

4 Financial Report and Financial Statements



AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

Financial Statements

for the period ended 30 June 2017

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INDEPENDENT AUDITOR'S REPORT

To the Education Council

Opinion

In my opinion, the financial statements of the Australian Children's Education and Care Quality Authority for the year ended 30 June 2017 present fairly, in all material respects the financial position of the Australian Children's Education and Care Quality Authority as at 30 June 2017 and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, as required by subsection 279(3) of the *Education and Care Services National Law Act 2010*.

The financial statements of the Australian Children's Education and Care Quality Authority, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by Chair, Chief Executive Officer and Chief Operating Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for Opinion

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

Board's Responsibility for the Financial Statements

The Board of the Australian Children's Education and Care Quality Authority is responsible for the preparation and fair presentation of financial statements that comply with Australian Accounting Standards, as required by subsection 279(3) of the *Education and Care Services National Law Act 2010*. The Board is also responsible for such internal control as the Board determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Australian Children's Education and Care Quality Authority's ability to continue as a going concern, disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the Board either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Australian National Audit Office



Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

3 October 2017

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

Financial Statements

for the period ended 30 June 2017

STATEMENT BY CHAIR, CHIEF EXECUTIVE OFFICER AND CHIEF OPERATING OFFICER

In our opinion, the attached general purpose financial statements for the Australian Children's Education and Care Quality Authority (ACECQA):

- ◆ comply with Section 279 subsection (3) of the *Education and Care Services National Law Act 2010* and relevant Australian accounting standards;
- ◆ are based on properly maintained financial records; and
- ◆ present a true and fair view of the financial position of ACECQA as at 30 June 2017 and the results of its financial performance and cash flows for the financial year ended 30 June 2017.

In our opinion, at the date of this statement, there are reasonable grounds to believe that ACECQA will be able to pay its debts as and when they fall due.

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



Judy Hebblethwaite
Chair of the Board
3 October 2017



Gabrielle Sinclair
Chief Executive Officer
3 October 2017



Angela Buchanan
Chief Operating Officer
3 October 2017

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

**Statement of Comprehensive Income
for the period ended 30 June 2017**

	Notes	2017 \$'000	2016 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	<u>1.1A</u>	8,777	8,661
Suppliers	<u>1.1B</u>	4,734	4,395
Unwinding of discount		2	1
Depreciation and amortisation	<u>2.2A</u>	229	244
Write-down and impairment of assets		2	4
Total expenses		13,744	13,305
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	<u>1.2A</u>	206	202
Interest	<u>1.2B</u>	192	277
Other revenue		3	–
Total own-source revenue		401	479
Gains			
Gains from sale of assets	<u>1.2C</u>	1	14
Total gains		1	14
Net cost of services		13,342	12,812
Funding from Commonwealth, State and Territory Governments	<u>1.2D</u>	13,681	12,695
Surplus / (Deficit)		339	(117)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		–	–
Total comprehensive income		339	(117)

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

Statement of Financial Position as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	2.1A	2,007	5,297
Trade and Other Receivables	2.1B	26	2,621
Investments	2.1C	12,489	6,289
Total financial assets		14,522	14,207
Non-Financial Assets			
Leasehold improvements	2.2A	688	808
Plant and equipment	2.2A	160	157
Intangibles	2.2A	–	55
Inventories		–	1
Other non-financial assets	2.2C	342	124
Total non-financial assets		1,190	1,145
Total assets		15,712	15,352
LIABILITIES			
Payables			
Suppliers	2.3A	37	96
Other payables	2.3B	1,101	1,082
Total payables		1,138	1,178
Provisions			
Employee provisions	3.1A	1,190	1,131
Other provisions	2.4	70	68
Total provisions		1,260	1,199
Total liabilities		2,398	2,377
Net assets		13,314	12,975
EQUITY			
Retained surplus		13,314	12,975
Total equity		13,314	12,975

