



Early Childhood to Senior Schooling
Education and Early Childhood Services
Registration and Standards Board of SA

Education and Early Childhood Services Registration and Standards Board of South Australia

(Education Standards Board)

2016-17 Annual Report

Education Standards Board

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Date presented to Minister: 29 September 2017

To:
Hon. Susan Close MP
MINISTER FOR EDUCATION AND CHILD DEVELOPMENT

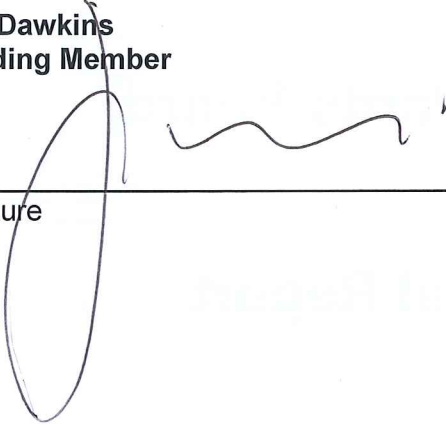
This annual report is presented to Parliament to meet the statutory reporting requirements of *the Education and Early Childhood Services (Registration and Standards) Act 2011* and *Public Sector Management Act 2009*, and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Education and Early Childhood Services Registration and Standards Board of South Australia by:

John Dawkins
Presiding Member

Signature

A handwritten signature in blue ink, consisting of a large, stylized loop followed by a wavy line.

Date

19/9/17

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Section A: Reporting required under the Public Sector Act 2009, the Public Sector Regulations 2010 and the Public Finance and Audit Act 1987

Agency purpose or role

The Education and Early Childhood Services (Registration and Standards) Board of South Australia (**our Board**) and its independent regulatory agency known as the Education Standards Board (**the ESB**) was established as part of South Australia's progressive education and early childhood development legislation, which resulted in the *Education and Early Childhood Services (Registration and Standards) Act 2011 (the Act)*.

This legislation shapes South Australia's approach to the registration and regulation of education and care services from early childhood to senior schooling and establishes a single streamlined regulatory system in South Australia administered by the ESB. This includes the implementation of the National Quality Framework for early childhood services.

Our Board is committed to implementing a contemporary approach to the regulation and quality assurance of school education and early childhood services in support of the best interests of children and their families and our other stakeholders. Our Board administers an important role in supporting all children to access high quality education and early childhood services through the approval, registering and regulation of school education and early childhood services.

Objectives

Our objectives, as set out in the Act, are as follows:

- Recognise that all children should have access to high quality education and early childhood facilities and services that:
 - Address their development needs
 - Maximise their learning and development potential through an appropriate curriculum
 - Support their educational achievement
 - Promote enthusiasm for learning
 - Support, promote and contribute to their health, safety and well-being
- Provide for a diverse range of services
- Recognise the rights of parents to access a diverse range of education and early childhood services providers
- Enhance public confidence in the operation of education and early childhood services providers.

Key strategies and their relationship to SA Government objectives

| Key strategy | SA Government objective |
|--|---|
| <p>Regulate the early childhood and schooling sectors using a contemporary approach</p> <p>The ESB adopts a contemporary risk-based and standards-based approach to its regulation.</p> | <p>SA Strategic Plan Every chance for every child, specifically Target 12. Early childhood: Increase the proportion of children developing well</p> <p>The ESB regulates and promotes continuous improvement in early childhood education and care services. Its impact, while indirect affects the outcomes for children using these services</p> |
| <p>Improve our stakeholder engagement</p> <p>The ESB actively seeks to engage with stakeholders and reflect on feedback to achieve better outcomes for children and less regulatory burden for service providers.</p> | <p>SA Strategic Plan: Every chance for every child</p> <p>SA Strategic Plan Target 32. Customer and client satisfaction with government services: Increase the satisfaction of South Australians with government services by 10% by 2014, maintaining or exceeding that level of satisfaction thereafter</p> <p>One Public Sector Organisation Initiative</p> |
| <p>Build a high-performing sustainable organisation</p> <p>The ESB supports its people and strives to constantly improve our business.</p> | <p>Digital by Default Declaration</p> <p>SA Strategic Plan Target 32. Customer and client satisfaction with government services: Increase the satisfaction of South Australians with government services by 10% by 2014, maintaining or exceeding that level of satisfaction thereafter</p> <p>One Public Sector Organisation Initiative</p> <p>The Premier's recent directions, including but not limited to, Performance Management and Development, Recruitment, Induction and Employee Exit Feedback and Flexibility for the future</p> |

Agency programs and initiatives and their effectiveness and efficiency

| Program name | Indicators of performance/effectiveness/efficiency | Comments |
|--|---|--|
| Strategic Plan Goal 1: Regulate the early childhood and schools sectors using a contemporary approach | | |
| Implementation of recommendations of review | <p>During the reporting period all recommendations from the <i>Review of the Regulatory Functions and Organisational Operation of the Education and Early Childhood Services Registration and Standards Board</i> were completed.</p> <p>The Presiding Member of our Board, the Hon John Dawkins AO, led the review with 22 recommendations approved by the Minister and our Board. The first phase of the review included a review of the structure and operations of our Board. The second phase included the development of standards for the registration and review of schools and the development of a regulatory plan for moving our Board and the ESB into a financially viable and a high performing organisation.</p> <p>The outcome of the review was the abolition of various standing and ad hoc regulatory working groups and changes made to the organisational structure aimed at obtaining efficiencies. The <i>Standards for Registration and Review of Registration of Schools in South Australia</i> were developed in consultation with key stakeholders and relevant prescribed bodies.</p> <p><i>The Education and Early Childhood Services (Registration and Standards) Variation Regulations 2017</i> were approved to enable the review of registration of registered schools in accordance with the Act. The review of the existing 727 schools operating in South Australia will commence in 2018. The standards do not constitute an increase in regulatory requirements, but reflect a contemporary approach to regulation.</p> | <p>This initiative was aimed at reducing regulatory burden and so is consistent with the South Australian Strategic Plan Objectives, particularly Target 32, which supports customer and client satisfaction with government services, and Target 12, which relates to every chance for every child.</p> |
| Registration of schools | <p>Regulation of schools in South Australia under the Act includes registration of schools to provide education services; review of registration; and endorsement of a school to enrol full fee paying overseas students.</p> <p>Registration applies to government and non-government schools seeking to be registered as a school, as well as registered schools amalgamating with another school, adding a new campus, changing location or adding new year levels.</p> <p>In 2016, the ESB, in consultation with the three schooling sectors and other key stakeholders developed a set of standards, <i>Standards for Registration and Review of Registration of Schools in South Australia, (the Standards)</i> that are broad statements of criteria that must be met to become registered as a school and continue to be met by a registered school to retain its registration.</p> | <p>The Standards are intended to clarify and formalise current arrangements and enable the ESB to more effectively undertake its legislative responsibilities. The ESB has streamlined its regulatory processes to ensure the efficiency and cost effectiveness of regulation.</p> |

The Standards build on the criteria previously used to assess a school's suitability to be approved and entered on the schools register.

The Standards allow for variation in the approaches to providing education services and allow for variation in the evidence required to demonstrate meeting the Standards.

To support the implementation of the Standards new application forms have been developed to reflect the requirements in the Standards and to streamline and simplify the application process for existing schools and new applicants.

An Evidence Guide was developed to provide guidance to schools on the types of evidence suitable for demonstrating they meet the criteria in the Standards.

Although the Evidence Guide provides some specific examples of evidence, these are not necessarily the only way of demonstrating particular criteria within the Standards. Schools and organisations will have evidence unique to their particular context.

