Choice and Affordability Fund

2024 Annual Report – Victoria Catholic Education Authority

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 Victoria Catholic Education Authority 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 Victorian Catholic Education Authority is a Charity registered with the ACNC (ABN: 92119459853) and is also an Australian Public Company registered with ASIC (ACN: 119459853)

Not-for-profit (NFP)

By maintaining charity status with the ACNC through meeting ongoing and reporting obligations to the ACNC.

Financial viability

Information attesting to the financial viability of the Victorian Catholic Education Authority as a going concern is reported on the Audited Financial Reports of the company which is available on the ACNC Charities Register.

Fit and proper person

The Directors of the VCEA Board meet the fit and proper requirements of the Australian Education Regulations 2023.

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.

Being the approved System Authority and Review Body, VCEA has policies and processes in place to ensure that the fit and proper requirements according to the Australian Regulations 2023 are met and continues to be met .

Name and Position of the person signing off on behalf of the NGRB[1]:

Professor Elizabeth Labone,
Chief Executive Officer

Date: 13/06/2025

[1] Professor Elizabeth Labone, Chief Executive Officer

Summary of 2024

In 2024, the VCEA CAF funding distribution model effectively promotes parental choice and affordability in education, enabling a greater number of families to opt for low-fee, inclusive non-government schools. This approach fosters diversity within Catholic schools, as it ensures that families from middle- and high-income brackets can attend low-fee schools alongside low-income families.

The VCEA funding allocation methodology, which takes into account the extent to which a school requires government support to meet its resource standard, ensures that funding is more effectively targeted to bridge the gap to the required resource standard.

Moving forward, CAF funding in the Victorian Catholic education sector is anticipated to continue fulfilling the objectives outlined in the agreement.

Risk Management

Risk	How the risk will be managed
Certain secondary and combined schools remain affected by the VCEA funding transition pathway review (ongoing until 2029) and/or elevated DMI scores, resulting in reductions to government funding. These funding cuts pose challenges for schools in sustaining the quality of education and care they offer. To facilitate their adjustment to new funding levels, impacted schools require ongoing support over an extended period, which is provided through the CAF transition arrangements.	The VCEA monitors the yearly SRS funding levels for all secondary and combined schools. The level of support provide through CAF funding is positively correlated to the calculated gap in funding.
Concerns persist regarding the limited correlation between the Capacity to Contribute (CtC) for standalone Catholic primary schools and the actual private income collected for recurrent purposes. Schools that were already struggling to fund essential capital works due to the systemic lack of government capital grant funding are likely to face even greater challenges as recurrent grants reduce due to CtC. This is compounded by ongoing difficulties for Catholic primary schools in competing as a genuine option for schooling while ensuring affordable access to faith-based education. The VCEA transitional arrangements, introduced in 2020 for schools deemed "overfunded" by the Australian Government, are designed to address these challenges. This transition support will continue through to 2029, helping schools maintain affordable fees while gradually adjusting or reviewing their fee structures to bridge the funding gap.	The VCEA monitors the annual distribution of funding for all primary schools through the VCEA Funding Model. As a control measure, each school's funding allocation is reviewed yearly to identify and moderate significant fluctuations. This process provides Catholic primary schools with financial stability and the opportunity to gradually adapt to funding changes, including revising their fee and charge structures based on parental contributions if necessary. The VCEA remains committed to supporting the National Catholic Education Commission's efforts to advocate for an Australian Government review of the CtC formula, aiming to achieve fairer parent contribution requirements.

Activity Report

Activity/Initiative Priority	**Name** A – Choice and Affordability

Activity Description

The VCEA administers and allocates CAF funding to Catholic primary schools, ensuring parental choice and providing primary school students with access to affordable Catholic education.

The VCEA also releases an "Allocating Government Grants to Catholic Schools in Victoria" report, which details how government funding, covering both recurrent and capital funding, are allocated to systemically funded schools.

