

Choice and Affordability Fund

2023 Annual Report – Independent Schools
Queensland 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 Independent Schools Queensland Ltd 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

Explain how you are meeting the relevant Commonwealth or State and Territory requirements to be a body corporate.

Independent Schools Queensland Ltd is a company limited by guarantee, registered with ASIC (ACN 614 893 140).

Not-for-profit (NFP)

Explain how you are meeting the relevant Commonwealth, State or Territory requirements to be an NFP.

Independent Schools Queensland Ltd is constituted on a not-for-profit basis, and maintains registration as a charity with the ACNC (ABN 88 662 995 577).

Financial viability

When completing this section NGRBs should consider their ongoing operation status, their organisations risk management plan and whether the current organisations income is sufficient to meet current and ongoing operating costs as outlined in section 27 of the Australian Education Regulations 2023.

Independent Schools Queensland Ltd manages its operations to ensure ongoing financial viability, with its income sufficient to meet operating costs. It is able to pay its debts as and when they fall due for payment, and its assets are greater than its liabilities.

Fit and proper person

When completing this section NGRBs should consider if the organisation has the relevant skills, knowledge and experience needed to support non-government schools, ongoing practices to ensure staff are of good character, law abiding and that conflicts of interest are managed correctly as outlined in sub section 28(2) of the Australian Education Regulations 2023.

Independent Schools Queensland Ltd maintains good governance arrangements including a Code of Conduct, Board Charter, Conflict of Interest Policy, and Whistleblower Policy, and ensures that its Board and staff have the relevant skills, knowledge and experience to fulfil their roles.

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: Mr Christopher Mountford
Chief Executive Officer
Independent Schools Queensland

A handwritten signature in black ink, appearing to read 'C Mountford', with a horizontal line extending to the right.

Date: 12 June 2024

Summary of 2023

Funding from the Choice and Affordability Fund (CAF) provided direct financial assistance to independent schools which were adversely affected by the new funding arrangements with the objective of assisting schools to transition to the new funding arrangements.

ISQ had three CAF priorities in 2023 – Transition Assistance, Special Circumstances Funding, and Choice and Affordability of Schools.

Under those priorities, ISQ provided direct financial assistance to independent schools which are adversely impacted by the new funding arrangements, and, under previous policy settings, would have been eligible for assistance under the former National Adjustment Assistance Fund.

The granting of transition assistance for Queensland independent schools is informed by the ISQ Choice and Affordability Fund Reference Group. The Reference Group consists of individuals appointed by the ISQ Board, who are independent of any individual independent school, and who collectively possess a mix of skills, expertise and experience in financial assessment, program management and independent school governance and management.

Under the priority of Choice and Affordability of Schools, grants were provided to eligible schools for initiatives that facilitate parental choice in the context of affordability. All represented schools were provided the opportunity to apply for these grants. ISQ facilitated school projects which are expected to support schools to maintain their choice and affordability, and projects which support the implementation of structural adjustments where such adjustments are required because of changes in funding arrangements.

In the Agreement, ISQ agreed to the following Priority Objectives for the Choice and Affordability of Schools priority:

- Maintain and improve choice in schooling for Queensland families driving the improvement of educational standards and competition across the schooling system.
- Maintain and improve opportunity and diversity in the schooling system through a vibrant independent schooling sector in Queensland.
- Plan for and support structural adjustments for schools which are adversely impacted by the new funding arrangements.

The funding supported schools to maintain and improve choice in schooling for Queensland families. It also assisted in maintaining and improving opportunity and diversity in the schooling system through a vibrant independent schooling sector in Queensland.

Schools have certified that the distributed funding has been used for the purposes for which it was provided.

During 2023, ISQ also commenced development of several centralised projects to support the objectives of the Choice and Affordability of Schools priority. These are projects to assist schools in managing their costs, and projects to assist schools in understanding their market. These initiatives intentionally focus on activities that can support a broad range of schools at scale, and all schools represented by ISQ will be provided with the opportunity to be supported through these initiatives.

The need for Special Circumstances assistance by schools was limited during 2023, and accordingly, these funds are carried forward to meet these needs as they arise in future years.