Table 1: Total number of schools in SA as June 2017

| 2017 Schools Register | Total Primary | Total Secondary | Total Combined | TOTALS |
|-----------------------|---------------|-----------------|----------------|------------|
| Non-government | 99 | 23 | 84 | 206 |
| Government | 359 | 69 | 91 | 519 |
| TOTAL | 457 | 92 | 178 | 725 |

Table 2: Registered schools by sector since June 2012

| | June 2012 | June 2013 | June 2014 | June 2015 | June 2016 | June 2017 |
|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Government | 556 | 528 | 528 | 529 | 525 | 519 |
| Independent | 94 | 94 | 95 | 96 | 100 | 103 |
| Catholic | 103 | 103 | 103 | 104 | 103 | 103 |

The number of registered schools has remained steady over the past five years, with a small increase to the number of registered schools in the independent schools sector and a decrease to the number of government schools each year.

Five new schools were registered in the Adelaide metropolitan area during 2016-2017. This includes one new government school due to the amalgamation of an existing primary and secondary school to form a new combined school.

Four new school registrations were approved for non-government schools of which two are combined R – 12 and two are primary schools.

Four schools were removed from the schools register due to the closure of three rural government schools and the closure of a non-government school.

The administration of the Non-Government Schools Planning Policy was transferred from the DECD to the ESB. The criteria against which proposals will be assessed has been integrated into the Standards and will be assessed at the time of assessing applications for the establishment of a new non-government school or changing an existing non-government school, reducing duplication in the process.

The ESB is the Designated Authority in South Australia for recommending school providers for the registration, renewal and ongoing monitoring of schools compliance with the Education Services for Overseas Students (ESOS) Act. The Board is responsible for assessing the school appropriateness for Commonwealth Register of Institutions and Courses for Overseas Students (**CRICOS**) registration.

CRICOS is a database managed by the Department of Education and Training (DoET). The database provides details of educational institutions approved to recruit, enrol and deliver education and training services to overseas students.

The ESB uses the *National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007 (National Code)* as the criteria for the endorsement of registration for schools.

Table 3: SA schools approved on CRICOS Register

| | Government | Non-Government | TOTAL |
|--------------|------------|----------------|------------|
| Primary | 53 | 0 | 53 |
| Secondary | 52 | 11 | 52 |
| Combined | 19 | 29 | 19 |
| Total | 124 | 40 | 167 |

The numbers of SA schools on the CRICOS register has remained steady with a very slight reduction (two schools) since the last reporting period. International student's capacity across Government and Non-Government schools is 41% of the total allowable capacity as determined by the requirements for endorsement.

Regulate Early Childhood Services and Assess and Rate in-scope services against the National Quality Standard

Table 1: Number of services by service type and percentage of total with an assessment and rating

| | Family Day Care | Long Day Care | Preschool | Outside School Hours Care | Total | % with an assessment and rating |
|----------|-----------------|----------------------------|-----------|---------------------------|-------|---------------------------------|
| May 2017 | 37 | 356 | 402 | 376 | 1171 | 74% |
| May 2016 | 38 | 349 | 407 | 375 | 1169 | 51% |
| May 2015 | 38 | 1115 Centre based services | | | 1153 | 30% |

The National Law and the ESB came into effect in 2012. Following a review of the operations of the ESB, a framework for regulatory action has been developed in this financial year. The framework takes a risk management based approach but also recognises opportunities for continuous improvement. The framework sets out a planned approach to achieving the objectives of the ESB and includes key performance indicators:

- 20% of in-scope services to be assessed and rated annually with priority given to services receiving an initial assessment and rating
 - selection of services for subsequent assessments is based on the following factors:

The rate of completion of assessments and rating has accelerated in the current financial year.

The ESB is currently on track to meet its KPIs, which exceed the minimum required to meet funding requirements under the National Partnership Agreement.

Preliminary results show a broad based improvement in services that have received an assessment and rating.

| | | |
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| | <ul style="list-style-type: none">▪ time since last assessment▪ risk rating of the service▪ SEIFA (socio-economic) ranking of the area in which the service is located. Research has established that disadvantaged children using high quality services experience greatest improvement and outcomes <ul style="list-style-type: none">• 40% of services to receive a monitoring or compliance visit annually, based on a risk assessment process• Authorised officers complete assessment and rating processes at a rate of one per eight working days (averaged over time). <p>Monitoring visits to services are also a key regulatory approach. Selection of services for visits also use a structured risk based approach. This approach is currently being reviewed and refined with a view of improving the use of data from the national database (NQA ITS).</p> <p>A very small number of services identified as being at risk of serious or multiple non-compliances become the subject of intensive interventions. These interventions use a project management approach to identify explicit goals and timeframes for changes in the service's practices. This enables a decision to be made as to whether the service has returned to a state of improvement or if compliance actions are warranted.</p> | |
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| <p>Compliance Activity</p> | <p>Under the scope of the Act the ESB operates to further the objectives of the National Law to improve outcomes for children and to regulate and influence the behaviour of those involved in providing education and care.</p> <p>The ESB receives and assesses notifications of serious incidents and notifications of complaints and non-serious incidents. Such notifications are reporting requirements that Approved Providers must comply with under the National Law. Notifications are used to identify particular services that may have been non-compliant or at risk of being non-compliant with the National Law or trends across service types that might be best addressed by a systemic approach such as the provision of guidance materials.</p> <p>Early childhood services actions included:</p> <ul style="list-style-type: none"> • Prohibition of educators who posed unnecessary risk to children • Cancellation of Certified Supervisor certificates for persons identified as no longer being fit & proper • Suspensions and cancellations of provider and service approvals • Refusal of applications for provider and service approvals. | <p>On receiving information a risk assessment is made to identify any on-going risk to children and to inform planning decisions about the appropriate response. The principles that guide the approach that is taken include:</p> <ul style="list-style-type: none"> • The primary consideration of the welfare and best interests of children • Services should not be burdened by unnecessary regulation • The actions of the ESB should be proportionate to the potential harm • The particular circumstances of the service provider should be taken into account. | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------------|--|---|---|-----------------------------|-----------------------|----------------|---------------|---------|-----|-----|-----|---------|-----|---------|-----|-----|---------|------|-----|---------|-----|----|---|----|---|--|
| | <p>Table 1: Total number of notifications, complaints and investigations from June 2014 to June 2017</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th></th> <th>Serious Notifications</th> <th>Notifications</th> <th>Complaints</th> <th>Investigations</th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td>917</td> <td>312</td> <td>359</td> <td>326</td> </tr> <tr> <td>2015/16</td> <td>908</td> <td>330</td> <td>347</td> <td>299</td> </tr> <tr> <td>2016/17</td> <td>1135</td> <td>402</td> <td>332</td> <td>335</td> </tr> </tbody> </table> | | Serious Notifications | Notifications | Complaints | Investigations | 2014/15 | 917 | 312 | 359 | 326 | 2015/16 | 908 | 330 | 347 | 299 | 2016/17 | 1135 | 402 | 332 | 335 | | | | | |
| | Serious Notifications | Notifications | Complaints | Investigations | | | | | | | | | | | | | | | | | | | | | | |
| 2014/15 | 917 | 312 | 359 | 326 | | | | | | | | | | | | | | | | | | | | | | |
| 2015/16 | 908 | 330 | 347 | 299 | | | | | | | | | | | | | | | | | | | | | | |
| 2016/17 | 1135 | 402 | 332 | 335 | | | | | | | | | | | | | | | | | | | | | | |
| | <p>Effective stakeholder engagement has increased the awareness of Approved Providers in relation to the submission of notifications and serious notifications. Notification information provides the ESB with opportunity to record, analyse and identify concerns and emerging trends. All complaints and investigations are assessed to identify risk and to identify a suitable route for progression and resolution.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>Table 2: Total number of cancellations, suspensions and prohibitions from June 2014 to June 2017.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th></th> <th>Cancellation of Supervisors Certificate</th> <th>Issue of Prohibition Notice</th> <th>Voluntary Suspensions</th> <th>Suspensions</th> <th>Cancellations</th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td>2</td> <td>2</td> <td>2</td> <td>0</td> <td>0</td> </tr> <tr> <td>2015/16</td> <td>2</td> <td>6</td> <td>4</td> <td>8</td> <td>8</td> </tr> <tr> <td>2016/17</td> <td>5</td> <td>10</td> <td>0</td> <td>11</td> <td>6</td> </tr> </tbody> </table> | | Cancellation of Supervisors Certificate | Issue of Prohibition Notice | Voluntary Suspensions | Suspensions | Cancellations | 2014/15 | 2 | 2 | 2 | 0 | 0 | 2015/16 | 2 | 6 | 4 | 8 | 8 | 2016/17 | 5 | 10 | 0 | 11 | 6 | |
| | Cancellation of Supervisors Certificate | Issue of Prohibition Notice | Voluntary Suspensions | Suspensions | Cancellations | | | | | | | | | | | | | | | | | | | | | |
| 2014/15 | 2 | 2 | 2 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | |
| 2015/16 | 2 | 6 | 4 | 8 | 8 | | | | | | | | | | | | | | | | | | | | | |
| 2016/17 | 5 | 10 | 0 | 11 | 6 | | | | | | | | | | | | | | | | | | | | | |
| | <p>Action can be taken against Approved Providers where service and provider approvals are suspended and cancelled. There are circumstances where action is directed at individuals who are involved in providing education and care which can include cancellation of a supervisor certificate and the issue of a prohibition notice.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |

