# Choice and Affordability Fund

## *Annual Report 2021*

## Queensland Catholic Education Commission

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### Summary of 2021

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 2020, the Queensland Catholic sector received a total of $10,478,318 of which $4,181,258 was expended in 2020 with the balance rolled over to 2021. In 2021, the Queensland Catholic sector received a total of $15,142,914 under the fund bringing the total available funds in 2021 to $21,439,974.

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 2021. 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 2021, $16,443,210 was available for promoting choice and affordability of schools. A total of $14,818,065 was expended in 2021 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 $4,996,764 was allocated to CSAs as regional and remote transition assistance, of which $4,923,028 was expended in 2021. 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 2021, 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 2021.

## Financial Report

### 2021 Budgeted Funding and Actual Expenditure

Expenditure for 2021 by activity is outlined in the table below. Expenditure for 2021 by school is outlined in *Attachment A – CAF 2021 School Level Data Report*.

| Activities/Initiatives | Expenditure type | Budgeted for 2021 | Actual Spend in 2021 |
|---|---|---|---|
| **A – Choice and Affordability** | | | |
| *Other activities that improve choice and affordability for families attending the school* | Centralised | n/a | $0 |
| | Distributed | n/a | $8,496,502 |
| *Fee relief* | Centralised | n/a | $0 |
| | Distributed | n/a | $4,587,218 |
| *General assistance provided to schools disadvantaged by DMI* | Centralised | n/a | $0 |
| | Distributed | n/a | $1,734,345 |
| **Total for Priority A** | **Centralised** | **n/a** | **$0** |
| | **Distributed** | **$16,443,210** | **$14,818,065** |
| **B – Transition Assistance** | | | |
| *Assistance provided to regional and remote schools disadvantaged by DMI* | Centralised | n/a | $0 |
| | Distributed | n/a | $2,049,244 |
| *Fee relief* | Centralised | n/a | $0 |
| | Distributed | n/a | $2,873,784 |
| **Total for Priority B** | **Centralised** | **n/a** | **$0** |
| | **Distributed** | **$4,996,764** | **$4,923,028** |
| | **Administrative costs** | $0 | $0 |
| | **Total expenditure** | $21,439,974[1] | $19,741,093 |
| | **Deferred funding** | $0 | $1,698,880 |

### 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.

[1] The 2021 budgeted amount increased slightly from the 2020 CAF annual report.

## Expenditure Profile for 2022–2029

This table reflects the NGRB's planned expenditure over 2022 to 2029 consistent with its CAF Agreement and, where applicable, its CAF Work Plan, with any variations outlined below.

| | 2022 | 2023 | 2024 | 2025 | 2026* | 2027* | 2028* | 2029* |
|---|---|---|---|---|---|---|---|---|
| NGRB's total estimated funding allocation as advised by the department | $15,597,200 | $16,065,116 | $16,547,070 | $17,043,482 | $17,554,786 | $18,081,430 | $18,623,872 | $19,182,590 |
| NGRB's estimated Regional Transition Assistance funding allocation as advised by the department | $4,697,720 | $4,838,652 | $4,983,812 | $5,133,326 | $5,287,326 | $5,445,946 | $5,609,324 | $5,777,604 |
| Accrued deferred funding from 2020 and 2021 to be carried forward to 2022 | $1,698,880 | | | | | | | |
| Accrued interest earned on funds held in 2020 and 2021 to be carried forward to 2022 | $0 | | | | | | | |
| NGRB's planned expenditure for the relevant year | $17,217,449 | $16,075,534 | $16,557,896 | $17,054,739 | $17,566,497 | $18,093,620 | $18,636,566 | $19,192,125 |
| NGRB's planned regional transition assistance expenditure for the relevant year | $4,917,063 | $4,988,627 | $5,138,286 | $5,292,435 | $5,451,208 | $5,614,744 | $5,783,186 | $5,956,682 |
| NGRB's planned deferred funding for the relevant year to be spent in a future year | $0 | $0 | $0 | $0 | $0 | $0 | $0 | |
| Accrued deferred funding from the relevant year and previous years to be spent in a future year | $78,631 | $68,213 | $57,387 | $46,130 | $34,419 | $22,229 | $9,535 | |

[*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 $1,698,880 from 2021 to 2022 (7.9% 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.

- **Archdiocese of Brisbane – deferred $1,001,787 from 2021 to 2022.**
  The remaining amount from 2021 will be fully expended along with the 2022 amount. The intent is not to carry forward any CAF funding from 2022. The funds will be allocated to assist those schools charging fee levels below the CTC, small schools, and new schools.