As detailed in this guide, the key features of these arrangements are:

- all funding models and processes fully comply with government requirements.
- funding decisions are made through collaboration and consensus among a diverse group of representatives within Catholic education, with access to relevant information, including funding attracted from Commonwealth and State governments.
- funding models emphasises heavily on student needs, incorporating the "needs" components from the school funding frameworks utilised by both the Victorian and Australian government, while also factoring in additional elements, that extend beyond these models.
- where applicable, funding models are governed by the Catholic principle of subsidiarity, with key allocation decisions delegated to diocesan governing authorities and schools.
- funding models undergo regular reviews and refinements to ensure they stay aligned with the priorities of Catholic education, government objectives, and the evolving needs of students and schools

Outcomes Achieved

Outcomes	Indicators of success
To support primary schools in managing their fee structures while preserving their position as alternative and affordable education provider, the VCEA funding model applies a CtC that had been “adjusted” which represents realistic fee income levels. Funding allocations were determined on a per capita amount for schools over the government designated CtC scores.	The number of Catholic primary schools that received an allocation of 2024 CAF funding were 211 (2023: 215). Consequently, school were not required to increase fees considerably to cover the shortfall in government funding.

Activity Expenditure

	Centralised (Reporting Year Only)	Distributed (Reporting Year Only)
Expenditure	$0	$12,327,042

Activity/Initiative Priority	Name B – Transition Assistance (including Regional Assistance)

Activity Description

The Schooling Resource Standard (SRS) is an Australian Government estimate of how much total public funding a school requires to meet its students' educational needs. By 2029, the Australian Government will fund all schools on a consistent share of the SRS. In-line with this transitional timeline, the VCEA approved a transition pathway methodology for systemically funded secondary and combined Catholic schools. This was to ensure that schools that were 'overfunded' would reach their target funding share by 2029.

Following the release of various iterations of the Australian Government's Funding Estimation Tool (FET), an updated VCEA transition pathway projection* was completed. Through extensive modelling, 38 schools were identified as 'transitioning schools' and will receive additional funding to support their gradual transition towards achieving their 'target funding share' by 2029.

Out of the 38 schools:

- 33 schools are projected to get a lower rate of increase in their per-student funding
- 5 schools are projected to experience an actual decrease in their per-student funding.

Further analysis indicated that the Australian Government's estimated transition support is expected to cover the majority of the required funding for the transition, which suggests that the requisite transition shortfall is minor and a gap that can be addressed through CAF funding under a systemic Transitional Assistance Initiative. This additional funding ensures that secondary schools do not need to cross-subsidise other schools undergoing transition.

Under the Transitional Assistance Initiative, the VCEA allocates CAF funding to "transitioning" secondary schools; schools receiving more than 80% of the SRS, which are currently transitioning under the VCEA's recurrent funding needs-based model. This transition includes a gradual, annual decrease in funding, driven by higher CtC scores following the implementation of the Direct Measure of Income (DMI). The initiative ensured that the most affected schools can transition to their new funding levels in a staged and planned manner.

In 2024, 32 schools (including 10 in regional areas) received a portion of CAF funding under this initiative. The VCEA administers these funding to the applicable Catholic systemic secondary and combined schools.

It is also worth highlighting that the published 'VCEA Allocating Government Grants to Catholic Schools in Victoria' report includes CAF funding and provides details on the allocation of government grants to secondary and combined schools.

** It is important to note that these projections were estimates based on the most up-to-date data available at the time of analysis. They were made under the assumption that each school's funding factors, such as enrolments, CtC scores, and loadings, would remain unchanged.*

Outcomes Achieved

Outcomes	Indicators of success
The VCEA allocates funding from the CAF to assist secondary schools in transitioning to the new DMI score used to determine CtC	Funds were allocated to secondary schools to facilitate a smoother transition from CtC scores based on SES data to those derived from the Direct Measure of Income (DMI). Noting that the CtC scores within the VCEA secondary formula matches the CtC scores assigned to schools under the Australian Education Act 2013 (Cth) and Australian Education Regulation(2023). The VCEA allocated funding to secondary schools most affected by significant transition amounts, with allocations set to decrease progressively in the coming years. Notably, a higher number of schools (25 out of 32 schools) received reduced support in 2024 (21 in 2023), amounting to a total reduction of $256,856 in support payment.

Activity Expenditure

	Centralised (Reporting Year Only)	Distributed (Reporting Year Only)
Expenditure	$0	$6,594,716