages for setting, vetting and assessing examinations Superannuation  Other on-costs (fringe benefits tax, payroll tax and  WorkCover levy) | 20,574,410  14,916,175  3,334,860  2,206,283 | 18,668,299  13,383,280  3,027,853  1,991,970 |
| **Total employee benefits** | **41,031,728** | **37,071,402** |

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments 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 the DET. When a staff member accesses their leave entitlement, it is paid by the 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.

Notes to the financial statements 57

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. The 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 219 different funds.

Contributions are calculated at a rate of 9.5 per cent (2017: 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

Defined contribution plans:

2018

$

2017

$

2018

$

2017

$

Victorian Superannuation Scheme 853,537 936,884 52,072 – Catholic Superannuation Fund 63,761 61,477 652 – Uni Superannuation Fund 39,138 21,811 4,740 – Various other 297,588 248,162 17,708 – **Total 1,254,024 1,268,334 75,172** –

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3.1.2 Other operating expenses

|  |  |  |
| --- | --- | --- |
| 2018 2017  $ $ | | |
| **Supplies and services:**  Examination centre, supervisor and other payments Teacher release and development payments Contractors and consultants  Administrative expenses  Information technology and communication expenses  Purchase of other supplies and services  **Other expenses:**  Lease payments  Bad debts from transactions  **Fair value assets and services provided free of charge or for nominal consideration:**  Accommodation | 4,341,461  659,808  8,744,685  2,315,537  2,195,922  2,149,701 | 3,809,465  612,750  8,641,729  2,146,313  1,810,552  2,078,155 |
| 20,407,114  708,754  38,606 | 19,098,964  692,076  36,055 |
| 747,360  2,479,869 | 728,131  2,391,472 |
| 2,479,869 | 2,391,472 |
| **Total other operating expenses** | **23,634,343** | **22,218,567** |

Other operating expenses generally represent 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** are recognised at their fair value when the VCAA obtains control over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. 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.

The value of the VCAA accommodation costs from the DET is 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.

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4 Key assets available to support output delivery

Introduction

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: carrying amount

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

2018

$

2017

$

2018

$

2017

$

2018

$

2017

$

Plant and equipment 3,923,219 4,828,142 (3,757,883) (4,010,259) 165,336 817,883

Motor vehicles 116,646 176,823 (43,978) (26,677) 72,668 150,146

Work in progress

(WIP) 230,678 501,316 – – 230,678 501,316

**Total 4,270,543 5,506,281 (3,801,861) (4,036,936) 468,682 1,469,345**

**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 below by asset category.

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**Vehicles** are valued using the depreciated 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

|  |  |  |
| --- | --- | --- |
| 2018 2017  Charge for the period  $ $ | | |
| Plant and equipment  Intangibles  Motor vehicles | 144,261  311,732  28,964 | 399,556  –  37,447 |
| **Total depreciation/amortisation and impairment** | **484,957** | **437,003** |

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, assets held for sale, land and investment properties.

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 2018 financial year no assets have been impaired. (2017: 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.

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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 or fair value less costs to sell.

4.1.2 Carrying values by ‘purpose’ groups

Education Total

2018

$

2017

$

2018

$

2017

$

Plant and equipment(i) 165,336 817,883 165,336 817,883

Motor vehicles 72,668 150,146 72,668 150,146

Work in progress 230,678 501,316 230,678 501,316

**Total 468,682 1,469,345 468,682 1,469,345**

4.1.3 Reconciliation of movements in carrying values of property, plant and equipment

Plant and equipment Motor vehicles WIP Total

2018

$

2017

$

2018

$

2017

$

2018

$

2017

$

2018

$

2017

$

**Opening**

**balance 817,883 603,565 150,146 90,072 501,316 176,636 1,469,345 870,273**

Additions 77,051 27,310 – 177,475 182,019 911,244 259,070 1,116,029

Disposals – – (48,514) (79,954) – – (48,514) (79,954) Transfer to

Intangibles (585,337) – – – (452,657) – (1,037,994) –

Transfer to Plant and equipment

– 586,564 – – – (586,564) – –

Depreciation/ amortisation expense

(144,261) (399,556) (28,964) (37,447) – – (173,225) (437,003)

**Closing**

**balance 165,336 817,883 72,668 150,146 230,678 501,316 468,682 1,469,345**

(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.

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4.2 Intangible assets

Computer software WIP Total

2018

$

2017

$

2018

$

2017

$

2018

$

2017

$

**Gross carrying amount**

Opening balance from WIP

plant & equipment – – – – – –

Additions – – 1,214,133 – 1,214,133 – Transfer to/from plant &

equipment 585,337 – 452,657 – 1,037,994 –

Transfers to/from WIP 497,033 – (497,033) – – –

Closing balance 1,082,370 – 1,169,757 – 2,252,127 –

**Accumulated amortisation and impairment**

Amortisation of intangible

produced assets (311,732) – – – (311,732) –

Closing balance (311,732) – – – (311,732) –

**Net book value at end of**

**financial year 770,638 – 1,169,757 – 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; and

(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 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.

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4.3 Investments and other financial assets

|  |  |  |
| --- | --- | --- |
| 2018 2017  Current investments and other financial assets $ $ | | |
| **Term deposits**  Australian dollar term deposits > 3 months(i) | 19,000,000 | – |
| **Total current investments and other financial assets** | **19,000,000** | **–** |
| **Total investments and other financial assets** | **19,000,000** | **–** |

(i) Term deposits under ‘investments and other financial assets’ class include only term deposits with maturity greater than 90 days.