- **Diocese of Toowoomba – deferred $488,356 from 2021 to 2022.**
  Given the large amount of special circumstance funding provided for drought and flood relief in recent years, it was decided to defer the CAF allocations by one year. In 2022 it is expected that all deferred and current year funding will be expended.

- **Marist College (ASHGROVE) – deferred $80,578 from 2021 to 2022.**
  The funding has been carried forward into 2022 as the new Head of College who commenced in 2021 has conducted his own internal review of the College prior to allocation of funds under this program. It is expected that all funds will be expended from 2022 predominately to assist Boarding student families who need financial assistance.

- **Mt St Michael's College (ASHGROVE) – deferred $80,874 from 2020 and 2021 to 2022.**
  During the two years of the COVID pandemic Mt St Michael's College has deferred CAF expenditure while they determine the most appropriate use of the funds.

- **Padua College (KEDRON) – deferred $29,143 from 2021 to 2022.**
  In 2020 and 2021 the College used CAF funding to assist families with very high financial needs or experiencing significant hardship. At the end of 2021 the College had not fully used up all available Choice and Affordability funding on assisting families in these circumstances and consequently an amount of $29,143 was carried forward to 2022. From 2022, funding will continue to be provided to families in these circumstances with the criteria of need relaxed to ensure all funding is expended in the year.

- **St Ursula's College (YEPPOON) – deferred $18,142 from 2021 to 2022.**
  The funding has been carried forward into 2022 to promote fee relief options and scholarships available to enrolling students.

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

## Activity Description

In 2021 a total of $8,496,502 was expended on other activities that improve choice and affordability for families attending the school (49 schools educating 15,572 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 $8,496,502 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.<br><br>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. |

## 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. |

## Activity Report

| | |
|---|---|
| **Activity/Initiative** | **Fee Relief** |
| Priority | A – Choice and Affordability |

### Activity Description

In 2021 a total of $4,587,218 was expended on fee relief by 135 schools educating 61,763 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 2021, 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.

The initiative was proven to be successful with a total of more than 16,700 students and families benefitting from the initiative. CSAs will continue to provide a reduced fee scheme to vulnerable and disadvantaged families using the allocated funds in future years.

### Outcomes Achieved

| Outcomes | Indicators of success |
|---|---|
| Students were able to assess 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. | In 2021, a total of $4,587,218 was provided to eligible families as full or partial fee relief. More than 16,700 students and families were benefited by this initiative. Success was evidenced by retention of enrolments during 2021 with families not ceasing enrolments for financial reasons. |

### 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 being the key stakeholder 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 2021 a total of $1,734,345 was expended on General Assistance provided to schools disadvantaged by DMI (11 schools educating 13,318 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.

## Outcomes Achieved

| Outcomes | Indicators of success |
|---|---|
| A total of $1,645,371 was used for analysing school operational costs and identifying areas where efficiency could be improved.<br><br>$60,748 of the funds was utilised by schools to meet the cost of core educational requirements. This was crucial for schools experiencing funding reductions due to DMI.<br><br>$28,226 of the funds was used to implement tools and applications to improve efficiency through supporting teaching and learning.<br><br>These schools will continue to embrace financial management strategies that will maintain affordability for the community. | Schools disadvantaged by DMI scores will experience a reduction in the level of Government recurrent funding in the future. To ensure viability, these schools will need to implement a combination of reducing expenditure and increasing private income.<br><br>Programs implemented under this activity will assist schools decrease their ongoing operation costs without decreasing the effectiveness of student's education.<br><br>This will help reduce the need for immediate excessive fee increases that for some families would be unaffordable thus maintaining the choice and affordability.<br><br>The indicator for success is the avoidance of significant fee increases in the short term and the continued diversity of the school community. |

## Risk Management

| Risk | How the risk will be managed |
|---|---|
| In 2021, COVID-19 impacted operations in multiple ways including the cancellation of activities at school and resulted in loss of income for some families and hence private income. Economic and seasonal factors are likely to present a risk to future activities.<br><br>There is also a risk that schools are unable to maintain the same level of efficiency which could result in a higher level of fee increase and therefore, enrolment loss in future years. | 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 |
|---|---|
| School communities and staff members | Schools engaged with their school communities via regular communication through formal and informal channels. |

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

## Activity Description

In 2021 a total of $4,923,028 was expended on assistance provided to regional and remote schools disadvantaged by DMI (70 schools educating 33,958students).

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.

## Outcomes Achieved

| Outcomes | Indicators of success |
|---|---|
| In 2021, a total of $4,923,028 was provided as direct financial assistance to regional and remote schools that are adversely affected by the introduction of DMI.<br><br>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. | 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:** Dr Lee-Anne Perry AM (Executive Director)

**Date:** 28/06/2022