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

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

Statement of Changes in Equity for the period ended 30 June 2017

	Total Equity	
	2017	2016
	\$'000	\$'000
Opening balance as at 1 July	12,975	13,092
Comprehensive income		
Surplus / (Deficit) for the period	339	(117)
Total comprehensive income	339	(117)
Closing balance as at 30 June	13,314	12,975

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

Cash Flow Statement for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
OPERATING ACTIVITIES			
Cash received			
Revenue from Commonwealth, States and Territories		17,717	11,176
Sales of goods and rendering of services		229	249
Interest		172	315
Total cash received		18,118	11,740
Cash used			
Employees		(8,590)	(8,531)
Suppliers		(5,348)	(4,655)
Net GST paid		(1,217)	(677)
Total cash used		(15,155)	(13,863)
Net cash from (used by) operating activities		2,963	(2,123)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of property, plant and equipment		–	9
Investments		–	3,711
Total cash received		–	3,720
Cash used			
Purchase of property, plant and equipment		(53)	(943)
Investments		(6,200)	–
Total cash used		(6,253)	(943)
Net cash from (used by) investing activities		(6,253)	2,777
Net increase (decrease) in cash held		(3,290)	654
Cash and cash equivalents at the beginning of the reporting period		5,297	4,643
Cash and cash equivalents at the end of the reporting period	<u>2.1A</u>	2,007	5,297

Cash and cash equivalents exclude investments in term deposit with an original maturity equal to or more than 3 months.

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

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

Overview

Objectives of the National Authority

The Australian Children's Education and Care Quality Authority (ACECQA) was established under the *Education and Care Services National Law Act 2010* (the National Law) passed by the Victorian Parliament on 5 October 2010 as host jurisdiction and applied by all States and Territories with the exception of Western Australia which passed corresponding legislation.

ACECQA is an independent national statutory authority. It is a not-for-profit entity.

ACECQA is structured to undertake the full range of functions set out in the National Law and its related regulations, focusing on the following strategic directions in accordance with the Letter of Expectation for 2016–18 issued by the Education Council:

Strategic direction 1: Achieving NQF system and reporting improvements

Strategic direction 2: Implementing outcomes from the 2014 NQA Review

Strategic direction 3: Provision of ongoing support to jurisdictions to improve quality outcomes for children, including support for Regulatory Authorities to enable regulatory best practice

Strategic direction 4: Promoting education and awareness

Strategic direction 5: Developing and supporting a high quality workforce.

The continued existence of ACECQA in its present form is dependent on Government policy and on continuing funding by Commonwealth, state and territory governments.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by Section 279 subsection (2) of the National Law.

The financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian Dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Taxation

ACECQA is not subject to income tax. ACECQA is liable for Payroll Tax, Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Events After the Reporting Period

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of ACECQA.

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

Financial Performance

This section analyses the financial performance of ACECQA for the year ended 2017.

1.1: Expenses

	2017 \$'000	2016 \$'000
1.1A: Employee Benefits		
Wages and salaries	7,921	7,617
Superannuation	788	776
Leave and other entitlements	68	268
Total employee benefits	8,777	8,661

Accounting Policy

Accounting policies for employee related expenses is contained in the People and relationships section.

1.1B: Supplier

Goods and services

Consultants	346	356
Contractors	48	98
Travel	326	341
Information and communication technology	1,602	1,196
Publishing	162	185
Other	870	867
Total goods and services	3,354	3,043

Other expenses are general administration costs including stakeholder engagement, professional development and recruitment.

Other suppliers

Operating lease rentals	916	876
Workers compensation expenses	36	49
Payroll tax expenses	428	427
Total other suppliers	1,380	1,352
Total suppliers	4,734	4,395

Leasing commitment – office accommodation

ACECQA has one operating lease for its office accommodation. The lease commenced on 1 January 2016 for a period of 7 years and 3 months. There is an option to terminate the lease on 31 December 2020 if ACECQA ceases to be a statutory authority or does not receive government funding. At the end of lease, ACECQA is required to pay \$80k in lieu of a makegood clause.