Risk Management

Risk	How the risk will be managed
Demand for project grants may be less than expected	Grant applications are monitored and assessed against available project funding. Where project grant applications are substantially lower than available funds, subsequent application rounds can be undertaken
Supply chain issues may lead to delays in the implementation of projects	Schools are given flexibility where needed, with additional time and support to complete the project
Substantial carry-over of transition funds into later years of the program, as expenditure is directly linked to actual funding impacts of CTC policy change	A carry-over of funds is required, to mitigate future impacts of non-systemic schools in future years as these schools transition to DMI based CTC
Carry-over of Special Circumstances funding may occur, as expenditure is directly linked to actual natural disasters occurring	A carry-over of funds may be required to mitigate the future impacts of future natural disasters and short-term emergencies
School utilisation of offered support may be less than expected	<p>Stakeholder engagement will be utilised to identify key needs of school stakeholders and support services will be designed to meet those needs.</p> <p>Service utilisation will be monitored and assessed against expectations. Where demand for support is lower than expected despite awareness activities, targeted engagement of stakeholders will be undertaken to identify design changes that may improve the ability of schools to benefit from the support.</p>

Activity Report

Activity/Initiative

Project Grants for Choice and Affordability of Schools

Priority

A – Choice and Affordability

Activity Description

Under the priority of Choice and Affordability of Schools, grants were provided to eligible schools for initiatives that facilitate parental choice in the context of affordability. ISQ facilitated school projects which are expected to support schools to maintain their choice and affordability and projects which support the implementation of structural adjustments where such adjustments are required because of changes in funding arrangements. In the agreement, ISQ agreed to the following Priority Objectives for the Choice and Affordability of Schools priority:

- Maintain and improve choice in schooling for Queensland families driving the improvement of educational standards and competition across the schooling system.
- Maintaining and improving opportunity and diversity in the schooling system through a vibrant independent schools' sector in Queensland.
- To support structural adjustments and planning for structural adjustments for schools which are adversely impacted by the new funding arrangements.

Priority was given to applications for funding from schools which are eligible for Choice and Affordability Funding under regional transition assistance, transitional assistance or transitional assistance under the former National Adjustment Assistance Fund Guidelines.

Applications were assessed with priority given to projects which:

- Build on or scale up an innovation adopted during the period of the COVID – 19 pandemic and which contribute to facilitating parental choice,
- Build on new ways of working with technologies in delivering educational programs,
- Provide opportunities for schools to collaborate in sharing resources, and/or
- Identify efficiencies in school governance and management which enable schools to facilitate continued choice and affordability for parents.

The intended outcomes through the Choice and Affordability Funds for Queensland independent schools are, under the priority area – Choice and Affordability of schools.

- Independent schools ensure choice in schooling is maintained and improved for Queensland families by supporting existing and new schools to provide diverse and affordable education opportunities through innovative projects which improve educational delivery or address efficiencies in governance and management.
- Up to 30 independent schools which are adversely impacted by the new funding arrangements are supported through project grants to facilitate structural adjustments and planning for structural adjustments to assist transition to the new Direct Measure of Income funding arrangements by 2029.
- To make available to all independent schools, information on structural adjustments and planning for structural adjustments because of projects and initiatives undertaken at selected schools.

Information on structural adjustments and planning for structural adjustments because of projects and initiatives undertaken at selected schools are made available through the following mechanisms:

- Presenting when requested at any events regarding strategic development, sustainability of schools, and future proofing of Independent Schools.
- Contributing to publications of ISQ.
- Hosting and discussing with individual schools regarding both the process of the activity and the outcomes of the activity.
- Presenting through networks including AHISA and ASBAQ.
- Memorandums to all schools with information on all activities.

Outcomes Achieved

Outcomes	Indicators of success
<p>Independent schools ensure choice in schooling is maintained and improved for Queensland families by supporting existing and new schools to provide diverse and affordable opportunities, through innovative projects which improve educational delivery or address efficiencies in governance and management</p>	<p>15 independent schools have been supported through project grants to facilitate structural adjustments and planning for structural adjustments, to assist transition to the new DMI funding arrangements, with priority given to schools that have been adversely impacted by the new DMI funding arrangements. Examples of projects funded include:</p> <ul style="list-style-type: none"> • Study of energy efficiency opportunities and feasibility of an Early Learning Centre • Identification of opportunities for cost savings through efficiencies with a Human Resources Information System • Development of a program for parents to better support their engagement with the school • Analysis to ensure the sustainability of IT systems and protect business reputation • Development of a suite of training and support plans to aid staff to create an inclusive environment • Building on and scaling up new ways of working with technologies • Investigating new transport options. <p>ISQ made information available about these projects to all Queensland independent schools, to assist with planning for structural adjustments at other schools. This was done:</p> <ul style="list-style-type: none"> • Through presentations regarding strategic development, and sustainability of schools • In ISQ publications and communications • In one-on-one planning conversations with schools • In presentations to school networks including AHISA and ASBAQ.

