
Choice and Affordability Fund

Annual Report 2022

Independent Schools Queensland

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Independent Schools Queensland

Summary of 2022

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 priorities in 2022 – 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.

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
- 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.

The granting of funding 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.

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

Overarching 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.

Key stakeholders

Stakeholder	Engagement Work
<p>Queensland independent schools</p> <p>These activities assist Queensland independent schools to transition to the new DMI funding arrangements, and to respond to special circumstances as they arise (e.g. natural disasters).</p>	<p>ISQ engages with Queensland independent schools through a wide range of communications channels, including a regular program of forums and events, to ensure that ISQ has a deep and broad understanding of the different contexts and circumstances that each school operates in.</p> <p>Queensland independent schools are also well-represented on ISQ's governing Board and its Sub-Committees, which include Principals and School Board members from a wide variety of schools.</p>
<p>ISQ's Choice and Affordability Fund Special Circumstances and Transition Assistance Reference Group</p> <p>This sub-committee of the ISQ Board provides independent oversight and governance over direct allocation of Choice and Affordability funding to eligible schools. It is comprised of individuals who are independent of any individual school, and who collectively possess a mix of skills, expertise and experience in financial assessment, program management and independent school governance and management.</p>	<p>This governance body meets several times each year, to consider issues relevant to the allocation of Choice and Affordability funding to eligible schools and related administration processes. This ensures that ISQ can exercise decision-making which is objective and evidence-based, targeting funding equitably to eligible schools in accordance with the CAF Agreement.</p>

Financial Report

2022 Budgeted Funding and Actual Expenditure

Expenditure for 2022 by activity is outlined in the table below. Expenditure for 2022 by school is outlined in *Attachment A – CAF 2022 School Level Data Report*.

Activities/Initiatives	Expenditure type	Budgeted for 2022 ¹	Actual Spend in 2022 ²
<u>A – Choice and Affordability</u>			
<i>Choice and Affordability of Schools</i>	Centralised	-	-
	Distributed	\$778,314	\$729,688
Total for Priority A	Centralised	-	-
	Distributed	\$778,314	\$729,688
<u>B – Transition Assistance³</u>			
<i>Regional Schools Transition Assistance</i>	Centralised	-	-
	Distributed	\$3,325,480	\$3,325,480
<i>Former National Adjustment Assistance Fund Transition Assistance</i>	Centralised	-	-
	Distributed	\$1,500,000	\$715,153
<i>Other Schools Transition Assistance</i>	Centralised	-	-
	Distributed	\$1,520,560	\$1,551,315
Total for Priority B	Centralised	-	-
	Distributed	\$6,346,040	\$5,591,948
<u>C – Special Circumstances Funding</u>			
<i>Drought Assistance Funding</i>	Centralised	-	-
	Distributed	\$750,001	-
<i>Natural Disasters Funding</i>	Centralised	-	-
	Distributed	\$1,000,000	-
<i>Short Term Emergency Funding</i>	Centralised	-	-
	Distributed	\$750,000	-
Total for Priority C	Centralised	-	-
	Distributed	\$2,500,001	-
	Administrative costs⁴	\$123,986	\$121,993
	Total expenditure⁵	\$9,748,341	\$6,443,629⁶
	Deferred funding	\$7,756,518	\$16,764,988

¹ This must reflect the Agreement or 2022-2025 Work Plan.

² If there is a variation from that planned, a concise explanation must be provided in the Activity Report section. Please note, only minor variations should be reported in this section. Under paragraph 53 of CAF Guidelines, the NGRB will be assessed on the consistency of the annual report to with the Agreement / Work Plan. Substantial variations must be agreed with the Department through revisions to the Agreement / Work Plan. Substantial variations cannot be agreed retrospectively.

³ Transition assistance for regional schools must be separately identified as an activity. Transition assistance for schools that would have been eligible for the National Adjustment Assistance Fund must be separately identified as an activity.

⁴ The NGRB's administrative costs directly associated with implementing the activities. These should not exceed two per cent of total funding over 2020 to 2029. In limited circumstances an NGRB may apply in writing for an increase in allowance.

⁵ Sum of centralised, distributed, and administrative expenditure

⁶ The amount recorded in this cell should match the NGRB Acquittal Certificate of funding spent in 2022

Other funding sources in 2022

Activities/Initiatives	Other funding source	Budgeted for 2022 ⁷	Actual Spend in 2022
Special Circumstances Funding – Natural Disasters	Commonwealth Non-Government Reform Support Fund – Flood Assistance Grants	-	\$1,130,000
		-	\$1,130,000

Interest earned that is being carried forward to 2023

Interest earned but not spent since last annual report ⁸	\$231,447
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Schools' Use of Distributed CAF Funding

ISQ has met its obligations under section 49 of the CAF Guidelines, requiring non-government schools to certify that distributed funding has been used for the purposes it was provided.

