Choice and Affordability Fund

Annual Report 2022

Queensland Catholic Education Commission

Summary of 2022

As part of the Federal Funding reforms announced in September 2018, the Australian Government established the Choice and Affordability Fund (the Fund) to support non-government schools. The Fund is provided under the Australian Education Act 2013 and commenced in 2020 with an estimated $1.2 billion to be provided to the non-government school sector over ten years to 2029.

For the Catholic sector, the funding between States and Territories is determined by the National Catholic Education Commission (NCEC). In 2022, the Queensland Catholic sector received a total of $15,597,200 under the fund bringing the total available funds in 2022 to $17,296,081, which includes $1,698,881 in deferred funding from 2021.

As outlined in the *Choice and Affordability Fund Agreement* between the Australian Government and Queensland Catholic Education Commission (QCEC), the Fund is to be used by Queensland Catholic schools in line with national priorities including:

- Choice and affordability of schools
- Regional and Remote Transition assistance
- Special circumstances funding

Choice and Affordability of Schools

For Queensland Catholic schools, supporting choice and affordability of schools was the primary focus of the Fund in 2022. Most Catholic school authorities (CSAs) have achieved this by offering fee relief or concessions to families facing financial and other hardships. Some CSAs chose to use the funds to help alleviate the impact of rising operating costs and reducing recurrent funding to maintain an affordable fee level for their students. All these initiatives have enabled children from vulnerable and disadvantaged families to continue studying at their school of choice.

In 2022, $12,075,678 was available for promoting choice and affordability of schools. A total of $11,982,986 was expended in 2022 across the following three main categories of activities:

- Fee Relief
- General Assistance
- Other activities that improve choice and affordability for families attending the school

Regional and Remote Transition Assistance

A total of $5,220,402 was allocated to CSAs as regional and remote transition assistance, of which $5,220,402 was expended in 2022. The purpose of the funds is to support regional and remote schools that are expected to experience a reduction in funding due to the Direct Measure of Income (DMI) methodology.

In 2022, the funds allowed schools to maintain their financial viability while transitioning towards the new funding arrangements. Schools in the Diocese of Rockhampton used the allocated funds to provide fee relief to students. Some of these schools have been facing declining enrolments in recent years. Their financial position will be further affected by the higher level of capacity to contribute (CTC) as determined based on the DMI methodology. Avoiding significant fee increases at this time has assisted these schools in retaining students.

Special Circumstances Funding

No special circumstances funding was distributed in 2022.

Financial Report

2022 Budgeted Funding and Actual Expenditure

Expenditure for 2022 by activity is outlined in the table below. Expenditure for 2022 by school is outlined in *Attachment A – CAF 2022 School Level Data Report*.

Activities/Initiatives	Expenditure type	Budgeted for 2022	Actual Spend in 2022
A – Choice and Affordability			
Fee relief	Centralised	n/a	$0
	Distributed	n/a	$6,055,177
General assistance provided to schools disadvantaged by DMI	Centralised	n/a	$0
	Distributed	n/a	$83,110
Other activities that improve choice and affordability for families attending the school	Centralised	n/a	$0
	Distributed	n/a	$5,844,699
Total for Priority A	**Centralised**	**n/a**	**$0**
	Distributed	**$12,075,678**	**$11,982,986**
B – Transition Assistance			
Assistance provided to regional and remote schools disadvantaged by DMI	Centralised	n/a	$0
	Distributed	n/a	$5,220,405
Total for Priority B	**Centralised**	**n/a**	**$0**
	Distributed	**$5,220,402**	**$5,220,405**
	Administrative costs	$0	$0
	Total expenditure	$17,296,081	$17,203,391
	Deferred funding	$0	$92,690

Schools' Use of Distributed CAF Funding

NGRB has met its obligation under section 49 of the CAF Guidelines to require non-government schools to certify that distributed funding has been used for the purposes it was provided.

Expenditure Profile for 2022–2029

This table reflects the NGRB's planned expenditure over 2023 to 2029 consistent with its CAF Agreement and, where applicable, its CAF Work Plan, with any variations outlined below.