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

Accounting Policy

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

	2017 \$'000	2016 \$'000
Note 1.1B (continued)		
Commitments for operating lease		
Within 1 year	921	873
Between 1 to 5 years	4,211	3,996
More than 5 years	885	2,021
Total operating lease commitments	6,017	6,890

Commitments are GST inclusive where relevant.

1.2: Own-Source Revenue

	2017 \$'000	2016 \$'000
Own-source revenue		
1.2A: Sale of Goods and Rendering of Services		
Sale of goods	26	26
Rendering of services	180	176
Total sale of goods and rendering of services	206	202

Accounting Policy

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the entity retains no managerial involvement or effective control over the goods.

Revenue from rendering of services is recognised when:

- a) the amount of revenue can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the entity.

Receivables for goods and services are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

1.2B: Interest

Deposits	192	277
Total interest	192	277

Accounting Policy

Interest revenue is recognised using the effective interest method.

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

	2017 \$'000	2016 \$'000
Gains		
<u>1.2C: Other Gains</u>		
Sale of assets	1	14
Total other gains	1	14

Accounting Policy

Gains from sale of assets are recognised when control of the asset has been passed to the buyer.

1.2D: Funding from Commonwealth, State and Territory Governments

Funding from Commonwealth Government	6,635	6,835
Funding from State and Territory Governments	7,046	5,860
Total funding from Governments	13,681	12,695

Accounting Policy

ACECQA's revenue is provided through funding by Commonwealth, State and Territory Governments.

Funding is recognised as revenue when ACECQA obtains control of the contribution or the right to receive the contribution, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Funding receivables are recognised at their nominal amounts.

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

Financial Position

This section analyses ACECQA's assets used to conduct its operations and the operating liabilities incurred as a result.

Employee related information is disclosed in the People and Relationships section.

2.1: Financial Assets

	2017 \$'000	2016 \$'000
2.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	2,007	5,297
Total cash and cash equivalents	2,007	5,297

Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2.1B: Trade and Other Receivables

Interest	26	7
Funding from Commonwealth, State and Territory Governments	–	2,614
Total trade and other receivables	26	2,621

Accounting Policy

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Trade and other receivables' and recorded at face value less any impairment. Trade and other receivables are recognised where ACECQA has a legal right to receive cash. Collectability of receivables is reviewed on an on-going basis. Provision for doubtful debts is raised when there is objective evidence that the debts are not collectable. Bad Debts are written off when identified.

2.1C: Investments

Term deposits	12,200	6,000
Security deposit for bank guarantee	289	289
Total investments	12,489	6,289

Accounting Policy

Investments are term deposits held at fixed interest rates to maturity. Interest income from investments is recognised on an effective interest rate basis.

2.2: Non-Financial Assets

2.2A: Reconciliation of the Opening and Closing Balances of Property, Plant, Equipment and Intangibles

Reconciliation of the opening and closing balances of property, plant, equipment and intangibles for 2017

	Leasehold Improvements \$'000	Plant & equipment \$'000	Computer Software \$'000	Total \$'000
As at 1 July 2016				
Gross book value	868	215	177	1,260
Accumulated depreciation, amortisation and impairment	(60)	(58)	(122)	(240)
Net book value 1 July 2016	808	157	55	1,020
Additions:				
By purchase	–	59	–	59
Write-down recognised in net cost of services	–	(2)	–	(2)
Depreciation expense	(120)	(54)	(55)	(229)
Net book value 30 June 2017	688	160	–	848

Net book value as of 30 June 2017 represented by:

Gross book value	868	271	–	1,139
Accumulated depreciation, amortisation and impairment	(180)	(111)	–	(291)
Net book value 30 June 2017	688	160	–	848

Reconciliation of the opening and closing balances of property, plant, equipment and intangibles for 2016