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5 Other assets and liabilities

Introduction

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 provision for doubtful debt

5.1.2 Ageing analysis of contractual receivables

5.2 Payables

5.2.1 Maturity analysis of contractual payables

5.3 Other non-financial assets

5.1 Receivables

|  |  |  |
| --- | --- | --- |
| 2018  $ | | 2017  $ |
| **Contractual**  Fee-paying overseas students Provisions for doubtful receivables Other receivables  **Statutory**  Amounts owing from the Department of Education and Training | 1,185,975 (30,262)  919,409 | 1,038,710 (31,091)  1,075,978 |
| 2,075,122  8,750 | 2,083,597  133,317 |
| **Total receivables** | **2,083,872** | **2,216,914** |
| represented by:  **Current receivables** | **2,083,872** | **2,216,914** |

Contractual receivables are classified as financial instruments and categorised as loans and receivables. They are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest rate method, less an allowance for 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. The statutory amount incorporates funding for all commitments included in funding drawn down from the Consolidated Fund.

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5.1.1 Movement in the provision for doubtful debt

|  |  |  |
| --- | --- | --- |
| 2018 2017  $ $ | | |
| **Balance at beginning of the year**  Increase in provision recognised in the net result  Reversal of provision of receivables written off during the year as uncollectable | **(31,091)**  (30,262)  31,091 | **(24,593)**  (31,091)  24,593 |
| **Balance at end of the year** | **(30,262)** | **(31,091)** |

Doubtful debts: receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgment is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

A provision is made for estimated irrecoverable amounts from the sales of goods when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.

5.1.2 Ageing of contractual receivables

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Past due but not impaired | | | | | | |
|  | Carrying amount  $ | Not past due and not impaired  $ | Less than 1 month  $ | 1–3 months  $ | 3 months –  1 year  $ | 1–5 years  $ |
| **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** |
| **2017** | | | | | | |
| Fee-paying overseas students | 1,007,619 | 965,768 | – | – | – | 41,851 |
| Other receivables | 1,075,978 | 1,073,433 | – | 1,625 | 920 | – |
| **Total** | **2,083,597** | **2,039,201** | **–** | **1,625** | **920** | **41,851** |

The average credit period for fee-paying overseas students is 45 days and for other receivables is 30 days. A provision has been made for estimated irrecoverable amounts from the fee-paying services when there is objective evidence that an individual receivable is impaired.

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.

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5.2 Payables

|  |  |  |
| --- | --- | --- |
| 2018  $ | | 2017  $ |
| **Contractual**  Supplies and services Accrued wages and salaries Accrued expenses  Other payables  **Statutory**  Group tax payable  Amounts payable to government departments | 1,528,393  3,988,121  1,483,209  684,782 | 2,832,611  2,168,628  1,198,314  589,330 |
| 7,684,505  217,991  1,093,344 | 6,788,883  –  423,749 |
| **Total payables** | **8,995,840** | **7,212,632** |
| represented by**: Current payables** | **8,995,840** | **7,212,632** |

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.

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5.2.1 Maturity analysis of contractual payables(i)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Maturity dates | | | | | | | |
|  | Carrying amount  $ | Nominal amount  $ | Less than 1 month  $ | 1– 3 months  $ | 3 months  – 1 year  $ |  | 1– 5 years  $ |
| **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** | – |  | – | – |
| **2017** | | | | | | | |
| Supplies and services | 2,832,611 | 2,832,611 | 2,832,611 | – |  | – | – |
| Accrued wages and salaries | 2,168,628 | 2,168,628 | 2,168,628 | – |  | – | – |
| Accrued expenses | 1,198,314 | 1,198,314 | 1,198,314 | – |  | – | – |
| Other payables | 589,330 | 589,330 | 589,330 | – |  | – | – |
| **Total** | **6,788,883** | **6,788,883** | **6,788,883** | – |  | – | – |

5.3 Other non-financial assets

|  |  |  |
| --- | --- | --- |
| 2018 2017  $ $ | | |
| **Current other assets**  Prepayments | 492,920 | 368,722 |
| **Total current other assets** | **492,920** | **368,722** |
| **Total other non-financial assets** | **492,920** | **368,722** |

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

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

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6 How we financed our operations

Introduction

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 Maturing analysis of borrowings

6.1.2 Interest expense

6.2 Finance lease liabilities

6.2.1 Finance lease liabilities (VCAA as lessee)

6.2.2 Operating leases (VCAA as lessee)

6.3 Cash flow information

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

|  |  |  |
| --- | --- | --- |
| 2018  $ | | 2017  $ |
| **Current borrowings**  Finance lease liabilities(i) | 48,722 | 33,013 |
| **Total current borrowings** | **48,722** | **33,013** |
| **Non-current borrowings**  Finance lease liabilities(i) | 24,420 | 117,939 |
| **Total non-current borrowings** | **24,420** | **117,939** |
| **Total borrowings** | **73,142** | **150,952** |

‘Borrowings’ refer to interest-bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements.

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.

(i) 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.

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6.1.1 Maturing analysis of borrowings

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Maturity dates | | | | | | |
|  | Carrying amount  $ | Nominal amount  $ | Less than 1 month  $ | 1–3 months  $ | 3 months  – 1 year  $ | 1–5 years  $ |
| **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** |
| **2017** | | | | | | |
| Finance lease liabilities | 150,952 | 158,998 | 2,751 | 5,502 | 24,760 | 117,939 |
| **Total** | **150,952** | **158,998** | **2,751** | **5,502** | **24,760** | **117,939** |

6.1.2 Interest expense

|  |  |  |
| --- | --- | --- |
| 2018 2017  $ $ | | |
| Interest on finance leases | 3,873 | 5,095 |
| **Total interest expense** | **3,873** | **5,095** |

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.