	2023	2024	2025	2026*	2027*	2028*	2029*
NGRB's total estimated funding allocation as advised by the department	$16,218,815	$16,627,395	$17,126,217	$17,640,003	$18,169,203	$18,714,279	$19,275,708
NGRB's estimated Regional Transition Assistance funding allocation as advised by the department	$4,884,945	$5,008,005	$5,158,245	$5,312,992	$5,472,382	$5,636,553	$5,805,650
Accrued deferred funding from 2020, 2021 and 2022, to be carried forward to 2023	$92,690						
Accrued interest earned on funds held in 2020, 2021 and 2022, to be carried forward to 2023	$0						
NGRB's planned expenditure for the relevant year	$16,231,933	$16,639,111	$17,137,439	$17,650,752	$18,189,508	$18,734,165	$19,281,402
NGRB's planned regional transition assistance expenditure for the relevant year	$5,349,244	$5,484,001	$5,648,521	$5,817,976	$5,992,515	$6,172,291	$6,357,460
NGRB's planned deferred funding for the relevant year to be spent in a future year	$0	$0	$0	$0	$0	$0	
Accrued deferred funding from the relevant year and previous years to be spent in a future year	$79,571	$67,855	$56,633	$45,844	$25,580	$5,694	

[*NGRBs with Work Plans can include the following note: Funding over 2026 to 2029 is indicative and will finalised through 2026-2029 Work Plan to be settled in 2025.]

Reason for variations to Expenditure Profile

There was no variation to the expenditure profile from movement between priorities.

There was a variation due to the deferral of $92,690 from 2022 to 2023 (0.5% of total available funds). This is below the 20% benchmark set out in the CAF guidelines that would require an NGRB to vary their agreement.

- **Diocese of Toowoomba – deferred $1,078 from 2022 to 2023.**

An administrative error resulted in unspent funds in 2022. These payments will be made to schools in March 2023.

- **Mt St Michael's College (ASHGROVE) – deferred $91,613 from 2020 and 2021, 2022.**

The College employed the Project Officer - Secondary Transition in March 2022, it was anticipated this role would have been fulfilled earlier. The ongoing COVID situation impacted events such as Open day and tours of the College. On 3 March 2023 the College hosted its first "normal" Open day in three years, and it is hoped to expend the funding from 2020 and 2021 this year as the project officer embarks on all activities associated with their role.

Activity Report

Activity/Initiative	Fee relief
Priority	A – Choice and Affordability

Activity Description

In 2022 a total of $6,055,177 was expended on fee relief by 82 schools educating 74,117 students.

The purpose of this activity was to facilitate parental choice and opportunity giving parents the ability to choose an affordable school that will best suit their individual child. In 2022, this was achieved by providing financial assistance in the forms of rebate and concession to students whose families were experiencing financial hardship. This initiative allowed these students to continue studying at their school of choice.

Some schools conducted detailed analysis of their school communities to help identify families in need of financial assistance. These concessions were applied directly to their fee accounts. Broader fee concessions for entire schools were also applied allowing for minimal fee increases at schools provided this benefit.

Outcomes Achieved

Outcomes	Indicators of success
Students were able to access Catholic education regardless of the financial circumstances of their families. The provision of full or partial fee relief allowed eligible families to continue enrolling their children at a school that was most suitable for their children. Broader fee relief also allowed minimal fee increases in 2022.	In 2022 a total of $6,055,177 was provided to eligible families as full or partial fee relief. In most cases fee relief was broadly applied allowing for minimal fee increases. Success was evidenced by ongoing retention of enrolments and lower than expected fee increases.

Risk Management

Risk	How the risk will be managed
The key risk underlying this initiative was that schools were not able to support all eligible families, or the eligible families did not receive the required level of fee concession due to the limited amount of funding available. This could lead to declining enrolment numbers or schools having to self-fund concessions.	To manage this risk, schools will continue to monitor demand for concessions and communicate with families regarding eligibility requirements. This will allow schools to effectively budget and direct funding and resources as required.

Key stakeholders

Stakeholder	Engagement Work
School Communities School communities are kept informed of the availability and eligibility criteria of the concessions.	School communities are made aware of the concessions via general school communication. Families are encouraged to contact the school if they are in financial hardship to enable further concessions to be granted.

Activity/Initiative	General assistance provided to schools disadvantaged by DMI
Priority	A – Choice and Affordability

Activity Description

In 2022 a total of $83,110 was expended on General Assistance provided to schools disadvantaged by DMI (2 schools educating 1,888 students).

The purpose of this activity was to support structural adjustments and improve delivery/operational efficiencies at schools which are adversely impacted by the introduction of the DMI methodology.

Schools used the funds to review current operations and put in place improvements to their operations and service delivery to ensure costs could be reduced in future years avoiding significant fee level increases in the future due to impacts of the move to DMI. Projects included implementation of ICT programs such as student wellbeing applications and continued provision of a range of tuition and co-curricular based activities including the ongoing establishment of online learning systems.