Activity Expenditure

	Centralised (Reporting Year Only)	Distributed (Reporting Year Only)
Expenditure	\$nil	\$706,478

Activity Description

In previous years, ISQ has addressed Priority A through direct grants to schools by application, to support the delivery of a limited number of projects at a school level, which aligned with the objectives of the CAF Agreement. These projects have delivered meaningful impact at a school level, as reported in ISQ's CAF Annual Reports. Learnings from these projects have also been shared with all represented schools. Following several years of successful project grants, ISQ has taken what has been learnt and most valued by schools and determined that it is timely to focus on Priority A through a number of centralised projects.

Initiative design has been informed by the CAF Guidelines. ISQ is committed to implementing these funds to support the achievement of the national objectives. These projects are designed to assist schools with their financial sustainability and/or planning, in order to facilitate parental choice and opportunity, giving parents the ability to choose an affordable school that will best suit the needs of their individual child. This will also:

- Maintain and improve choice in schooling for Queensland families and competition across the schooling system,
- Maintain and improve opportunity and diversity in the schooling system through a vibrant independent schools' sector in Queensland, and
- Support structural adjustments and planning for schools.

These initiatives have been designed as discrete projects, which go beyond the existing normal service provision by ISQ to represented schools. These projects are contingent on CAF funding. Schools may choose to take up some or all or the offered support, as appropriate to their context and at their discretion. ISQ will regularly review the take-up rates of offered support, to monitor any underlying themes that may emerge, and will consider adjusting the approach taken, to ensure maximum impact of these initiatives and achievement of the CAF objectives.

All schools represented by ISQ are provided with the opportunity to be supported through these initiatives, and ISQ seeks to ensure that all schools are made aware of these opportunities. This utilises ISQ's existing direct communication channels to school stakeholders (e.g. Principals, Board Chairs, Business Managers), as well as standalone communications, forums and working groups, where appropriate.

Careful consideration has been given to project and initiative design, intentionally focusing on activities that can support a broad range of schools at scale. During 2023, centralised work was undertaken on two projects that support this priority.

1. Group procurement arrangements

Individually, many independent schools do not have the buying power to make significant reductions in their non-labour costs. However, ISQ has the opportunity to achieve cost reductions for represented schools through the establishment of group procurement arrangements. These arrangements would be available for all represented schools to purchase from, with more favourable terms than may otherwise be available to an individual school.

As well as lower purchasing costs, this initiative aims to reduce the administrative costs of individual schools, who will not need to each undertake their own procurement process. This drives lower

operating costs for schools, which will consequently have less need to increase school fees, leading to better affordability and availability of choices for families.

Some standing offer arrangements may encompass several different options rather than following a “one size fits all” approach. Depending on the procurement category, this may be needed to cater for the differing needs of independent schools and the communities they serve.

Activity during 2023 included:

- consultation with represented schools to understand their differing needs.
- research and engagement with the supplier market.
- designing a procurement strategy to deliver on the intended objectives.
- facilitating formal procurement processes, reflecting the procurement strategy.
- negotiation and contracting with the supplier/s who best meet the needs of represented schools.
- communicating the details of the arrangement to represented schools, to ensure they are aware of the arrangement and are able to realise the benefits of it, if they choose.

Procurement arrangements that were put in place during 2023 will assist schools with the purchase of electricity, printers, cybersecurity consulting, and strategic ICT review services.

2. School Data Dashboard

Queensland independent schools operate in a fast-changing landscape, and must continue to stay abreast of changing demographic, social and economic circumstances. As the environment changes, schools must continually reassess their strategy and underlying business model, and make informed decisions about when to change direction. The ability of schools to respond to changes in their external environment is a key factor in whether a school can navigate these changes sustainably, and continue to provide the services that their community needs.