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6.2 Leases

6.2.1 Finance lease liabilities (VCAA as lessee)

Minimum future lease payments (i)

Present value of minimum future lease payments

2018

$

2017

$

2018

$

2017

$

**Finance lease liabilities payable (ii)**

Not longer than one year 50,057 37,678 48,722 33,013

Longer than one year and not longer than

five years 24,671 121,320 24,420 117,939

**Minimum future lease payments 74,728 158,998 73,142 150,952**

Less future finance charges (1,586) (8,046) – –

**Present value of minimum lease payments 73,142 150,952 73,142 150,952**

Included in the financial statements as:

Current borrowing lease liabilities (Note 6.1)

– – 48,722 33,013

Non-current borrowing lease liabilities (Note 6.1) – – 24,420 117,939

**Total** – – **73,142 150,952**

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 or 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. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

(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.

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6.2.2 Operating leases (VCAA as lessee)

|  |  |  |
| --- | --- | --- |
| 2018 2017  $ $ | | |
| **Non-cancellable operating lease payable**  Not longer than one year  Longer than one year and not longer than five years | 60,979  67,244 | 149,792  – |
| **Total non-cancellable operating lease payable** | **128,223** | **149,792** |

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) which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and readily convertible to known amounts of cash with an insignificant risk of changes in value.

|  |  |  |
| --- | --- | --- |
| 2018 2017  $ $ | | |
| Total cash and deposits disclosed in the balance sheet | 5,503,422 | 11,161,896 |
| **Balance as per cash flow statement** | **5,503,422** | **11,161,896** |

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6.3.1 Reconciliation of net result for the period to cash flow from operating activities

|  |  |  |
| --- | --- | --- |
| 2018  $ | | 2017  $ |
| **Net result for the period**  **Non cash movements:**  Depreciation and amortisation of non-current assets **Movements in assets and liabilities:** (Increase)/decrease in receivables (Increase)/decrease in other non-financial assets Increase/(decrease) in payables  Increase/(decrease) in provisions | **12,567,016**  484,957  133,871 (124,198)  1,783,208  (829) | **620,261**  437,003  (546,970) (101,066)  826,143  6,498 |
| **Net cash flows from (used in) operating activities** | **14,844,025** | **1,241,869** |

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)

|  |  |  |  |
| --- | --- | --- | --- |
| Less than 1  year 1–5 years Total  $ $ $ | | | |
| **Nominal amounts: 2018**  Capital expenditure commitments payable  Operating commitments payable | 288,942  4,709,146 | –  518,015 | 288,942  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** |
| **Nominal amounts: 2017**  Capital expenditure commitments payable  Operating commitments payable | 243,679  1,953,410 | –  696,744 | 243,679  2,650,154 |
| **Total commitments (inclusive of GST)** | **2,197,089** | **696,744** | **2,893,833** |
| Less GST recoverable from the Australian Tax Office |  |  | 263,076 |
| **Total commitments (exclusive of GST)** |  |  | **2,630,757** |

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

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7 Risks, contingencies and valuation judgments

Introduction

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) a 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 risk management objectives and policies

7.1.3 Financial instruments: credit risk

7.1.4 Financial instruments: liquidity risk

7.1.5 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 contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB

132 and those that do not.

The following refers to financial instruments unless otherwise stated.

**Categories of financial instruments**

**Cash and receivables** are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs.

Cash and receivables category includes cash, term deposits, trade receivables, and other receivables, but not statutory receivables.

**Financial liabilities at amortised cost** are initially recognised on the date they are 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.

Financial instrument liabilities measured at amortised cost include all of the VCAA’s contractual payables and 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

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• the VCAA has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or

(b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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.

7.1.1 Financial instruments: categorisation

|  |  |  |  |
| --- | --- | --- | --- |
| Contractual Contractual Total financial assets- financial liabilities  loans and at amortised cost receivables  $ $ $ | | | |
| **2018**  **Contractual financial assets** Cash and deposits **Receivables (i)**  Receivables  **Investments and other financial assets**  Term deposits | 5,503,422  2,075,122  19,000,000 | –  – | 5,503,422  2,075,122  19,000,000 |
| **Total contractual financial assets** | **26,578,544** | **–** | **26,578,544** |
| **Contractual financial liabilities**  **Payables**(i)  Supplies and services  **Borrowings**  Lease liabilities | –  – | 7,684,505  73,142 | 7,684,505  73,142 |
| **Total contractual financial liabilities** | – | **7,757,647** | **7,757,647** |
| **2017**  **Contractual financial assets** Cash and deposits **Receivables**(i)  Receivables | 11,161,896  2,083,597 | –  – | 11,161,896  2,083,597 |
| **Total contractual financial assets** | **13,245,493** | **–** | **13,245,493** |
| **Contractual financial liabilities**  **Payables**(i)  Supplies and services  **Borrowings**  Lease liabilities | –  – | 6,788,884  150,952 | 6,788,884  150,952 |
| **Total contractual financial liabilities** | **–** | **6,939,836** | **6,939,836** |

(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).

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7.1.2 Financial risk management objectives and policies

The VCAA’s financial risk management program seeks to manage risks and the associated volatility of its financial performance. The VCAA’s main financial risks include credit risk, liquidity risk and interest rate risk.

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 in note 7.3.

7.1.3 Financial instruments: credit risk

Credit risk arises from the contractual financial assets of the VCAA, which comprise cash and cash equivalents and receivables. 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. Credit risk associated with the VCAA’s financial assets is minimal because the main debtor is the Victorian Government.

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 which are more than 60 days overdue, and changes in debtor credit rating.

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.

The carrying amount of financial assets recorded in the financial report represents the VCAA’s maximum exposure to credit risk as indicated in the following table.

**Credit quality of contractual financial assets that are neither past due nor impaired**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Financial Government Other Total institutions agencies  (AA-credit (AAA-credit rating) rating)  $ $ $ $ | | | | |
| **2018**  Cash and deposits  Receivables(i)  Term deposits | 5,503,422  –  – | –  –  19,000,000 | –  2,075,122 | 5,503,422  2,075,122  19,000,000 |
| **Total contractual financial assets** | **5,503,422** | **19,000,000** | **2,075,122** | **26,578,544** |
| **2017**  Cash and deposits  Receivables(i) | 11,161,896  – | –  – | –  2,083,597 | 11,161,896  2,083,597 |
| **Total contractual financial assets** | **11,161,896** | **–** | **2,083,597** | **13,245,493** |

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

input tax credit recoverable).