Outcomes Achieved

Outcomes	Indicators of success
$83,110 was used for the implementation of school based programs and supplement recurrent funding where changes in DMI have impacted available funding.	Implementation of these programs will assist schools reduce ongoing recurrent costs in anticipated impacts of the move to DMI.

Risk Management

Risk	How the risk will be managed
Potential enrolment declines due to increased fees, lower quality of educational delivery	Schools will continue to maintain sound financial stewardship and employ tools and strategies to ensure efficiency is achieved and maintained. The progress will be closely monitored and evaluated by the schools.

Key stakeholders

Stakeholder	Engagement Work
Students & Teachers Programs being delivered have direct impacts on both the student and teacher population. The continued quality delivery of educational programs directly effects teachers and students alike.	The schools have engaged with the appropriate parts of both the student and teacher populations to ensure program delivery is maintained.

Activity/Initiative	Other activities that improve choice and affordability for families attending the school
Priority	A – Choice and Affordability

Activity Description

In 2022 a total of $5,844,699 was expended on other activities that improve choice and affordability for families attending the school (32 schools educating 13,864 students).

Schools in the Queensland Catholic system are facing increasing financial pressures due to the ongoing transition towards the Schooling Resource Standard (SRS).

To remain financially viable and meet the SRS, they must increase school fees to align with the deemed CTC of their school community.

The expenditure at many small schools is currently greater than the SRS (due to the inadequate size loading in the SRS). By providing these schools with financial support through this initiative, schools were better able to maintain an affordable level of school fees for families.

Outcomes Achieved

Outcomes	Indicators of success
A total of $5,844,699 was used by schools to meet their operating expenses without having to significantly increase school fees. This initiative ensured quality Catholic education is accessible to all families including those that are financially disadvantaged. It is expected that the funds will be used in the future to continue supporting parental choice and affordability of education in this manner.	School fees were kept at an appropriate level and enrolments at the schools were maintained. Other indicators include high engagement with school programs.

Risk Management

Risk	How the risk will be managed
With rising operational costs, there is a risk that the funding is insufficient and to remain financially viable, schools must increase their fees significantly in the future.	To manage this risk, school enrolments and budget will be closely monitored and evaluated periodically to ensure the financial viability of schools.

Key stakeholders

Stakeholder	Engagement Work
School Communities	Schools engaged with their school communities via ongoing communication between the principal and parents. Schools employed staff to better engage with the community as well as use more modern techniques such as email marketing, re-started traditional open days as a means to connect with the broader community.

Activity/Initiative	**Assistance provided to regional and remote schools disadvantaged by DMI**
Priority	B – Regional and Remote Transition Assistance

Activity Description

In 2022 a total of $5,220,405 was expended on assistance provided to regional and remote schools disadvantaged by DMI (101 schools educating 40,197 students).

The purpose of this activity was to provide financial assistance to regional and remote schools that are expected to experience a funding reduction from 2022 to 2029 because of the introduction of the DMI methodology. The funding allowed the schools to maintain their financial viability while transitioning towards the new funding arrangements.

In some circumstances allocation of funds has been made to smaller regional schools as they are facing higher cost pressures and recruitment challenges. As there is insufficient money available in the SRS model to support these challenges in small schools these funds were meant to be used to alleviate some of the pressure these schools facing.

Outcomes Achieved

Outcomes	Indicators of success
In 2022, a total of $5,220,405 was provided as direct financial assistance to regional and remote schools that are adversely affected by the introduction of DMI. Funds were used by schools towards operating costs or for the provision of fee concessions to eligible families.	With the assistance of the funds, schools were able to maintain their existing model of operation and education delivery without reducing staff or raising fees to an unreasonable level.

Risk Management

Risk	How the risk will be managed
As transition towards SRS continues, regional and remote schools that are worse off under the DMI methodology are facing the risk that the amount of available funding is not sufficient to cover the funding shortfalls in future years. Some schools are experiencing significant decreases in funding from 2022 to 2029 and the fee increases required to cover the shortfall could see reduced enrolments reducing the schools' capacity to maintain their program delivery.	To ensure schools remain financially sustainable, schools will closely monitor the actual against budgeted expenditure.

Key stakeholders

Stakeholder	Engagement Work
School Communities	Schools engaged with their school communities via regular communication through various channels.

NGRB Annual Report Sign Off

This annual report is submitted in fulfillment of the annual report requirements in sections 50, 51 and 52 of the CAF Guidelines.

Name and Position of the person signing off on behalf of the NGRB:	STEVEN JEFFERY Acting Executive Director
Date:	27/6/23