⁷ This must be taken from the 2022-2025 work plan. If not included in the 2022-2025 work plan, please put N/A in this column

⁸ This should include all interest earned to 31 December 2022 that is being carried forward into 2023. Please also include any interest earned in 2020-21 that was not reported in the last CAF annual report which is also being carried forward into 2023.

Expenditure Profile for 2023–2029

This table reflects the NGRB’s planned expenditure over 2023 to 2029 consistent with its CAF Agreement and, where applicable, its CAF Work Plan, with any variations outlined below.

	2023	2024	2025	2026*	2027*	2028*	2029*
NGRB’s total estimated funding allocation as advised by the department	\$9,845,351	\$10,093,372	\$10,396,173	\$10,708,05	\$11,029,300	\$11,360,179	\$11,700,984
NGRB’s estimated Regional Transition Assistance funding allocation as advised by the department	\$4,346,943	\$4,456,449	\$4,590,143	\$4,727,847	\$4,869,682	\$5,015,773	\$5,166,246
Accrued deferred funding from 2020, 2021 and 2022, to be carried forward to 2023 ⁹	\$16,499,528						
Accrued interest earned on funds held in 2020, 2021 and 2022, to be carried forward to 2023 ¹⁰	\$265,460						
NGRB’s planned expenditure for the relevant year ¹¹	\$10,277,928	\$10,409,690	\$11,124,483	\$12,745,716	\$12,723,587	\$12,958,295	\$21,658,706
NGRB’s planned regional transition assistance expenditure for the relevant year ¹²	\$4,346,943	\$4,456,449	\$4,590,143	\$4,727,847	\$4,869,682	\$5,015,773	\$13,970,052
NGRB’s planned deferred funding for the relevant year to be spent in a future year ¹³	\$432,577	\$316,318	\$728,310	\$2,037,658	\$1,694,287	\$1,598,116	
Accrued deferred funding from the relevant year and previous years to be spent in a future year ¹⁴	\$16,332,411	\$16,016,093	\$15,287,783	\$13,250,12	\$11,555,838	\$9,957,722	

[*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.]

⁹ Please note this is the amount paid by the Department in 2020, 2021 and 2022, that will be carried forward into 2023. The amount in this row should be attributed as expenditure in a future year(s) in the *NGRB’s planned expenditure for the relevant year* (the row containing footnote 11).

¹⁰ Please note this is *actual* interest earned that will be carried forward into 2023, where the NGRB’s Acquittal Certificate is not addressing the amount (see previous page and information under the heading about interest earned). The amount in this row should be attributed as expenditure in a future year(s) in the *NGRB’s planned expenditure for the relevant year*, in the row below. If no interest is being brought forward in to 2023, please indicate N/A.

¹¹ Please note this row should include all CAF funding (except amounts spent in 2020, 2021 and 2022) and where applicable, actual interest earned on funds held which is being brought forward in to 2023.

¹² Please note this row is used to monitor the rate of expenditure to ensure agreed proportions of investment are met.

¹³ Please note this is any amount of CAF funding to be paid by the Department for the relevant year that is not spent in the relevant year. This row should include deferred CAF funding from the amount paid by the Department and, where applicable, for 2023 may include actual interest earned on funds held in 2020, 2021 and 2022 being carried forward into to 2023. For example, an NGRB may plan to defer \$5 million in 2023 and defer another \$5 million in 2024, with the resulting \$10 million to be spent in 2025. This row would show \$5 million in deferred expenditure in 2023, \$5 million deferred in 2024 and then \$0 in 2025.

¹⁴ Please note this is the total amount carried forward to the next year or any subsequent year and will show the cumulative deferred expenditure from the relevant year and/or previous years that has not yet been spent. This row should include deferred CAF funding from amounts paid by the Department and, where applicable, actual interest earned on funds held in 2020, 2021 and 2022, being brought forward in to 2023. Continuing the example in the previous footnote, where an NGRB may plan to defer \$5 million in 2023 and defer another \$5 million in 2024, with the resulting \$10 million to be spent in 2025, this row would show \$5 million in accrued expenditure in 2023, \$10 million in 2024 and then \$0 in 2025.

