Choice and Affordability Fund

2023 Annual Report – Queensland Catholic Education Commission

NGRB Ongoing Compliance Declaration

Section 92 of the *Australian Education Act 2013* (the Act) outlines the basic requirements for approval of a non-government representative body for a non-government school.

As such, the Department of Education is seeking confirmation that Queensland Catholic Education Commission complies with the legislative requirements in relation to monitoring the body's compliance with the Act.

Confirmation you continue to meet basic requirements for approval

Body corporate

The Corporation of the Roman Catholic Bishops of Queensland trading as Queensland Catholic Education Commission (QCEC) is registered with the Australian Charities and Not-for-profits Commission (ACNC) (ABN: 57 525 935 419).

Not-for-profit (NFP)

QCEC is a registered charity and adheres to all requirements made by the ACNC and the Queensland Office of Fair Trading. Each year, following the completion of QCEC's Audited Financial Statements, QCEC submits its Annual Information Statement to the ACNC. QCEC also meets the Best Practice recommendations made by the ACNC in relation to Financial Statement disclosures and these disclosures are independently reviewed by QCEC's external audit provider.

Financial viability

As suggested under the ACNC's Best Practice recommendations, QCEC's Financial Statements includes an Economic Dependency Note (see Note 18 of the QCEC Audited Financial Statements for the Year Ended 31 December 2023). As outlined in this note, QCEC's operations are primarily funded by per-capita student levies charged to its' members (i.e. Catholic Schooling Bodies).

Under QCEC's Risk Management Framework, the ability for the Commission to meet the Financial Viability requirement under section 27 of the Act is regularly assessed. This review work is more formally reported on an annual basis through the QCEC Audited Financial Statements (refer to page 2, section 2 of the QCEC Audited Financial Statements for the Year Ended 31 December 2023 "Statement by the Independent Chairperson and Executive Director").

Fit and proper person

QCEC has the relevant skills, knowledge and experience needed to support non-government schools. QCEC's guidelines/employment policies for working at QCEC ('Guide to Working at QCEC') clearly outline the role and delegated responsibilities of QCEC. These guidelines specify QCEC's legislative environment, strategic focus, membership and the culture and standards of conduct required of the QCEC Secretariat. New staff members are subject to a police background check (to ensure good character and law-abiding status) and inducted into the organisation via a formal induction process. All staff appointments are made by the QCEC Executive Director, who is in turn, appointed by the Roman Catholic Bishops of Queensland via a robust recruitment panel (including the Bishops' representative and a number of independent experts).

QCEC also has formal Conflict of Interest and Related Party Transactions policies and registers. These policies and processes are run, updated and reviewed on a regular basis.

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: Allan Blagaich (Executive Director)

:Date: 18 June 2024

Summary of 2023

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 2023, the Queensland Catholic sector received a total of $16,143,102 plus an additional top up amount of $188,073 in 2024 bringing the total 2023 allocation to $16,331,175. Total funding available in the 2023 calendar year to be expended was $16,218,816 in total funding received plus $92,690 in prior year carried forward funding, bringing the total available to be expended to $16,311,506.

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

<u>Choice and Affordability of Schools</u>

For Queensland Catholic schools, supporting choice and affordability of schools was the primary focus of the Fund in 2023. 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 2023, $10,962,259 was available for promoting choice and affordability of schools. A total of $10,891,403 was expended in 2023 across the following three main categories of activities:

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

<u>Regional and Remote Transition Assistance</u>

A total of $5,349,244 was allocated to CSAs as regional and remote transition assistance, of which $5,349,244 was expended in 2023. 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 2023, 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 2023.

Risk Management

Risk	How the risk will be managed
There is a risk that funding is not being spent in accordance with the Choice and Affordability Fund agreement. This can be resulted from one of more of the following factors: • Differences between actual vs budgeted funding allocations from the Australian Government (e.g. indexation). • Unforeseen circumstances preventing schools from undertaking the activities as planned in any given year (i.e. an increase in deferred funding).	QCEC monitors the progress of expenditure by Catholic School Authorities by: • A financial accountability process to ensure funding has been spent or committed to be spent for the permitted purposes. • Collecting detailed information about activities undertaken by each school. • Engaging with financial representatives from Catholic School Authorities and providing them with an ongoing platform to discuss any issues with QCEC.

