Choice and Affordability Fund

2023 Annual Report – Victorian Catholic Education Authority Ltd

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 Victorian 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:

CHIEF EXECUTIVE OFFICER

Professor Elizabeth Labone,
Chief Executive Officer

Date: 24 June 2024

Summary of 2023

In 2023 VCEA CAF funding distribution arrangements successfully support parental choice and affordability in schooling by enabling more families to have the choice of attending a low-fee, inclusive non-government school. This allows for greater diversity within Catholic schools because middle-income and high-income families are still able to attend low-fee schools (alongside low-income families).

Due to VCEA funding allocation methodology considering the extent a school needs government funding to reach its resource standard, funding is better targeted to provide schools what is required to bridge the gap to their resource standards level.

It is expected that future CAF funding will continue to achieve the objectives laid out in the agreement.

Risk Management

Risk	How the risk will be managed
Some secondary and combined schools continue to be impacted by the VCEA transition pathway review (until 2029) and/or higher DMI scores, and this led to government funding cuts. This would make it challenging for schools to continue to provide and maintain the same level of education and care. Impacted schools are not able to transition to new funding levels without continued support over a period of time. This support is provided through the CAF transition arrangements.	The VCEA, through its VCEA Secondary Funding Model, monitors the yearly SRS funding levels for all secondary and combined schools.
The concern remains that there are little correlations between capacity to contribute (CtC) for standalone Catholic primary school settings and actual private income collected for recurrent purposes. Schools that were already struggling to afford crucial capital works due to systemic lack of government capital grant funding, will struggle further as recurrent grants drop due to CtC. The aforementioned is in addition to ongoing battles facing Catholic Primary school competing as a genuine choice for schooling and affordable access to faith-based education. The VCEA transitional arrangements for schools considered as "overfunded" by the Australian Government commenced in 2020. This transition support allocation will extend to 2029 year and will be used to ease school to maintain affordable fees while gradually work towards increasing and/or reviewing fees structure order to cover the gap from funding cut.	The VCEA monitors the funding level for all primary schools distributed yearly through the VCEA Primary Funding Model. Funding distributed to each school is reviewed annually to ensure no steep movement in funding allocated. This allows Catholic primary schools with funding certainty and time to adjust to the change in funding gradually and adjust their fees and charges structures from parental contributions if required. The VCEA continues to support the National Catholic Education Commission's funding commitment to advance the Australian Government review of the CtC formula to ensure fairer parent contributions.

Activity Report

Activity/Initiative	**Primary schools – choice and affordability with Capacity to Contribute (CtC) settings**
Priority	A – Choice and Affordability

Activity Description

The VCEA administered and allocated CAF funding towards Catholic primary schools to support parental choice and the opportunity to provide primary school students with affordable Catholic education. All schools receiving the funding have certified that the financial assistance received were used for the purpose of choice and affordability in primary Catholic education.

The VCEA publishes its Allocating Government Grants to Catholic Schools in Victoria report, which explains how the Catholic system authorities in Victoria allocate government grants, for both recurrent and capital purposes, 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 based on collaboration and consensus between a wide range of representatives within Catholic education, with full access to all relevant information, including the funding that schools attract from governments.
- funding models are governed by the Catholic principle of subsidiarity, with key allocation decisions delegated to schools and diocesan authorities, where appropriate
- funding models are heavily needs-based, drawing on student 'need' elements of the school funding models used by both the Victorian and Australian governments, plus additional factors that go above and beyond those models
- funding models are reviewed and refined regularly to ensure they remain aligned with Catholic education and government priorities, and emerging student and school needs

Outcomes Achieved

Outcomes	Indicators of success
Funds allocated to primary schools through the VCEA Primary Funding Model were based on an Adjusted CtC which reflects realistic fee levels. The allocation was based on a per capita amount for schools over the designated CtC scores. This enabled schools to manage their fee structures to provide low-cost education alternatives to parents.	The number of Catholic primary schools that received an allocation 2023 CAF funding were 215 (2022: 214) including 35 in regional area. As a result, school fees were not required to increase dramatically to cover the shortfall in government funding.

Activity Expenditure

	Centralised (Reporting Year Only)	Distributed (Reporting Year Only)
Expenditure	$0	$11,019,356

Activity Report

Activity/Initiative	**Secondary schools – transition assistance**
Priority	B – Transition Assistance

Activity Description

The VCEA allocated CAF funding to secondary schools that are currently funded more than 80% of the SRS, and introduced a year-on-year decrease in funding due to increased CtC scores from the new direct measure of income (DMI). In addition, schools are also transitioning until 2029 with their own VCEA Secondary Funding Model recurrent grants needs-based formula. This has ensured that the most affected schools are able to transition to their new funding levels in a staged and planned manner. Several schools were also in positions of significant uncertainty with their operations, financial strain and experienced severe impacts on wellbeing arising from previous years COVID-19 impacts in the state of Victoria.

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 Consultative Committee approved a transition pathway methodology. 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 Secondary Funding Model transition pathway projection was performed. The modelling revealed that 38 schools are expected to be deemed 'transitioning schools' and would be allocated additional funding to assist with the transition to their 'target funding share' in 2029. Out of the 38 schools:

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

The analysis also showed that the Australian Government's estimated transition support would cover most of the transition funding required for 2023. This means there is only a minor shortfall in the transition amount required, which can be funded through the use of the CAF. This avoids secondary schools cross subsidising other schools that are transitioning.

It should be noted that these projections were estimates only and were based on the currently available data, assuming that each school's funding factors (enrolments, CtC scores, loadings, etc.) will remain consistent.

In 2023, 32 schools (including 10 in regional areas) received a portion of CAF funding under this initiative. The VCEA Consultative Committee administers funding for Victorian Catholic systemic secondary and combined schools. The VCEA publishes its Allocating government grants to Catholic schools in Victoria report, which sets out funding for secondary and combined schools. All schools receiving the funding have certified that funding received were used to assist with transition.

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	Fundings were allocated to secondary schools impacted by the largest transition amounts, with funding amounts expected to reduce over subsequent years noting that 21 out of 32 schools received reduced allocation in 2023 compared to 2022. Thefunds were provided to secondary schools to smooth-out the transition when moving from a CtC score based on an SES score to a DMI score. The CtC scores within the VCEA Secondary Funding Model formula matches the *Australian EducationAct 2013* (Cth) and applicable regulations as well as CtC settings for all Victorian Catholic secondary and combined schools.

Activity Expenditure

	Centralised (Reporting Year Only)	Distributed (Reporting Year Only)
Expenditure	$0	$6,851,572