	Leasehold Improvements \$'000	Plant & equipment \$'000	Computer Software \$'000	Total \$'000
As at 1 July 2015				
Gross book value	500	76	177	753
Accumulated depreciation, amortisation and impairment	(446)	(12)	(56)	(514)
Net book value 1 July 2015	54	64	121	239
Additions:				
By purchase	865	164	–	1,029
Write-down recognised in net cost of services	–	(4)	–	(4)
Depreciation expense	(111)	(67)	(66)	(244)
Net book value 30 June 2016	808	157	55	1,020

Net book value as of 30 June 2016 represented by:

Gross book value	868	215	177	1,260
Accumulated depreciation, amortisation and impairment	(60)	(58)	(122)	(240)
Net book value 30 June 2016	808	157	55	1,020

Accounting Policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition.

Asset Recognition Threshold

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

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to the accommodation sublease taken up by ACECQA where there exists an obligation to pay a fixed amount in lieu of a 'make good' clause. The cost is included in the value of ACECQA's Leasehold Improvements with a corresponding provision for the recognition of payment.

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value. Carrying amounts are reviewed every year to determine if an independent valuation is required. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

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

surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

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

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to ACECQA using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated over the lease term.

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

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

Asset Class	2017	2016
Leasehold improvements	Lease term	Lease term
Plant and equipment	3 to 20 years	3 to 20 years

Impairment

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

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

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

Derecognition

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

Intangibles

ACECQA's intangibles comprise purchased software for internal use. These assets are carried at cost less accumulated amortisation

and accumulated impairment losses. Purchases costing less than \$100,000 (2016: \$100,000) are expensed in the year of acquisition other than where they form part of a group of similar items which are significant in total.

Software is amortised on a straight-line basis over its anticipated useful life.

All software assets were fully depreciated as at 30 June 2017.

2.2B: Fair Value Measurements

	Fair value measurements at the end of the reporting period	
	2017 \$'000	2016 \$'000
Non-financial assets		
Leasehold improvements	688	808
Plant and equipment	160	157
Total non-financial assets	848	965
Total fair value measurements of assets in the statement of financial position	848	965

All property, plant and equipment is measured at fair value in the Statement of Financial Position. When estimating fair value, market prices were used where available. Where market prices were not available, depreciated replacement cost was used.

The remaining non-financial assets and liabilities reported by ACECQA are not measured at fair value in the Statement of Financial Position.

An independent valuer confirmed the fair value of ACECQA's property, plant and equipment at the end of the reporting period.

	2017 \$'000	2016 \$'000
2.2C: Other Non-Financial Assets		
Prepayments	342	124
Total other non-financial assets	342	124

No indicators of impairment were found for other non-financial assets.

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

2.3: Payables

	2017 \$'000	2016 \$'000
2.3A: Suppliers		
Trade creditors	37	96
Total suppliers payables	37	96

Settlement was usually made within 30 days.

2.3B: Other Payables

Salaries and wages	72	33
Superannuation	71	89
Net GST payable	530	728
Lease Liability	221	85
Accruals and other payables	207	147
Total other payables	1,101	1,082

Accounting Policy

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

2.4: Other Provisions

	2017 \$'000	2016 \$'000
2.4: Provision for make good		
As at 1 July	68	–
Additional provisions made	–	67
Unwinding of discount	2	1
As at 30 June	70	68

ACECQA has a sublease agreement which requires ACECQA to pay a fixed amount (\$80,000) in lieu of a make good clause at the conclusion of the lease. ACECQA has made the provision to reflect the present value of this obligation.

People and relationships

This section describes a range of employment and post employment benefits provided to ACECQA's staff and ACECQA's relationships with other key people.

3.1: Employee Provisions

	2017 \$'000	2016 \$'000
3.1A: Employee Provisions		
Leave	1,190	1,131
Total employee provisions	1,190	1,131

Accounting Policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

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

Unless otherwise stated, other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

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

The liability for long service leave has been determined using the shorthand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made or to be made by ACECQA to employees' externally managed superannuation funds as nominated by them.