| Strategic Plan Goal 2: Improve our stakeholder engagement | | |
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| <p>Improve Stakeholder Engagement: Schools</p> | <p>The ESB increased its presence, engagement and support to schools by</p> <ul style="list-style-type: none"> • introducing a monthly communique that is circulated to all schools • initiating meetings with applicants seeking registration as a school • responding in a timely manner to all requests for information from school leaders and members of the public. <p>The ESB maintained its presence and engagement with the following organisations during 2016-2017.</p> <ul style="list-style-type: none"> • Department for Education and Child Development (DECD) International Education Services Unit • DECD Data Management and Information Systems unit • Australian Curriculum, Assessment and Reporting Authority • DECD Non-government schools services unit (NGSSU) • SACE Board • Association of Independent Schools of South Australia • Catholic Education South Australia • Teachers Registration Board • Other state and Australian Government Department and external bodies as required. <p>There has been an increase in communications with interstate regulatory bodies due to a small yet growing number of schools with interstate governance.</p> | <p>While it is difficult to quantify the impact, the engagement of stakeholders is critical to developing the positive relationships that make risk based regulation and reduction of regulatory burden practicable.</p> |

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| <p>Improve Stakeholder Engagement: Early Childhood Services</p> | <p>The ESB co-convenes a Stakeholder Advisor Group with the Department for Education and Child Development (DECD) as a means of consulting with and providing information to key stakeholders and representatives of peak bodies representing the education and care sector.</p> <p>The ESB has recently completed a mapping of stakeholder engagements including a gap analysis that will ensure that engagement strategies are comprehensive.</p> <p>The ESB has established working relationships, assistance and information sharing with other Government agencies whose interests intersect with the ESB including:</p> <ul style="list-style-type: none"> • SA Department of Communities and Social Inclusion (DCSI) • Australian Government Department of Education and Training (DoET) • SA Police (SAPOL) • Australian Skills Quality Authority (ASQA) <p>In particular there has been increased liaison with other State and Australian government agencies due to a range of suspected fraudulent claims and activities not within scope of the ESB.</p> <p>The ESB convenes regular meetings with large providers and recently established specific contact persons for larger providers to ensure continuity and consistency in our relationships with their services.</p> <p>Targeted and regular engagement is promoted to build on ESB's partnerships and improve relationships and communications with stakeholders</p> <p>Plans are developed with specific services to support continuous improvement following identification of compliance concerns.</p> | <p>Consultation and provision of information is an integral part of regulator activity. It enables the ESB to pro-actively advise the sector on the requirements of the National Law provides a means for service providers to advise on the regulatory burdens they experience.</p> |
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| <p>The ESB website redesign</p> | <p>The development of a new ESB website, which aims to position our website as the preferred first point of contact for stakeholders, continued during the reporting period post the exploration of web host and web platform alternatives that occurred in the previous period. The ESB is working towards a launch date for the new ESB website in the first half of the following financial year. The redesigned website will provide information regarding the ESB’s responsibilities and operations, relevant legislation, comprehensive guidance and useful links for service providers and other stakeholders to support their compliance and improvement efforts.</p> <p>Communications continued to be an ongoing focus for the ESB during this reporting period pending the launch of the new website. Frontline staff were provided with further formal customer service training and the ESB’s service standards were written into a formal Customer Service Charter, which has now been implemented across the agency.</p> <p>As an independent statutory authority the ESB aims to be known for its vision, mission and objectives, independent from government and non-government alliances. Consequently, the ESB refined and finalised its rebranding campaign during the reporting period to prepare for the upcoming launch of the redesigned website.</p> | <p>This initiative will assist with promoting stakeholder engagement and building relationships with existing and potential partners in South Australia and other jurisdictions.</p> <p>This is consistent with the SA Government’s Target 32 - Customer and client satisfaction with government services with government services and supports the SA Government’s One Public Sector Organisation initiative.</p> |
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| Strategic Plan Goal 3: Build a high-performing sustainable organisation | | |
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| Review of National Law | <p>Processes relating to the implementation of the National Law have been developed and refined since its introduction in 2012. The year has seen an acceleration of this process of reviewing and developing processes with a clear focus on streamlining and better use of the NQAITS to minimise regulatory burden and redirect resources to meeting key performance indicators.</p> <p>Changes to the National Law have been approved and will be implemented in two phases from 1 October 2017 and 1 February 2018. Changes include:</p> <ul style="list-style-type: none"> • Removing the requirement for educators to gain approval from the ESB before they can be appointed to manage to day-to-day operations of a service • Improved oversight and support within the Family Day Care sector to achieve greater compliance and the provision of higher quality services • Streamlining and clarifying the National Quality Standard by removing or consolidating some of the 58 elements and 18 standards. <p>The ESB has joined with the other regulatory authorities to develop a comprehensive approach to the issue of unscrupulous and sub-standard applicants and approved providers. Key strategies include:</p> <ul style="list-style-type: none"> • Identifying and adopting successful assessment practices across all jurisdictions • Information sharing across Government agencies in relation to sub-standard providers and any emerging trends in their practices. | <p>Streamlining and the development of clear and transparent goals are seen as major contributing factors to the increase in the rate of assessment and rating.</p> <p>This has resulted in a smaller number of applicants receiving provider and service approvals and an increase in the number of service approvals being either suspended or cancelled. Further progress is expected as the ESB participates in a number of projects to ensure only suitable applicants gain approval and unsuitable providers are cancelled or improve to provide an acceptable level of education and care.</p> |
| ICT Strategy initiatives | <p>The ESB has developed its next comprehensive ICT Strategy to build on the successes of existing ICT investment and projects. This includes a roadmap to address the priorities, potential benefits and investment in ICT to implement a portfolio of integrated systems and tools to serve ESB staff, stakeholders and customers for the next two to three years.</p> <p>This will assist fit-for-purpose and cost-effective technology to be most effectively evaluated and deployed to enable the ESB to deliver on its newly developed strategic priorities. This initiative will move the ESB from its current state to a future vision where ICT can be embedded into the ESB's core business processes to ensure that the organisation remains relevant, agile and efficient.</p> <p>Assessment of current state in the following categories occurred:</p> <ul style="list-style-type: none"> • ICT Strategy & Resourcing | <p>The strategy takes into consideration policies and practices of the South Australian government and its agencies, including digital by default principles to promote e-government initiatives, business process redesign to reduce red tape and improve citizen centricity, electronic stakeholder engagement and data interchanges.</p> <p>The ESB has invested in a SharePoint platform which can be</p> |