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7.1.4 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.

7.1.5 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 is 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 **100** basis points up (2017: 100 points up and 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 cash at bank, as a financial asset that 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 below. In addition, the VCAA’s sensitivity to interest rate risk is set out in the table that follows.

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**Interest rate exposure of financial instruments**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Interest rate risk exposure | | | | | | | |
|  | Weighted average effective interest rate  % | Carrying amount  $ | Fixed interest rate  $ |  | Variable interest rate  $ |  | Non-interest bearing  $ |
| **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** |
| **2017** | | | | | | | |
| **Financial assets** | | | | | | | |
| Cash and deposits | 1.08 | 11,161,896 |  | – | 11,161,896 | | – |
| Receivables(i) |  | 2,083,597 |  | – |  | – | 2,083,597 |
| **Total financial assets** |  | **13,245,493** |  | **–** | **11,161,896** | | **2,083,597** |
| **Financial liabilities** | | | | | | | |
| Payables(i) | | | | | | | |
| Supplies and services |  | 6,788,884 |  | – |  | – | 6,788,884 |
| Borrowings | | | | | | | |
| Lease liabilities |  | 150,952 | 150,952 | |  | – | – |
| **Total financial liabilities** |  | **6,939,836** | **150,952** | |  | **–** | **6,788,884** |

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

input tax credit recoverable).

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**Interest rate sensitivity analysis**

|  |  |  |
| --- | --- | --- |
| Carrying amount  $ | | –50 basis points +100 basis points  Available-for-sale Available-for-sale revaluation revaluation  Net result surplus Net result surplus  $ $ $ $  (27,517) – 55,034 – (95,000) 190,000 |
| **2018**  **Contractual financial assets**  Cash and deposits  Investments and other financial assets | 5,503,422  19,000,000 |
| **Total impact** | **24,503,422** | **(122,517) – 245,034 –** |
| **2017**  **Contractual financial assets**  Cash and deposits | 11,161,896 | (55,809) – 111,619 – |
| **Total impact** | **11,161,896** | **(55,809) – 111,619 –** |

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**

Contingent liabilities are:

• 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 2018 the VCAA had no contingent assets (nil at 30 June 2017) and no contingent liabilities (nil at 30 June 2017).

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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:

• Financial assets and liabilities at fair value through operating result

• 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.

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The VCAA considers that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values because of the short-term nature of the financial instruments and the expectation that they will be paid in full by the end of the 2017–18 reporting period.

For the purpose of fair value disclosures, the VCAA has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the

fair value hierarchy as explained above. In addition, 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.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as their carrying amounts.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Carrying amount  2018 | Fair value  2018 | Carrying  amount Fair value  2017 2017  $ $ | |
| $ | $ |
| **Financial assets**  Cash and deposits | 5,503,422 | 5,503,422 | 11,161,896 | 11,161,896 |
| Receivables(i) | 2,075,122 | 2,075,122 | 2,083,597 | 2,083,597 |
| Term deposits **Financial liabilities** Payables(i)  Supplies and services | 19,000,000  7,684,505 | 19,000,000  7,684,505 | –  6,788,884 | –  6,788,884 |
| Borrowings  Lease liabilities | 73,142 | 73,142 | 150,952 | 150,952 |

The VCAA did not have any financial instruments that are measured subsequent to initial recognition at fair value as at 30 June 2018 (2017: Nil).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Historical cost is based on the fair values of the consideration given in exchange for assets.

(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).

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7.3.2 Fair value determination: Non-financial physical assets

**Fair value measurement hierarchy**

|  |  |  |  |
| --- | --- | --- | --- |
| Carrying amount as at  30 June 18  $ | | Fair value measurement at end of reporting period using: | |
| Level 1(i)  $ | Level 2 (i) Level 3 (i)  $ $ |
| **2018**  **Plant, equipment and vehicles at fair value**  Vehicles (ii)  Plant and equipment (iii) | 72,668  165,336 | – – 72,668  **– –** 165,336 | |
| **Total of plant, equipment and vehicles at fair value** | **238,004** | **– – 238,004** | |

Consistent with AASB 13 Fair Value Measurement, the VCAA determines the policies and procedures for both recurring fair value measurements such as plant and equipment and financial instruments in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

|  |  |  |  |
| --- | --- | --- | --- |
| Carrying amount as at  30 June 17  $ | | Fair value measurement at end of reporting period using: | |
| Level 1(i)  $ | Level 2(i) Level 3(i)  $ $ |
| **2017**  **Plant, equipment and vehicles at fair value**  Vehicles (ii)  Plant and equipment (iii) | 150,146  817,883 | – – 150,146  – – 817,883 | |
| **Total of plant, equipment and vehicles at fair value** | **968,029** | – – **968,029** | |

There have been no transfers between levels during the period.

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.

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 2018.

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

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

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

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**Reconciliation of Level 3 fair value**

Vehicles Plant and equipment

2018

$

2017

$

2018

$

2017

$

**Opening balance 150,146 90,072 817,883 603,565**

Purchases (sales) (48,514) 97,521 77,051 613,874

Transfers in/out of plant and equipment – – (585,337) –

**Gains or losses recognised in net result**

Depreciation (28,964) (37,447) (144,261) (399,556)

**Closing balance 72,668 150,146 165,336 817,883**

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 Depreciated replacement cost

Useful life of vehicles, plant and equipment

The significant unobservable inputs have remained unchanged from 2017.