Activity Report

Activity/Initiative	Fee Relief
Priority	A – Choice and Affordability

Activity Description

In 2023 a total of $5,088,309 was expended on fee relief by 142 schools supporting over 17,454 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 2023, 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 2023.	Fee relief was provided to 17,454 students from 142 schools. Indications of success include retentions of enrolments as well as expanding of existing bursaries and scholarships.

Activity Expenditure

	Centralised (Reporting Year Only)	Distributed (Reporting Year Only)
Expenditure	$0	$5,088,309

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.

Activity Report

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

Activity Description

In 2023 a total of $574,754 was expended on General Assistance provided to schools disadvantaged by DMI (3 schools benefitting 1,438 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
The continued implementation of initiatives that promote efficient and effective use of school resources to support student learning needs. Good cost management practices also meant that schools were able to maintain accessibility to quality Catholic education.	Implementation of these initiatives will assist schools to improve program quality, reduce ongoing recurrent costs and maintain an appropriate level of school fees for the continued enrolment of students.

Activity Expenditure

	Centralised (Reporting Year Only)	Distributed (Reporting Year Only)
Expenditure	$0	$574,754

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.

Activity Report

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

Activity Description

In 2023 a total of $5,228,340 was expended on other activities that improve choice and affordability for families attending the school (33 schools benefitting 11,798 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 $5,230,688 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.

Activity Expenditure

	Centralised (Reporting Year Only)	Distributed (Reporting Year Only)
Expenditure	$0	$5,228,340

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.

Activity Report

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

Activity Description

In 2023 a total of $5,349,244 was expended on assistance provided to regional and remote schools disadvantaged by DMI (93 schools benefitting over 22,811 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 2023 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 2023, a total of $5,346,498 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.

Activity Expenditure

	Centralised (Reporting Year Only)	Distributed (Reporting Year Only)
Expenditure	$0	$5,349,244

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 2023 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.

QCEC 2023 Financial Report

Financial summary 2023

CAF Funding	$16,331,175
Expenditure	$16,240,648
Interest earned	$0
Deferred Funding	$90,527

Financial summary 2020 to 2023

CAF Funding	$57,625,322
Expenditure	$57,373,856
Interest earned	$7,466
Deferred Funding	$258,932

Accounts 2023

Expenditure	Budgeted Centralised	Budgeted Distributed	Actual Centralised	Actual Distributed
A – Choice and affordability	$0	$10,869,571	$0	$10,891,403
B – Transition Assistance – Regional	$0	$5,349,244	$0	$5,349,244
B – Transition Assistance – Former NAAF schools	$0	$0	$0	$0
B – Transition Assistance – Other	$0	$0	$0	$0
C – Special circumstances	$0	$0	$0	$0
D – Student outcomes	$0	$0	$0	$0
E – Student wellbeing	$0	$0	$0	$0
Administrative	NA	NA	$0	NA
All priorities	$0	$16,218,815	$0	$16,240,648

Summary of CAF funding budget

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget
Payments	$10,478,318	$15,142,914	$15,672,915	$16,331,175	$16,821,112
Total expenditure	$4,181,258	$19,748,559	$17,203,391	$16,240,648	$17,022,818

	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Payments	$17,325,746	$17,845,518	$18,380,883	$18,932,310	$19,500,279
Total expenditure	$17,339,341	$17,858,695	$18,393,669	$18,944,728	$19,505,529

Summary of CAF regional transition budget

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget
Regional allocation	$4,428,052	$4,560,894	$4,720,524	$4,918,787	$5,066,350
Regional expenditure	$0	$4,923,028	$5,220,405	$5,349,244	$5,603,482

	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Regional allocation	$5,218,341	$5,374,891	$5,536,138	$5,702,222	$5,873,289
Regional expenditure	$5,707,771	$5,879,004	$6,055,374	$6,237,035	$6,424,146