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| | <ul style="list-style-type: none"> • Business System Coverage • Digital Organisation /e-Government • Mobility • ICT Infrastructure and Assets • Business Continuity / Risk Management. <p>ICT strategies were established, and the detailed roadmap specifies each proposed initiative including objectives, scope, approach, timeframe and potential investment required plus measurables.</p> | <p>used as a collaboration environment, a workflow engine as well as a document management system. RecordPoint is being implemented as an Electronic Document Management System.</p> <p>The ESB has reached the level of organisational maturity where it can look at potential options to implement big data analytics, portal, mobility, video-conferencing and social media to allow the ESB to continue to be responsive to community needs and collaborative with its stakeholders. This is consistent with the SA Government's target concerning Customer and client satisfaction with government services.</p> |
| <p>ICT Knowledge Store Project initiatives</p> | <p>During the reporting period the ESB continued to focus on building its internal knowledge store and knowledge sharing capabilities, both in relation to electronic and hardcopy records management with a view to further working towards a near paperless environment. A new Records Management Policy was drafted and implemented to ensure the ESB's continuous capacity to meet its legislated responsibilities with regards to the management of its information.</p> <p>The ESB achieved the finalisation of the ESB's Records Disposal Schedule in consultation with the State Records Board, and the completion of its Hard Copy Records Management Project, being the establishment of an improved and streamlined Hardcopy Records Management System and Hardcopy Records Management Register.</p> <p>Similarly, the ESB continues with its document migration and the ESB's implementation of its internal electronic document records management system, linked to document disposal.</p> | <p>This initiative is consistent with the SA Government's Digital by Default Initiative.</p> |

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| <p>General ICT business process streamlining and automation initiatives</p> | <p>The ESB is currently re-developing its website to a more functional communication platform.</p> <p>There was also a continued focus on information technology and communications systems and processes generally. This included:</p> <ul style="list-style-type: none"> • Greater access to and utilisation of the NQA ITS (noting that a new and improved system was implemented nationally during the reporting period) • Exploration and planning for an automated telephone system, likely to be implemented in the new financial year • Streamlining of administration processes • Improvements regarding in office and mobile technologies for employees working off-site to enhance communication with stakeholders as well as reduce our printing and environmental footprint. | <p>The continued improvement of internal IT and communications technologies are being implemented to assist with building relationships with existing and potential stakeholders in South Australia and other jurisdictions. This is in further support of the SA Government's Target 32 - Customer and client satisfaction with government services.</p> <p>It will also assist the ESB with operating congruently with other State Government agencies and therefore support the SA Government's One Public Sector Organisation initiative.</p> |
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|--|---|--|
| <p>Accounts receivable and payable streamlining via automation and general cost reduction initiatives</p> | <p>During the reporting period the ESB focused on a number of initiatives to support paperless payments and therefore further streamlined processes. This was done while providing reassurance concerning security, privacy and PCI compliance.</p> <p>The ESB implemented the eWay automated payment process, eliminating other forms of less efficient payment options, such as cheque and EFT transfer.</p> <p>Further the ESB also assisted and participated in the implementation of new national Customer Relationship Management Software, which will see countless efficiencies and service improvements. Online payments are now being highly encouraged and the ESB commenced its move from a paper based application process to online portal application.</p> <p>Work was undertaken to promote the importance of providers' obligations concerning updating their details, which will reduce delayed payment due to incorrect contact information. Debt recovery processes were refreshed with a view to encourage a more paperless process.</p> <p>Similarly, vendors and suppliers have also been encouraged to provide invoices electronically and to support the introduction of monthly or quarterly consolidated billings. Remittance advices and other forms of receipt were introduced in electronic form during the reporting with a view to gaining efficiencies and cost saving.</p> <p>During the reporting period, the ESB prepared a costs analysis for current contracts in place by undertaking its regular review of panel contractors concerning the ESB's consistent orders to ascertain where savings could be made to ensure continued value for service.</p> | <p>The ESB is gradually changing its operational procedures by introducing and encouraging a range of initiatives, including the submission of all applications and invoices via electronic means rather than though alternative manual collection processes.</p> <p>These initiatives are consistent with the SA Government's Digital by Default Initiative and its target for Customer and client satisfaction with government services.</p> |
| <p>Performance Management and Development framework</p> | <p>The ESB finalised its two tiered Performance Management and Development framework that it piloted last financial year. It involves a midpoint review and an annual review but also mandates regular conversations.</p> <p>This framework includes an electronic Performance Management Development Plan template, which is compulsory across the agency. This template was created to be used as a living document requiring managers and staff to contribute to the plan throughout the performance cycle. In addition to the template plan, tools have been developed which support the framework, to assist both managers and staff in their regular discussions and ensure consistency in application across all units.</p> <p>There was a continued focus on professional development for both new and existing staff to ensure</p> | <p>These initiatives are consistent with the SA Government's One Public Sector Organisation initiative and the Premier's direction concerning Performance Management and Development.</p> |

| | | |
|---|---|---|
| | <p>that staff members were fully equipped to undertake their responsibilities.</p> <p>A new and improved process for recording professional development undertaken across the agency on an individual level was also recently implemented.</p> | |
| Review of HR policies and procedures | <p>The ESB reviewed its general HR policies and procedures given the recent State Government initiatives and directions from the Premier, which have seen many changes in general requirements across the SA Government as a whole, with a view to ensure continued alignment with mandatory requirements and guidelines.</p> | <p>This continuous work is aligned with the South Australian Government's goals concerning the One Public Sector Organisation initiative, and the Premier's directions on Performance Management and Development, Recruitment, Induction and Employee Exit Feedback and Flexibility for the future.</p> |
| Organisational structure review | <p>During the reporting period there was a continued focus on further establishing the ESB as a high performing organisation and the organisational structure of the ESB was reviewed. Job descriptions were reviewed to ensure they reflected the functions required.</p> | <p>This is on further support of the SA Government's Target 32 - Customer and client satisfaction with government services.</p> |

Legislation administered by the agency

Education and Early Childhood Services (Registration and Standards Act SA 2011, includes the National Quality Framework for Early Childhood Services

Education and Early Childhood Services (Registration and Standards) Regulations SA 2011

The ESB is also the Designated State Authority for recommending school providers for the registration, renewal and ongoing monitoring of schools' compliance under the *Education Services for Overseas Students Act 2000*.

Organisation of the agency

Our Board consists of thirteen members appointed by the Governor on the nomination of the Minister being persons who collectively have, in the opinion of the Minister, the knowledge, skills and experience necessary to enable the ESB to carry out its functions effectively.

In addition, our Board is supported by two working groups that report directly to the Board as follows:

Internal Review of Decisions Committee

Responsible for conducting internal reviews of its regulatory decisions, and encompasses both early childhood services and schools.

Schools Disciplinary Committee

Responsible for considering grievances made against schools and where appropriate the handling of disciplinary matters under the Act.

ESB structure

The ESB, being the administrative arm of our Board, is its operational component and when at full complement employs approximately 40 staff. Its role is to carry out the functions as set down in legislation and to implement our Board's decisions. The ESB is led by a single Registrar who fulfils the three statutory roles of Registrar for Government Schools, Registrar for Non-Government Schools and Registrar for Early Childhood Services. Our Board and the ESB strive for an integrated approach to regulating the delivery of education services from early childhood to senior schooling. The ESB comprises the following functional units:

Schools Regulation unit

The Schools Regulation unit has responsibilities relating to the registration and review of all schools (government and non-government), maintenance of the Schools Register, and is the Designated State Authority for recommending schools for registration on CRICOS, renewal of registration and ongoing monitoring of schools' compliance under the Education Services for Overseas Students Act 2000.