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8 Other disclosures

Introduction

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 Australian Accounting Standards issued that are not yet effective

8.10 Glossary of technical terms

8.1 Subsequent events

There were no significant events that have occurred subsequent to 30 June 2018.

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 relate 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.

**Termination benefits** include termination of employment payments, such as severance packages. Several factors affected total remuneration payable to executives over the year, including re-

negotiated contracts and retirements. Acting arrangements are not included.

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**Remuneration of executive officers**

(including Key Management Personnel disclosed in Note 8.4).

|  |  |  |
| --- | --- | --- |
|  | Total remuneration | |
| 2018  $ | 2017  $ |
| Short-term employee benefits  Post-employment benefits  Other long-term benefits | 714,060  68,717  13,151 | 737,853  70,384  12,183 |
| **Total remuneration(i)** | **795,928** | **820,420** |
| **Total number of executives** | **4** | **5** |
| **Total annualised employee equivalents(ii)** | **3.6** | **3.9** |

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:

|  |  |  |
| --- | --- | --- |
| 2018  Income band Number | | 2017  Number |
| $0  $1 to $9,999  $10,000 to $19,999  $40,000 to $49,999  $60,000 to $69,999  $290,000 to $299,999  $320,000 to $329,999 | 8  2  5  1  1  1  – | 7  2  3  1  –  –  1 |
| **Total numbers** | **18** | **14** |
| **Total amount** | **$467,585** | **$414,412** |

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/](http://www.parliament.vic.gov.au/) publications/register-of-interests.

(i) The total number of executive officers includes persons who 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.

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The compensation details below excludes the salaries and benefits of Ms Gill Callister, the

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 the Department, however the Secretary’s remuneration and allowances are reported within the DET’s Financial Report.

Names

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

• Responsible Minister – Minister for Education

– The Hon. James Merlino, MP

• Responsible Minister – Minister for Families and Children (until 15 October 2017)

Responsible Minister – Minister for Early Childhood Education (commenced 16 October 2017)

– The Hon. Jenny Mikakos, MLC

• Responsible Minister – Minister for Training and Skills

– The Hon. Gayle Tierney MLC

• Responsible Minister – Minister for Small Business, Innovation and Trade (until 15 October 2017) Responsible Minister – Minister for Trade and Investment (commenced 16 October 2017)

– The Hon. Philip Dalidakis MLC

• Accountable Officer – Chief Executive Officer

– Mr John Firth, completed 14 July 2017

– Dr David Howes, commenced 15 July 2017

• VCAA Board Members

– Mr Chris Wardlaw, Chair

– Ms Gill Callister (ex officio)

– Ms Suzy Chandler

– Professor Marcia Devlin, term commenced 17 April 2018

– Ms Catherine Dillion

– Professor Wayne Hodgson, term recommenced 1 June 2018

– Ms Pauline Jelleff, term recommenced 1 June 2018

– Dr Toni Meath, term commenced 17 April 2018

– Mr Peter Moore

– Mr Dale Pearce, term completed 31 May 2018

– Mr Russell Pettis

– Ms Andree Poulter

– Ms Claire Rassmussen

– Professor Mark Rose, term recommenced 30 June 2018

– Professor Emeritus Kaye Stacey, term commenced 17 April 2018

– Professor Emeritus Collette Tayler, term completed 21 August 2017

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.

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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

– Mary Oski, Executive Director, Curriculum (until 2 April 2018)

– Lea Saddington, Executive Director, Planning, Strategy and Corporate Support.

**Compensation**

|  |  |  |
| --- | --- | --- |
| 2018 2017  $ $ | | |
| Short-term employee benefits  Post-employment benefits  Other long-term benefits | 1,013,188  89,709  17,603 | 805,215  84,512  16,141 |
| **Total** | **1,120,500** | **905,868** |

Acting arrangements for Executive Officers that are KMPs 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 within 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 the 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).

|  |  |  |
| --- | --- | --- |
| 2018  $ | | 2017  $ |
| Revenue received  Expenditure incurred | 4,390,655  3,160,271 | 4,276,134  2,834,749 |

The VCAA transacts with other government related entities in the course of performing its statutory functions. Individual transactions are not 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.

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8.5 Remuneration of auditors

|  |  |  |
| --- | --- | --- |
| 2018 2017  $ $ | | |
| **Victorian Auditor-General’s Office**  Audit of the financial statements  Other non-audit services(i) | 28,000  – | 29,000  – |
| **Total remuneration of auditors** | **28,000** | **29,000** |

8.6 Ex-gratia expenses

As at 30 June 2018 the VCAA had not made any ex-gratia payments (nil at 30 June 2017).

8.7 Economic dependency

The VCAA is dependent on the State Government, through the 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.

Foreign currency translation differences are recognised in other economic flows in the consolidated comprehensive operating statement and accumulated in a separate component of equity, in the period in which they arise.

8.9 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after the operative dates stated.

Certain new AAS have been published that are not mandatory for the 30 June 2018 reporting period. DTF assesses the impact of all these new standards and advises of their applicability and early adoption where applicable. Please refer below to the detailed list of the AASs issued but are not yet effective for the 2017–18 reporting period.

(i) The Victorian Auditor General’s Office is not allowed to provide non-audit services

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Standard/

Interpretation(i) Summary

Applicable for annual reporting periods beginning on

Impact on entity financial statements

AASB 9 Financial

Instruments

AASB 2014-1

Amendments to Australian Accounting Standards [Part E Financial Instruments]

AASB 2014–7

Amendments to Australian Accounting Standards arising from AASB 9

AASB 15 Revenue from Contracts with Customers

The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model

and a revised impairment loss model to recognise expected impairment losses earlier,

as opposed to the current approach that recognises impairment only when incurred.

Amends various AASs to reflect the AASB’s decision to defer

the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and

to amend reduced disclosure requirements.

Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.