In response to these challenges, ISQ has commenced work to bring together relevant data for schools into a self-service data dashboard, to inform decision-making. ISQ will collect relevant, detailed school data from a range of sources, and undertake detailed analysis of this data to develop a range of measures, ratios, and time-series data. This data will then be made available to represented schools through a self-service portal that includes easily digestible visualisations, providing schools with actionable insights and assisting them to make informed financial management decisions relating to their organisation, demographics and costs. This activity will directly assist schools to maintain or improve their financial sustainability, and will maintain or improve the choice and affordability for parents.

Activity during 2023 included:

- consultation with represented schools to understand their differing needs.
- analysis to identify available datasets for inclusion in the dashboard.
- research and engagement with specialist consultants in the business intelligence field.
- designing and building a self-service dashboard to deliver universally accessible information regarding school funding, school characteristics and basic trend analysis, to support decision-making by each school.
- working with a pilot group, representing a cross-section of schools, to ensure that the dashboard is as easy to use as possible, and provides valuable information to schools that supports decision-making.

Outcomes Achieved

Outcomes	Indicators of success
Schools are supported to reduce costs, improve their long-term financial sustainability, and improve their affordability	<p>All represented schools have access to the new procurement arrangements.</p> <p>20 schools have been engaged as a pilot group to utilise the first phase of the school data dashboard, to support decision-making.</p>

Activity Expenditure

	Centralised (Reporting Year Only)	Distributed (Reporting Year Only)
Expenditure	\$460,811	\$nil

Centralised funding was used for specialist consultants (\$240,967) and project staffing costs (\$219,844).

This activity is new for 2023. ISQ reached agreement with the Commonwealth in late 2022 to redirect these resources from previously unused allocations in Priority A, Choice and Affordability of Schools. It was agreed that the proposed use of these funds was consistent with ISQ's existing efforts, that this reallocation of funding could occur, and should be reported in the relevant Annual Report. For 2024 and 2025, this activity is now addressed by an approved Work Plan.

Activity/Initiative**Transition Assistance for Schools that would have been eligible for the former National Adjustment Assistance Fund**

Priority

B – Transition Assistance

Activity Description

In 2023, 8 Queensland independent schools were identified as eligible for transition assistance as a school that would have been eligible for the former National Adjustment Assistance Fund. Please refer to the School Level Data Report for a breakdown of these schools.

The amount of transition assistance for the former National Adjustment Assistance Fund was determined based on the following criteria.

Schools eligible for assistance were those that received a funding increase of less than 2.5% per student from 2021 to 2022.

The Annual Transition Amount was calculated by indexing the 2021 funding by 3% less the 2022 funding, and then annually indexing it by 3%. A discount was applied to the Annual Transition Amount based on the DMI, using the CTC percentage from the Gonski Model (the average of the primary and secondary rates).

This activity contributed to the achievement of ISQ's objectives by:

- Providing direct financial assistance to independent schools adversely affected by the new funding arrangements, ensuring their financial viability during the transition period.
- Providing direct financial assistance to independent schools adversely affected by the new funding arrangements, who would have been eligible for assistance under the former National Adjustment Assistance Fund.

Outcomes Achieved

Outcomes	Indicators of success
Direct financial support is provided to independent schools that have been adversely impacted by the new DMI funding arrangements, to assist in their transition to the new arrangements.	8 independent schools which would have met the criteria under the former National Adjustment Assistance Fund have been financially supported to transition to the new DMI funding arrangements.

Activity Expenditure

	Centralised (Reporting Year Only)	Distributed (Reporting Year Only)
Expenditure	\$nil	\$806,788

Activity/Initiative**Transition Assistance for Regional Schools**

Priority

B – Transition Assistance

Activity Description

In 2023, 19 Queensland independent schools were identified as eligible for transition assistance as a specified Regional School. Please refer to the School Level Data Report for a breakdown of these schools.

The Regional Schools Transition Assistance provided a specific amount of transition assistance, which was determined based on the following methodology.

The calculation involved indexing the 2021 funding by 3% less the 2022 funding, and then annually indexing it by 3%. This approach ensures that the transition assistance adequately reflects the changing funding dynamics and accounted for annual adjustments. By applying this methodology, the Regional Schools Transition Assistance activity aims to provide appropriate financial support to independent schools in regional areas during their transition to the new funding arrangements.