Early Childhood Services Regulatory Operations unit

The Early Childhood Services Regulatory Operations unit has responsibilities relating to the education, approval, monitoring and quality assessment and rating of all South Australian education, care and early childhood services both regulated under the National Quality Framework and those regulated under state based legislation.

This includes primary responsibility for the services in scope of the National Quality Framework in accordance with the National Law and in relation to the National Quality Standard. The responsibilities for approval and monitoring also applies to those services

identified in the Act as residual early childhood services although these services are not assessed and rated against the NQS.

Compliance and Investigations unit

The Compliance and Investigations unit is responsible for managing the non-compliance of education and care services and where necessary taking compliance action, issuing prohibition notices and applying sanctions as required. This unit also manages the cancellations of services and providers.

Corporate Services and Governance unit

The Corporate Services and Governance unit provides support to our Board, the ESB and its staff through efficiently running the corporate and governance aspects of the business, facilitating continuous improvement and ensuring compliance with relevant legislation.

This unit has responsibilities relating to the strategic and operational financial management, human resource management, payroll, procurement and contract management, workplace health safety, information technology and communication services, records management services as well as the overall governance and other broader corporate services responsibilities.

Other agencies related to this agency (within the Minister's area/s of responsibility)

The **Department of Education and Child Development** interacts with the ESB in a number of different ways. DECD provides the policy lead for SA in relation to the National Quality Framework for early childhood education and care. Policy translates into the regulatory responsibilities of the ESB. DECD is also the major approved provider of services regulated by the ESB operating the third largest number of services of any provider in Australia.

The Teachers Registration Board relates to the ESB in that long day care and preschool services are required under the National Law to employ early childhood teachers. The Teachers Registration Board determines who can be registered as a teacher or fill a teachers position in these services.

Employment opportunity programs

| Program name | Result of the program |
|---------------------|------------------------------|
| Nil | N/A |

Agency performance management and development systems

| Performance management and development system | Assessment of effectiveness and efficiency |
|--|---|
| <p>The ESB operates under a Board approved Performance Management and Development Policy, which is regularly reviewed. In addition this policy is supported by a mandatory performance Management and Development Plan and associated tools to assist both managers and staff.</p> <p>The ESB is currently in the process of drafting a procedure to supplement this policy and related tools in line with the recent directions from the Premier.</p> | <p>The ESB released a staff survey during the reporting period seeking comment with regards to its current Performance Management and Development Policy and also seeking feedback on those in development.</p> <p>Regular reviews of new South Australian State Government requirements are undertaken to ensure compliance.</p> |
| <p>In the previous reporting period, the ESB piloted a new Performance Management and Development Plan, which mandated biannual performance discussions for all ESB staff across the agency.</p> <p>During the reporting period this process was further enhanced with the development of additional tools to assist both managers and staff with the implementation of this initiative.</p> <p>The ESB has now formally adopted this two pronged mandatory process, which involves a midpoint review and an annual review. The plan is a live document allowing staff and managers to contribute to it throughout the performance cycle. Regular conversations also form part of the mandatory process.</p> | <p>The Corporate Services and Governance unit governs the overall compliance with this mandatory process.</p> <p>During the reporting period 100% of ESB staff underwent biannual formal and documented performance management and development discussions as well as regular performance management and development conversations.</p> |
| <p>The ESB recently implemented a new system for recording professional development undertaken across the agency, which allows for better recording at the individual level.</p> | <p>The Corporate Services and Governance unit governs the completion of an agency wide mandatory performance development request form and has appropriate measures in place to ensure accurate recording for reporting purposes.</p> |

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

| Occupational health, safety and rehabilitation programs | Effectiveness |
|---|---------------|
| Nil | N/A |

Fraud detected in the agency

| Category/nature of fraud | Number of instances |
|--------------------------|---------------------|
| Nil | 0 |

Strategies implemented to control and prevent fraud

The ESB maintains robust internal fraud control and prevention procedures with a focus on segregation of duties. The Corporate Services and Governance unit has numerous established and effective fraud control procedures. It regularly reports to and educates those charged with finance and/or governance responsibilities, through regular updates on mandatory requirements and improvement processes, implemented both in management meetings and at Board level. Further, this unit is active with regards to continuous improvement, which has resulted in many positive initiatives and efficiency gains over the last 4 years. All improvements, policies, guidelines and processes have been communicated at the organisational level and Board level as appropriate.

Further, the ESB has adopted (through Board approval) the Office of Public Employment's all of government Fraud Control Policy and associated procedures. It is also in the process of reviewing and updating our risk management policies and procedures. This framework specifically addresses and manages fraud risk and is used to report and manage such risk as required.

Although, the ESB has never had an incident of fraud to date, internal processes are assessed and reviewed regularly and regular checks at more than one level or point in the various processes are undertaken as part of everyday and/or monthly procedures. This occurs both with regards to internal procedures and also with regards to the conduct of staff concerning business practices. This approach ensures appropriate management of risk and that improvements occur where necessary to ensure that our processes are strengthened to minimise the risk of fraud to the entity as far as is possible. Relevant staff are kept up to date with all improvements to policies, guidelines and procedures. The Code of Ethics for the Public Sector is a further support and all staff are required to keep abreast of these requirements and have undergone training.

Data for the past five years is available at: <http://www.esb.sa.gov.au>

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993* 0

Data for the past five years is available at: <http://www.esb.sa.gov.au>

Executive employment in the agency

| Executive classification | Number of executives |
|--------------------------------|----------------------|
| Common Law Contract (not SAES) | 1 |

Data for the past five years is available at: <http://www.esb.sa.gov.au>

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

| Consultants | Purpose | Value |
|--|---|----------------|
| All consultancies below \$10,000 each | General business as usual requirements (nine contractors engaged individually for insignificant amounts for a variety of purposes). | 22,459 |
| Consultancies above \$10,000 each | | |
| Ann Elizabeth Doolette | Projects commissioned by our Board | 87,425 |
| Innisfree Australia Pty Ltd | Projects commissioned by our Board | 25,500 |
| Kwasi Studios | Website redesign | 13,500 |
| Studio 9 Architects | Office refit | 12,250 |
| Total all consultancies | | 161,134 |

Data for the past five years is available at: <http://www.esb.sa.gov.au>

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Financial performance of the agency

Our Board and the ESB receive State Government funding as well as an allocation of Australian Government funding under a National Partnership Agreement, between the Australian Government and all States and Territories, to implement the National Quality Agenda regulatory regime for early childhood services. The ESB also relies on a small amount of self-generated revenue and interest. The current National Partnership agreement provided for significant reductions in the allocation of Commonwealth funding

to the ESB over its three year term (2015-16 to 2017-18 financial years) due to a change in the formula used for calculating Commonwealth funding under the National Partnership Agreement. The ESB has ended the last two reporting periods with an anticipated deficit.

During the reporting period the ESB assisted in negotiations between the states and territories and the Commonwealth concerning the next National Partnership Agreement for future Commonwealth funding, to be implemented from the 2018-19 financial year, which is yet to be drafted. In particular, the “efficient cost of regulation” for each State and Territory will be determined. Consequently the ESB’s allocation of Australian Government funding post the 2017-18 financial year is currently unknown. This is a challenge currently being worked through by the ESB as it prepares for a range of potential outcomes. The South Australian Government provided some additional funds for the current and previous two financial years, however further consideration concerning ongoing funding will be required.

Other financial information

Nil

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Nil

Section B: Reporting required under any other act or regulation

None specific to the ESB for this reporting period.

Reporting required under the *Carers’ Recognition Act 2005*

The *Carers’ Recognition Act* is deemed applicable for the following: Department for Communities and Social Inclusion, Department for Education and Child Development, Department for Health and Ageing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA.