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.

1 January 2018 The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals.

The initial application of

AASB 9 is not expected

to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.

1 January 2018 This amending standard will defer the application period of AASB 9 to the

2018–19 reporting period in accordance with the transition requirements.

1 January 2018 The assessment has indicated that there will be no significant impact for the public sector.

1 January 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. The Standard will also require additional disclosures on service revenue and contract modifications.

(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.

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Standard/

Interpretation(i) Summary

Applicable for annual reporting periods beginning on

Impact on entity financial statements

AASB 2014–5

Amendments to Australian Accounting Standards arising from AASB 15

Amends the measurement of trade receivables and the recognition of dividends as follows:

• Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.

• Dividends are recognised in the profit and loss only when:

– the entity’s right to receive payment of the dividend is established;

– it is probable that the economic benefits associated with the dividend will flow to the entity; and

– the amount can be measured reliably.

1 Jan 2018, except amendments

to AASB 9 (Dec

2009) and AASB

9 (Dec 2010)

apply from 1 Jan

2018

The assessment has indicated that there will be no significant impact for the public sector.

AASB 2016–3

Amendments to Australian Accounting Standards – Clarifications to

AASB 15

AASB 2016-7

Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for- Profit Entities

This standard amends AASB 15 to clarify the requirements

on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:

• A promise to transfer to a customer a good or service that is ‘distinct’ to be recognised as a separate performance obligation;

• For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and

• For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right

to use) or at a point in time

(right to access).

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to

1 January 2019.

1 January 2018 The assessment has indicated that there will be no significant impact for the public sector, other than the

impact identified for AASB 15 above.

1 January 2019 This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019–20 reporting period.

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Standard/

Interpretation(i) Summary

Applicable for annual reporting periods beginning on

Impact on entity financial statements

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 January 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

Statutory receivables are recognised and measured similarly to financial assets

AASB 15

• 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.

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 January 2019 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.

In the operating statement, the operating lease

expense will be replaced by depreciation expense of the asset and an interest charge.

There will be no change for lessors as the classification of operating and finance leases remains unchanged.

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Standard/

Interpretation(i) Summary

Applicable for annual reporting periods beginning on

Impact on entity financial statements

AASB 1058 Income of

Not-for-Profit Entities

AASB 17 Insurance

Contracts

AASB 1058 standard 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.

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.

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.

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.

This standard does not apply to the not-for-profit public sector entities. The AASB is undertaking further outreach to consider the application of this standard to the not-for-profit public sector.

1 January 2019 The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds.

This may change under

AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets.

The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with

these grants). Only after that analysis would it be possible to conclude whether there

are any changes to operating grants.

The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.

1 January 2021 The assessment has indicated that there will be no significant impact for the public sector.

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In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2017–18 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 2016–5 Amendments to Australian Accounting Standards – Classification and

Measurements of Share–based Payment Transactions

• AASB 2016–6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial

Instruments with AASB 4 Insurance Contracts

• AASB 2017–1 Amendments to Australian Accounting Standards – Transfers of Investment

Property, Annual Improvements 2014–16 Cycle and Other Amendments

• AASB 2017–3 Amendments to Australian Accounting Standards – Clarifications to AASB 4

• AASB 2017–4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax

Treatments

• AASB 2017–5 Amendments to Australian Accounting Standards – Effective Date of

Amendments to AASB 10 and AASB 128 and Editorial Corrections

• 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

8.10 Glossary of technical terms

The following is a 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 the 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.

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**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 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.

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**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.