The liability for superannuation recognised as at 30 June 2017 represents outstanding contributions due but not yet paid.

3.2: Key Management Personnel Remuneration

	2017 \$	2016 \$
3.2A: Senior Executive Remuneration		
Short-term employee benefits	972,943	994,439
Post-employment benefits	119,224	130,595
Other long-term benefits	18,337	40,325
Total employment benefits	1,110,504	1,165,359

Notes:

1. ACECQA's key management personnel are ACECQA Board members and Senior Executives.
2. The total number of Senior Executives that are included in the above table are 5 (2016: 4). The number includes Senior Executives who commenced or departed during the reporting period. Staff who have acted in a Senior Executive role for a period of less than three months have been excluded in the note.
3. Short-term employee benefits include salaries, paid annual leave and sick leave, accrued annual leave entitlements, benefits under salary sacrifice arrangements and non-monetary benefits. Other long-term benefits include accrued long service leave entitlements.
4. An adjustment has been made to the 2016 comparative numbers with an additional amount of \$13,431 to the short-term employee benefits for non-monetary benefits, notwithstanding the Senior Executives might choose not to receive the benefit. In addition, a reclassification between short-term employee benefits and other long-term benefits of \$71,183 was made.

3.2B: Board Member Remuneration

Total Board remuneration	198,479	158,545
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Notes:

1. Board remuneration is the payments received or due and receivable by ACECQA Board members in 2016–17.
2. Remuneration for the Board is determined by the Education Council.
3. There were changes to the composition of the ACECQA Board in 2016–17. The highest number of Board members in 2016–17 was 12 (2015–16: 12).

3.3: Related Party Disclosures

Related party relationship

ACECQA is a national statutory body funded by the Australian Government and State and Territory Governments. Its Board Members are appointed by the Council of Australian Governments' Education Council. Related parties to ACECQA are Board Members, Senior Executives, and the Australian and State & Territory Government entities.

Transactions with related parties

Transactions with the Australian and State & Territory Government entities mainly relate to ACECQA's funding.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by ACECQA, it has been determined that there are no related party transactions to be separately disclosed.

3.4: Remuneration of Auditors

	2017 \$'000	2016 \$'000
Remuneration payable to the Australian National Audit Office (ANAO) for auditing the financial statements for the reporting period.	55	55

No other services were provided by the ANAO.

AUSTRALIAN CHILDREN'S EDUCATION AND CARE QUALITY AUTHORITY

Managing uncertainties

This section analyses how ACECQA manages financial risks within its operating environment.

4.1: Contingent Assets and Liabilities

A bank guarantee was provided by ACECQA to the sublessor in relation to its leased premises. The value of the bank guarantee is \$289,124 (2016: 289,124) and will be released upon termination of the sublease agreement.

The bank guarantee is secured by a term deposit of the same amount.

ACECQA had no other quantifiable or unquantifiable contingent assets or liabilities as at 30 June 2017 (2016: nil).

4.2: Financial Instruments

	2017 \$'000	2016 \$'000
4.2A: Categories of Financial Instruments		
Financial Assets		
Held-to-maturity investments		
Term Deposits	12,200	6,000
Security deposit for bank guarantee	289	289
Total held-to-maturity investments	12,489	6,289
Loans and receivables		
Cash and cash equivalents	2,007	5,297
Trade and other receivables	26	2,621
Total loans and receivables	2,033	7,918
Total financial assets	14,522	14,207
Financial Liabilities		
Financial liabilities measured at amortised cost:		
Trade creditors	37	96
Other payables	1,101	1,082
Total financial liabilities measured at amortised cost:	1,138	1,178
Total financial liabilities	1,138	1,178
4.2B: Net Gains or Losses on Financial Assets		
Net gains/(losses) on financial assets		
Interest revenue	192	277
Net gains/(losses) on financial assets	192	277

End of Financial Statements