Section 7: Compliance or non-compliance with section 6 of the Carers Recognition Act 2005 and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person's or body's compliance or non-compliance with section 6.

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

| Public complaints received by the ESB | |
|---------------------------------------|---------------------|
| Category of complaints by subject | Number of instances |
| Nil | 0 |

Data for the past five years is available at: <http://www.esb.sa.gov.au>

Complaint outcomes

| Nature of complaint or suggestion | Services improved or changes as a result of complaints or consumer suggestions |
|-----------------------------------|--|
| N/A | N/A |

Appendix: Audited financial statements 2016-17

FINANCIAL STATEMENTS 2017

FOR EDUCATION STANDARDS BOARD

For the year ended

30 June 2017



Government
of South Australia

Independent Auditor's Report to the Board of the Education and Early Childhood Services Registration and Standards Board of South Australia

Opinion

We have audited the financial report of the Education and Early Childhood Services Registration and Standards Board of South Australia (the "Entity"), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration statement by the Board as set out on page 4 to 26.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Entity's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the Public Finance and Audit Act 1987.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The board is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board for the Financial Report

Management of the Entity is responsible for the preparation of the financial report in accordance with Australian Accounting Standards or and the Public Finance and Audit Act 1987 and for such internal control as management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The board are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives 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 our 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.

We communicate with management and the board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Stephen Harvey

Partner

Chartered Accountants

Adelaide, 9 August 2017

**Education and Early Childhood Services Registration
and Standards Board of South Australia**

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Education and Early Childhood Services Registration and Standards Board of South Australia (the Board):

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian accounting standards;
- are in accordance with the accounts and records of the Board; and
- present a true and fair view of the financial position of the Board as at 30 June 2017 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Ms Christine Chatburn
Registrar

9 August 2017



Ms Marisa Salandra
Senior Manager,
Corporate Services & Governance

9 August 2017

**Education and Early Childhood Services Registration
and Standards Board of South Australia**

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

| | Note No. | 2017 \$ | 2016 \$ |
|---------------------------------------|-------------|--------------------|--------------------|
| Expenses | | | |
| Board fees | 4 | 30,937 | 67,960 |
| Employee benefits expenses | 5 | 4,330,569 | 4,142,431 |
| Supplies and services | 6 | 1,307,702 | 1,344,637 |
| Other expenses | 7 | 889 | 704 |
| Auditors remuneration | 8 | 23,923 | 23,339 |
| Grants and subsidies | 9 | 544,605 | 629,800 |
| Total expenses | | 6,238,625 | 6,208,871 |
| Income | | | |
| Revenues from fees and charges | 10 | 445,492 | 417,783 |
| Interest revenue | 11 | 58,756 | 65,015 |
| Commonwealth Revenue | 12 | 1,683,270 | 1,891,864 |
| Total Income | | 2,187,518 | 2,374,662 |
| Net Cost of Providing Services | | (4,051,107) | (3,824,209) |
| Revenues from SA Government | 13 | 4,051,000 | 3,524,000 |
| Net result | | (107) | (310,209) |
| Total Comprehensive income | | (107) | (310,209) |

The net result and comprehensive result are attributable to the SA Government as owner

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

**Education and Early Childhood Services Registration
and Standards Board of South Australia**

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

| | Note No | 2017 \$ | 2016 \$ |
|---|------------|------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 14 | 3,558,679 | 3,203,143 |
| Receivables | 15 | 73,411 | 61,744 |
| Total assets | | 3,632,090 | 3,264,887 |
| Current liabilities | | | |
| Payables | 16 | 352,403 | 278,718 |
| Employee benefits | 17 | 970,883 | 954,799 |
| Workers compensation provision | 18 | 28,000 | 1,000 |
| Total current liabilities | | 1,351,286 | 1,234,517 |
| Non-current liabilities | | | |
| Employee benefits | 17 | 309,844 | 59,303 |
| Total non-current liabilities | | 309,844 | 59,303 |
| Total liabilities | | 1,661,130 | 1,293,820 |
| Net Assets | | 1,970,960 | 1,971,067 |
| Equity | | | |
| Retained earnings | | 1,970,960 | 1,971,067 |
| Total Equity | | 1,970,960 | 1,971,067 |
| The total equity is attributable to the SA Government as owner | | | |
| Unrecognised contractual commitment | 19 | 1,576,020 | 3,332,106 |

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

**Education and Early Childhood Services Registration
and Standards Board of South Australia**

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

| | Retained earnings |
|---|----------------------|
| | \$ |
| Balance at 30 June 2015 | 2,281,276 |
| Total comprehensive result for 2015-2016 | (310,209) |
| Balance at 30 June 2016 | 1,971,067 |
| Total comprehensive result for 2016-2017 | (107) |
| Balance at 30 June 2017 | 1,970,960 |

All changes in equity are attributable to the SA Government as owner

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

**Education and Early Childhood Services Registration
and Standards Board of South Australia**

STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

| | Note No. | 2017 \$ | 2016 \$ |
|---|-------------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash outflows | | | |
| Employee benefit payments | | (4,067,881) | (4,124,263) |
| Payments for supplies and services | | (1,304,820) | (1,676,889) |
| Payments of grants and subsidies | 9 | (544,605) | (629,800) |
| Cash used in operations | | (5,917,306) | (6,430,952) |
| Cash inflows | | | |
| Fees and charges | | 479,816 | 386,924 |
| Grants from Commonwealth Government | 12 | 1,683,270 | 1,891,864 |
| Interest received | | 58,756 | 65,015 |
| Cash generated from operations | | 2,221,842 | 2,343,803 |
| Cash flows from SA Government | | | |
| Receipts from SA Government | 13 | 4,051,000 | 3,524,000 |
| Cash generated from SA Government | | 4,051,000 | 3,524,000 |
| Net cash provided by/(used in) operating activities | | 355,536 | (563,149) |
| Cash and cash equivalents at the beginning of the period | | | |
| | | 3,203,143 | 3,766,292 |
| Cash and cash equivalents at the end of the period | | | |
| | 14 | 3,558,679 | 3,203,143 |

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

NOTES TO
AND
FORMING PART
OF THE FINANCIAL
STATEMENTS



Government
of South Australia

NOTE INDEX

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Note 1

Objectives of the Education and Early Childhood Services Registration and Standards Board of South Australia

The Education and Early Childhood Services Registration and Standards Board of South Australia (the Board) was formed to administer the Education and Early Childhood Services (Registration and Standards) Act 2011, including the Education and Care Services National Law Act 2010; and the associated the Education and Early Childhood Services (Registration and Standards) Regulations 2011; and the Education and Care Services National Regulations for South Australia.

The functions of the Board include:

- > to regulate the provision of education services and early childhood services;
- > to approve the requirements for endorsement of registration of schools;
- > to establish and maintain the registers contemplated by the Education and Early Childhood Services (Registration and Standards) Act 2011;
- > to carry out the functions under the national law concerning early childhood services;
- > to prepare or endorse codes of conduct for registered schools;
- > to provide advice to the Minister;
- > to carry out other functions assigned to the Board by the Minister.

Note 2 Summary of significant accounting policies

a) Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian accounting standards and Treasurer's instructions and accounting policy statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes; Management has made an assessment of the potential impact that estimates and assumptions may have on the financial statements and considers it to be low;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
 - b) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Board's Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month period and presented in Australian currency.

The financial report has been prepared on a going concern basis. The continued existence of the Board in its present form, and with its present programs is dependent upon Government policy and upon continuing Operating Grants from the State Government for the Board's administration and outputs.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2017 and the comparative information presented.

c) Reporting entity

The Education and Early Childhood Services Registration and Standards Board of South Australia is a body corporate established under the Education and Early Childhood Services (Registrations and Standards) Act 2011. It operates within legislative requirements of the Act and adheres to occupational health, safety, and welfare requirements, equal opportunity, and public sector principles.