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**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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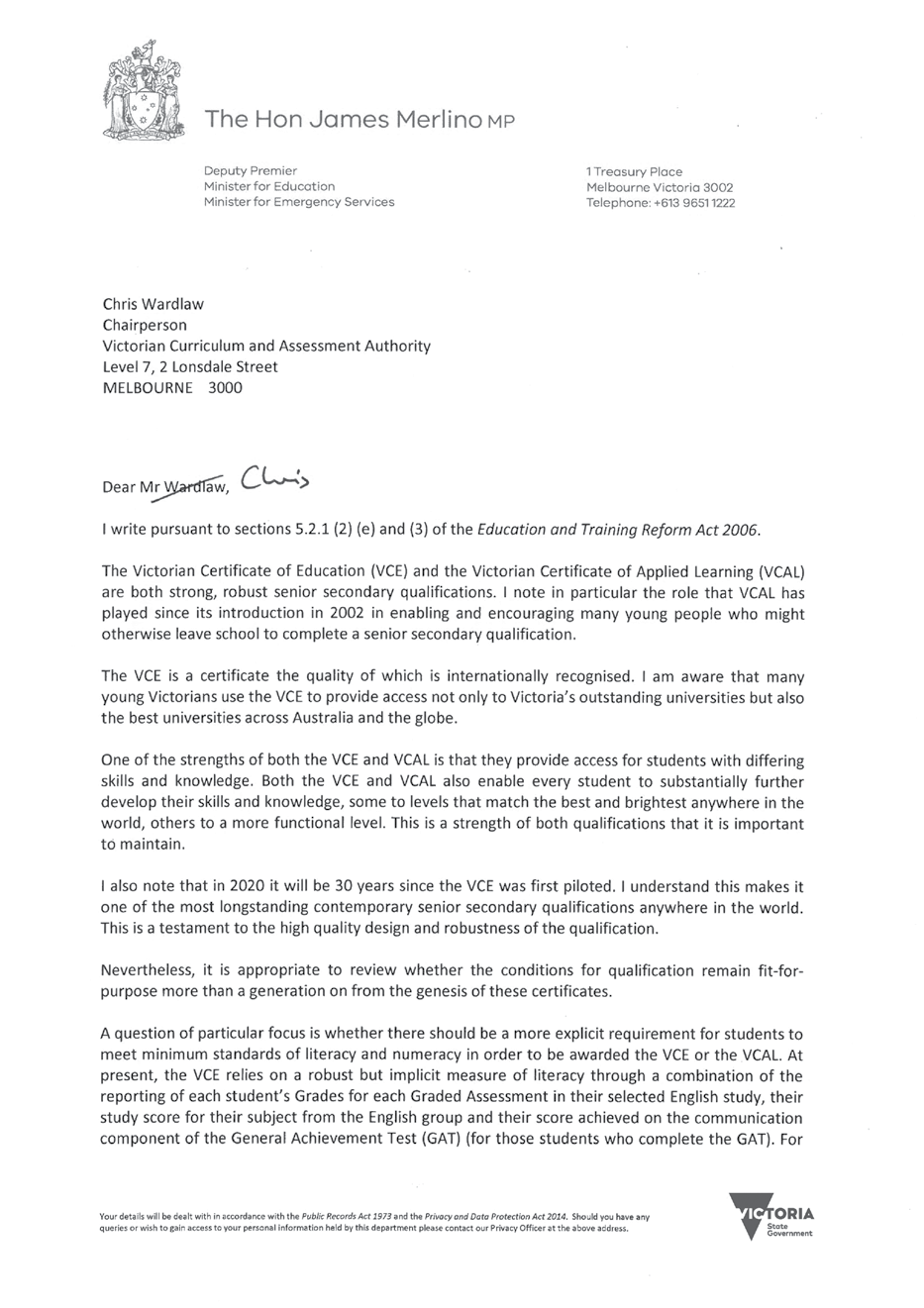
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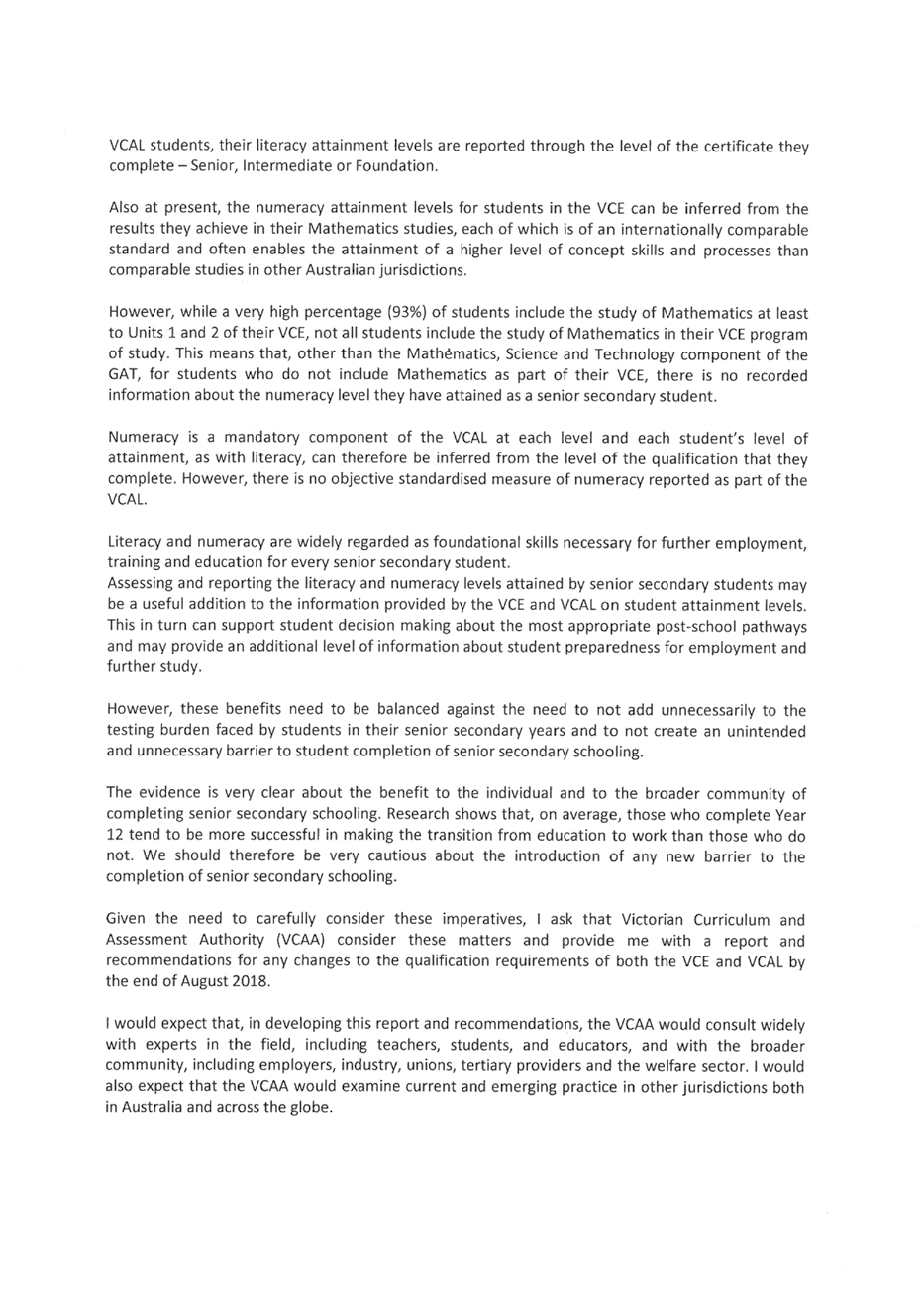
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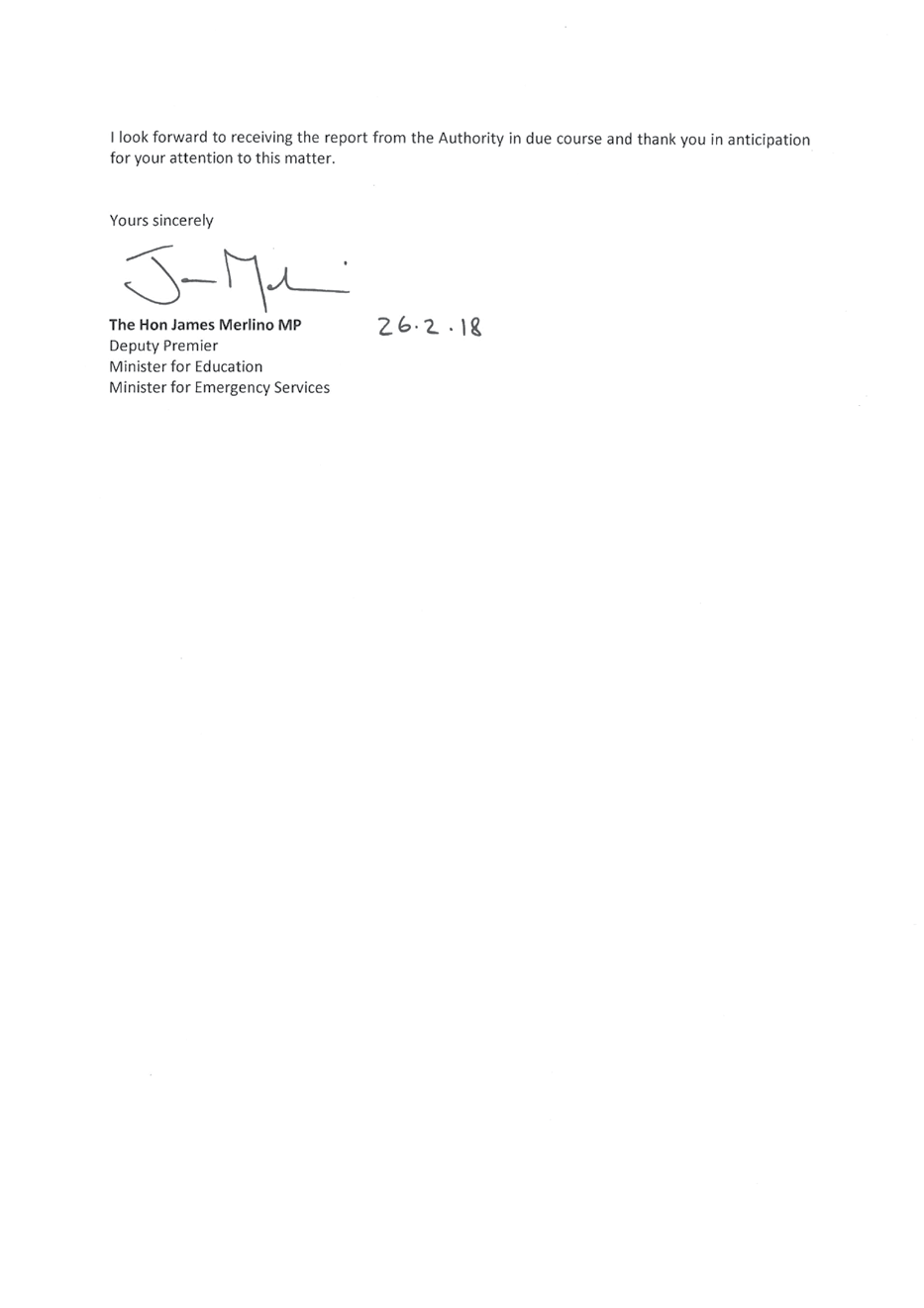