This activity contributed to the achievement of ISQ's objectives by:

- Providing direct financial assistance to independent schools adversely affected by the new funding arrangements, ensuring their financial viability during the transition period.
- Providing direct financial assistance to independent schools in regional areas adversely impacted by the new funding arrangements, ensuring their affordability and continued availability of choice for families in those areas.

Outcomes Achieved

Outcomes	Indicators of success
Direct financial support is provided to independent schools that have been adversely impacted by the new DMI funding arrangements, to assist in their transition to the new arrangements.	19 regional independent schools have been financially supported to transition to the new DMI funding arrangements.

Activity Expenditure

	Centralised (Reporting Year Only)	Distributed (Reporting Year Only)
Expenditure	\$nil	\$3,453,752

Activity/Initiative**Transition Assistance for Other Schools**

Priority

B – Transition Assistance

Activity Description

In 2023, 26 Queensland independent schools were identified as eligible for transition assistance as an 'Other' school. Please refer to the School Level Data Report for a breakdown of these schools.

The amount of transition assistance for other schools was determined based on the following criteria.

Schools eligible for assistance were those that received a funding increase of less than 2.5% per student from 2021 to 2022.

The Annual Transition Amount was calculated by indexing the 2021 funding by 3% less the 2022 funding, and then annually indexing it by 3%. A discount was applied to the Annual Transition Amount based on the DMI, using the CTC percentage from the Gonski Model (the average of the primary and secondary rates).

This activity contributed to the achievement of ISQ's objectives by:

- Providing direct financial assistance to independent schools adversely affected by the new funding arrangements, ensuring their financial viability during the transition period.

Outcomes Achieved

Outcomes	Indicators of success
Direct financial support is provided to independent schools that have been adversely impacted by the new DMI funding arrangements, to assist in their transition to the new arrangements.	26 other independent schools have been financially supported to transition to the new DMI funding arrangements.

Activity Expenditure

	Centralised (Reporting Year Only)	Distributed (Reporting Year Only)
Expenditure	\$nil	\$1,817,717

ISQ 2023 Financial Report

Financial summary 2023

CAF Funding	\$9,913,558
Expenditure	\$7,370,909
Interest earned	\$754,777
Deferred Funding	\$3,297,426

Financial summary 2020 to 2023

CAF Funding	\$47,457,836
Expenditure	\$25,827,048
Interest earned	\$1,775,014
Deferred Funding	\$23,405,802

Accounts 2023

Expenditure	Budgeted Centralised	Budgeted Distributed	Actual Centralised	Actual Distributed
A – Choice and affordability	\$0	\$750,000	\$460,811	\$706,478
B – Transition Assistance – Regional	\$0	\$5,626,619	\$0	\$3,453,752
B – Transition Assistance – Former NAAF schools	\$0	\$3,000,000	\$0	\$806,788
B – Transition Assistance – Other	\$0	\$1,000,000	\$0	\$1,817,717
C – Special circumstances	\$0	\$1,750,000	\$0	\$0
D – Student outcomes	\$0	\$0	\$0	\$0
E – Student wellbeing	\$0	\$0	\$0	\$0
Administrative	NA	NA	\$125,363	NA
All priorities	\$0	\$12,126,619	\$586,174	\$6,784,735

Summary of CAF funding budget

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget
Payments	\$8,924,507	\$9,192,242	\$9,513,971	\$9,913,558	\$10,210,964
Total expenditure	\$2,930,739	\$1,710,862	\$6,443,629	\$7,370,909	\$15,922,624

	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Payments	\$10,517,293	\$10,832,812	\$11,157,797	\$11,492,530	\$11,837,306
Total expenditure	\$12,360,244	\$14,114,241	\$14,338,132	\$14,594,410	\$14,827,427

Summary of CAF regional transition budget

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget
Regional allocation	\$3,940,369	\$4,074,342	\$4,233,321	\$4,428,252	\$4,578,811
Regional expenditure	\$50,000	\$0	\$3,325,480	\$3,453,752	\$9,687,888

	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
Regional allocation	\$4,734,491	\$4,895,463	\$5,061,909	\$5,234,015	\$5,411,970
Regional expenditure	\$5,768,854	\$5,884,768	\$6,011,986	\$6,143,401	\$6,266,814