The financial report includes the use of income, expenses, assets and liabilities, controlled or incurred by the Board in its own right.

The Board has no administered items.

The Board is a statutory authority established under the Act.

d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

Where the Board has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements, it has provided three Statements of Financial Positions and related notes.

The restated comparative amounts do not replace the original financial statements for the preceding period.

e) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest dollar.

f) Taxation

The Board is not subject to income tax. The Board is liable for payroll tax, fringe benefits tax and goods and services tax (GST).

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included. Accruals and prepayments are GST exclusive

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables as applicable in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

g) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2017 and before the date the financial statements are authorised for issue, where those events provides information about conditions that existed at 30 June 2017.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

h) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Board will occur and can be reliably measured.

The following are specific recognition criteria:

Fees and charges

Revenue from fees and charges is recognised upon receipt by the Board.

There is an uneven distribution of providers due to renew in any given year which impacts on the revenue collection.

Government grant

Grant funding is recognised as revenue when the Board obtains control over the funding.

Control over grant funding is obtained upon receipt.

i) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Board will occur and can be reliably measured.

The notes accompanying the financial statements disclose expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

AASB 119 Employee benefits expenses

Employee benefit expenses includes all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the board to the superannuation plan in respect of current services of current board staff.

j) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

k) Assets

Assets have been classified according to their nature.

The notes accompanying the financial statements disclose financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash at bank

Cash at bank in the Statement of Financial Position includes cash at bank and on hand.

For the purposes of the Statement of Cash Flows, cash at bank consist of cash held in the bank account as defined above. Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from services, GST input tax credits recoverable, accrued revenue and other accruals.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the board will not be able to collect the debt. Bad debts are written off when identified.

I) Liabilities

Liabilities have been classified according to their nature.

The notes accompanying the financial statements disclose financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Payables

Payables include creditors, accrued expenses and employee on-costs.

Creditors represent the amounts owing for services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Board.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefits on-costs include payroll tax and superannuation contributions in respect to outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value of the estimated future cash outflows to be made by the Board and short-term employee benefits are measured at nominal amounts using the remuneration rate expected to apply at the time of settlement.

Salaries and, wages, annual leave, skills and experience retention leave and sick leave

The liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the skills and experience retention leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the education sector across government.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The unconditional portion of the long service leave provision is classified as current as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after ten years of service.

m) Provisions

The workers compensation provision has been created as part of the WHS and WorkCover procedure review and is an estimate of the outstanding liability as at 30 June 2017. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Board is responsible for the payment of workers compensation claims.

n) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

Note 3 New and revised accounting standards and policies

The Board did not voluntarily change any of its accounting policies during 2016-2017.

The Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the period ending 30 June 2017. The Board has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Board.

Note 4 Board fees

| | 2017 | 2016 |
|----------------------------------|---------------|---------------|
| | \$ | \$ |
| Board and Committee fees | 30,356 | 65,905 |
| Superannuation | 303 | 1,637 |
| Board Allowance | 278 | 418 |
| Total Board fees expenses | 30,937 | 67,960 |

Note 5 Employee benefits expenses

| | 2017 | 2016 |
|---|------------------|------------------|
| | \$ | \$ |
| Salaries and wages | 3,314,390 | 3,224,616 |
| Long service leave | 194,948 | 88,321 |
| Annual leave | 259,932 | 320,938 |
| Skills and experience retention leave | 5,394 | 14,596 |
| Employment on-costs | 528,905 | 493,960 |
| Workers compensation | 27,000 | - |
| Total employee benefits expenses | 4,330,569 | 4,142,431 |

Note 6 Supplies and services

| | 2017 | 2016 |
|--|------------------|------------------|
| | \$ | \$ |
| Accommodation | 11,513 | 32,332 |
| Administration | 5,409 | 7,462 |
| Advertising | 2,292 | 17,748 |
| Contractors – Agency Staff | 76,910 | 120,537 |
| Contractors – General | 161,135 | 88,968 |
| Information technology expenses | 1,535 | 1,200 |
| Insurance | 4,541 | 10,847 |
| Legal expenses | 78,508 | 206,055 |
| Minor equipment | 15,399 | 12,627 |
| Motor vehicle expenses | 55,616 | 45,803 |
| Other Board expenses | 23,024 | 60,802 |
| Postage | 5,233 | 5,617 |
| Printing, stationery and office consumables | 47,420 | 32,396 |
| Service Level Agreement - Accommodation | 445,776 | 433,291 |
| Service Level Agreement - IT | 83,086 | 67,283 |
| Service Level Agreement - Others | 16,751 | 22,797 |
| Staff training and development | 49,352 | 31,559 |
| Staff travel expenses | 75,490 | 76,596 |
| Telecommunication expenses | 16,567 | 22,908 |
| ICT Maintenance, hardware and infrastructure | 132,145 | 47,809 |
| Total supplies and services | 1,307,702 | 1,344,637 |

Note 7 Other expenses

| | 2017 | 2016 |
|-------------------------------|-------------|-------------|
| | \$ | \$ |
| Allowances for doubtful debts | 889 | 704 |
| Total other expenses | 889 | 704 |

Note 8 Auditors remuneration

| | 2017 | 2016 |
|------------------------------------|---------------|---------------|
| | \$ | \$ |
| Audit fees paid / payable | 23,923 | 23,339 |
| Total auditors remuneration | 23,923 | 23,339 |

Note 9 Grants and subsidies

| | 2017 | 2016 |
|-----------------------------------|----------------|----------------|
| | \$ | \$ |
| Recurrent Grant (paid to ACECQA) | 544,605 | 629,800 |
| Total grants and subsidies | 544,605 | 629,800 |

In accordance with the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care, the Board contributes to the operational funding for Australian Children's Education and Care Quality Authority (ACECQA).

The Board remits 10% of the Fee revenue received for Early Childhood Services to the ACECQA.

Note 10 Revenues from fees and charges

| | 2017 | 2016 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| Regulatory fees | 445,052 | 417,684 |
| Other fees | 440 | 99 |
| Total fees and charges | 445,492 | 417,783 |

Note 11 Interest revenue

| | 2017 | 2016 |
|-------------------------------|---------------|---------------|
| | \$ | \$ |
| Interest on bank accounts | 58,756 | 65,015 |
| Total interest revenue | 58,756 | 65,015 |

Note 12 Commonwealth Revenue

| | 2017 | 2016 |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| National Partnership Payment | 1,683,270 | 1,891,864 |
| Total Commonwealth revenue | 1,683,270 | 1,891,864 |

Note 13 Revenue from SA Government

| | 2017 | 2016 |
|--|------------------|------------------|
| | \$ | \$ |
| Operating grant | 4,051,000 | 3,524,000 |
| Total revenues from SA Government | 4,051,000 | 3,524,000 |

Note 14 Cash at bank

| | 2017 | 2016 |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| Cash held in operating accounts | 3,558,679 | 3,203,143 |
| Total cash at bank | 3,558,679 | 3,203,143 |

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

Note 15 Receivables

| | 2017 | 2016 |
|--------------------------|---------------|---------------|
| | \$ | \$ |
| Receivables | - | 1,279 |
| Accrued revenues | 4,816 | 4,064 |
| GST input tax credit | 68,595 | 56,401 |
| Total receivables | 73,411 | 61,744 |

Interest rate risk

Receivables, prepayments and accrued revenues are non-interest bearing.

It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

The carrying amounts of all receivables mature within one year.

Categorisation of financial instruments and risk exposure information – Please refer to Note 22.

Note 16 Payables

| | 2017 \$ | 2016 \$ |
|-------------------------------|----------------|----------------|
| Current | | |
| Unearned fees and charges | 298,410 | 251,530 |
| Accrued expenses | 53,993 | 27,188 |
| Total current payables | 352,403 | 278,718 |
| Total payables | 352,403 | 278,718 |

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Refer to Note 22 for information as to the categorisation of financial instruments and risk exposure.