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Appendix 3 – Board meeting attendance

Update after 22 August Board meeting

Board member name 23 Aug

2017

25 Oct

2017

6 Dec

2017

21 Feb

2018

18 April

2018

27 June

2018 Attendance

Suzy Chandler **O** ● ● ● **O** ▲ 3/5

Cath Dillon ● ● ● ● ● ● 6/6

Gill Callister (ex-officio) **D D O D D D** 5/6

Prof Marcia Devlin N/A N/A N/A N/A N/A **O** 0/1

Prof Wayne Hodgson ● ● ● ● ● ▲ 5/5

Pauline Jelleff ▲ ● ● ● **O** ● 4/5

Dr Toni Meath N/A N/A N/A N/A N/A ● 1/1

Peter Moore ● ● ● ● ● ▲ 5/5

Dale Pearce# ● ● ● ● ● N/A 5/5

Russell Pettis ● ● ● ● ● ● 6/6

Andrèe Poulter ● ● ● ● **O** ● 5/6

Claire Rasmussen ● ● ● **O** ● ● 5/6

Prof Mark Rose **O** ● **O** ● ● ● 4/6

Professor Emeritus

Prof Kaye Stacey N/A N/A N/A N/A N/A **O** 0/1

Professor Emeritus

Collette Tayler\* **O** N/A N/A N/A N/A N/A 0/1

Chris Wardlaw (Chair) ● ● ● ● ● ▲ 5/5

● Attended ▲ Leave of absence **D** Delegated **O** Apology

# Mr Dale Pearce’s Board term finished on 31 May 2018.

\* The Late Professor Emeritus Collette Tayler resigned from the VCAA Board on 21 August 2017

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Appendix 4 – Acronyms and abbreviations

ACARA Australian Curriculum, Assessment and Reporting Authority

ATAR Australian Tertiary Admissions Rank

Auslan the 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) DET Department of Education and Training

EAL English as an Additional Language

FWC Fair Work Commission

FTE Full-time equivalent

HESS Higher Education Scored Study

NAPLAN National Assessment Program – Literacy and Numeracy

NMS National Minimum Standard RTO Registered Training Authority 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

VFE Victorian Further Education

VPS Victorian Public Sector

VRQA Victorian Regulation and Qualifications Authority

VTAC Victorian Tertiary Admissions Centre

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