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 will be 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.

Activity/Initiative	Regional Schools Transition Assistance, Former NAAF Schools Transition Assistance, and Other Schools Transition Assistance
Priority	B – Transition Assistance

Activity Description

Under Priority B – Transition Assistance, 53 independent schools were identified as eligible for transition assistance in 2022. These schools qualified for assistance under the former National Adjustment Assistance Fund (8 schools), Other Schools Transition Assistance (25 schools) and Regional Transition Assistance (20 schools). Please refer to the School Level Data Report for details.

The amount of transition assistance for the former National Adjustment Assistance Fund and Other Schools Transition Assistance 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).

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.
- 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.

Activity/Initiative	Special Circumstances Funding (Natural Disasters, Drought and Short-Term Emergencies)
Priority	C – Special Circumstances Funding

Activity Description

Under Priority C - Special Circumstances Funding, no CAF funding was allocated in 2022 for disaster relief purposes as those needs were covered by other Commonwealth funding sources. The Commonwealth provided additional funding of \$1,130,604 to Independent Schools Queensland through the Non-Government Reform Support Fund, which was used to meet the urgent needs of Queensland independent schools who had been impacted by the severe flooding in Queensland during February/March 2022. This funding was distributed directly to 18 affected schools for specific use in assisting to recover from the flooding as quickly as possible.

CAF Special Circumstances funds from 2022 have been carried over to future years, to enable responses to future natural disasters and other short-term emergencies in future years of the CAF Agreement.

This carryover of funds is necessary to address future impacts of natural disasters and address short-term emergencies effectively. The decision to carry over funds reflects the commitment to preparedness and mitigation strategies to ensure adequate resources are available when needed.

The decision-making process for the granting of Special Circumstances Funding in 2022 for Queensland independent schools was overseen by the Independent Schools Queensland Choice and Affordability Fund Special Circumstances and Transition Assistance Reference Group.

This Reference Group consists of individuals who were appointed by the ISQ Board of Directors. Importantly, the members of this Reference Group are independent of any individual independent school and bring together a diverse range of skills, expertise, and experience in financial assessment, program management, as well as independent school governance and management.

The collective knowledge and capabilities of the Reference Group ensure a robust and informed approach to the allocation of funds, with a focus on meeting the specific needs and challenges faced by Queensland independent schools in a fair and effective manner.

Outcomes Achieved

Outcomes	Indicators of success
<p>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.</p>	<p>20 regional independent schools have been financially supported to transition to the new DMI funding arrangements.</p> <p>8 independent schools which would have met the criteria under the former National Adjustment Assistance Fund have been financial supported to transition to the new DMI funding arrangements.</p> <p>25 other independent schools have been financially supported to transition to the new DMI funding arrangements.</p>
<p>Independent schools impacted by special circumstances including, but not limited to, drought or other natural disasters are financially supported to ensure continuation of their educational activities, to ensure the quality of their educational activities is maintained, and to ensure their continued operation.</p>	<p>18 independent schools have been financially supported to ensure continuation of their educational activities. In 2022 this assistance utilised funding provided through the Non-Government Reform Support Fund, to meet the urgent needs of schools who had been impacted by severe flooding in Feb/Mar 2022.</p>
<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 education opportunities, through innovative projects which improve educational delivery or address efficiencies in governance and management.</p>	<p>16 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.</p> <p>Examples of projects funded include:</p> <ul style="list-style-type: none"> • Identification and evaluation of new income streams and cost savings opportunities, with savings to assist families through more efficient provision of educational activities • Completion of a demographic report to assist in evaluating whether an expansion in primary enrolments would result in lower tuition fees for parents • Analysis of energy consumption and solar interval data, to incorporate sustainable practices and reduce operating costs • Automation of workplace safety and compliance communications, to reduce compliance costs • Identification of efficiencies in operational processes and improvements in financial information provision, to support decision-making on reductions in operating costs. <p>ISQ made information available about these projects to all Queensland independent schools, to assist with structural and planning for structural adjustments at other schools. This was done:</p> <ul style="list-style-type: none"> • Through presentations regarding strategic development, sustainability of schools • In ISQ publications and memoranda • in one-on-one planning conversations with schools, and • In presentations to school networks including AHISA and ASBAQ.

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 Christopher Mountford
off on behalf of the NGRB¹⁵: CEO, Independent Schools Queensland
Date: 19 June 2023

¹⁵ Name and position of the person within the NGRB with authority to sign off.