Note 17 Employee benefits

| | 2017 \$ | 2016 \$ |
|--|------------------|------------------|
| Current | | |
| Accrued salaries and wages | 84,805 | 57,738 |
| Annual leave | 315,271 | 296,467 |
| Long service leave | 545,395 | 567,629 |
| Skills and experience retention leave | 25,412 | 32,965 |
| Total current employee benefits | 970,883 | 954,799 |
| Expected to be settled more than 12 months after reporting date | | |
| Long service leave | 309,844 | 59,303 |
| Total non-current employee benefits | 309,844 | 59,303 |
| Total employee benefits | 1,280,727 | 1,014,102 |

Note 18 Workers compensation Provision

| | 2017 \$ | 2016 \$ |
|---|---------------|--------------|
| Provision for workers compensation | 28,000 | 1,000 |
| Total provision for workers compensation | 28,000 | 1,000 |

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an estimate. These claims are expected to be settled within the next financial year.

Note 19 Unrecognised contractual commitments

| | 2017 | 2016 |
|---|----------------|------------------|
| | \$ | \$ |
| Remuneration commitments | | |
| Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows: | | |
| Within one year | 200,000 | 397,389 |
| Later than one year but not longer than five years | 209,315 | 1,104,957 |
| Total remuneration commitments | 409,315 | 1,502,346 |
| Amounts disclosed include commitments arising from contracts between the Board and executives until July 2019. | | |

Lease commitments

Commitments for the payment of lease agreement in existence at the reporting date but not recognised as liabilities are payable as follows:

| | | |
|--|------------------|------------------|
| Within one year | 436,319 | 472,622 |
| Later than one year but not longer than five years | 730,386 | 1,357,138 |
| Total lease commitments | 1,166,705 | 1,829,760 |

Amounts disclosed include commitments arising from lease agreement until 2020.

Note 20 Contingent assets and liabilities

The Board is not aware of any contingent assets and liabilities.

Note 21 Remuneration of board and committee members

The Board members and deputy members who received remuneration for services during the year were:

Name

Ongoing Board Members

| | |
|---|--------------------------|
| Hon John Dawkins AO – Presiding Member | Ms Sarah Bartholomeusz |
| Mr Barry Kahl – Deputy Presiding Member | Mrs Helen O'Brien^ |
| Ms Catherine Ryan | Ms Mandy Richardson |
| Ms Carolyn Grantskalns^ | Ms Vivienne St John Robb |
| Mr Bruno Viececi^ | Mrs Lynda Secombe^ |
| Ms Kathryn Jordan*(ceased 28 Feb 2017) | Ms Judith Atkinson |
| Ms Helen Doyle*(appointed 28 Feb 2017) | Mr Ben Temperly* |

Deputy Board Members

| | |
|--|---|
| Ms Cheryl Bauer | Deputy to Ms Carolyn Grantskalns |
| Mr Nicholas Hatelty | Deputy to Mrs Lynda Secombe |
| Ms Barbara Langford | Deputy to Ms Judith Atkinson |
| Dr Roma Aloisi^ | Deputy to Mrs Helen O'Brien |
| Ms Mary Carmody^ | Deputy to Mr Bruno Viececi |
| Ms Janet Harris | Deputy to Mr Barry Kahl |
| Mr Jonathon Measday | Deputy to Ms Mandy Richardson |
| Ms Wendy Teasdale-Smith (ceased 28 Feb 2017) | Previous Deputy to Ms Vivienne St John Robb |
| Mr Peter Gaughwin (ceased 28 Feb 2017) | Previous Deputy to Ms Sarah Bartholomeusz |
| Mr Tony Lunniss* (appointed 28 Feb 2017) | Deputy to Mr Ben Temperly |
| Mr Michael Jacobs (appointed 28 Feb 2017) | Deputy to Ms Sarah Bartholomeusz |
| Mr Ian Lamb* | Deputy to Ms Helen Doyle, previously to Ms Kathryn Jordan |

No committee held during reporting period.

Internal Review of Decisions Committee

| |
|--|
| Ms Judith Atkinson (11 July 2016) |
| Ms Sarah Bartholomeusz (11 July 2016) |
| Ms Catherine Ryan (29 July 2016) |
| Mr Peter Gaughwin (11 July 2016) |
| Ms Lynda Secombe (26 October 2016) |
| Ms Carolyn Grantskalns (8 December 2016) |
| Ms Vivienne St John Robb (27 September 2016) |
| Ms Wendy Engliss (26 October 2016) |
| Ms Barbara Langford (8 December 2016) |
| Ms Janet Harris (20 January 2017) |
| Ms Wendy Teasdale-Smith (29 July 2016) |

Education and Early Childhood Services Registration and Standards Board of South Australia

| The number of members whose remuneration received or receivable falls within the following bands: | 2017 | 2016 |
|---|------|------|
| \$1 - \$9 999 | 19 | 27 |
| Total number of members | 19 | 27 |

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees. The total remuneration received or receivable by members was \$30,937 (See Note 4). This amount comprised sitting fees as well as a total of \$581 paid to superannuation plans for eligible Board members.

*In accordance with the Department of Premier and Cabinet Circular No. 016, Government employees did not receive any remuneration for board/committee duties during the financial year.

^Remuneration of members is paid to their nominating organisation.

No transactions were conducted with Board members or their deputies on more favourable terms and conditions than would have been adopted if dealing with an arm's length transactions in the same circumstances.

In addition, our Board is supported by two working groups that report directly to the Board as follows:

Internal Review of Decisions Committee

Responsible for conducting internal reviews of its regulatory decisions, and encompasses both early childhood services and schools.

Schools Disciplinary Committee

Responsible for considering serious grievances made against schools and where appropriate the handling of disciplinary matters concerning complaints under the Act.

Note 22 Financial instruments/Financial risk management

Table 22.1 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 Summary of Significant Accounting Policies.

| Category of financial asset and financial liabilities | Statement of Financial Position line item | Note | Carrying amount 2017 \$ | Fair value 2017 \$ | Carrying amount 2016 \$ | Fair value 2016 \$ |
|---|---|------|-------------------------|--------------------|-------------------------|--------------------|
| Financial assets | | | | | | |
| Cash and cash equivalents | Cash at bank | 14 | 3,558,679 | 3,558,679 | 3,203,143 | 3,203,143 |
| Receivables | Receivables | 15 | 73,411 | 73,411 | 61,744 | 61,744 |
| Total financial assets | | | 3,632,090 | 3,632,090 | 3,264,887 | 3,264,887 |
| Financial liabilities | | | | | | |
| Financial liabilities | Payables | 16 | (352,403) | (352,403) | (278,718) | (278,718) |
| Total financial liabilities | | | (352,403) | (352,403) | (352,403) | (278,718) |

22.2 Credit risk

Credit risk arises when there is the possibility of the Board's debtors defaulting on their contractual obligations resulting in financial loss to the Board. The Board measures credit risk on a fair value basis and monitors risk on a regular basis.

The Board has minimal concentration of credit risk. The Board has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Board does not engage in high risk hedging for its financial assets.

22.3 Liquidity risk

Liquidity risk arises where the Board is unable to meet its financial obligations as they are due to be settled. The Board is funded principally from an Operating Grant from the SA Government through SA Government budgetary processes to meet the expected cash flows. The Board settles undisputed accounts within 30 days from the date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Board exposure to liquidity risk is insignificant based on past experience and current assessment of risk. The Board's exposure to liquidity relates to Payables in the ordinary course of business.

22.4 Market risk

The Board is not exposed to any market Risk.

22.5 Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Board as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

Note 23 Events after the reporting period

There were no events after balance date which will materially impact on the financial report.