
Choice and Affordability Fund

Annual Report 2021

Independent Schools Queensland

Choice and Affordability Fund – Annual Report 2021

Independent Schools Queensland

Summary of 2021

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

ISQ had three priorities in 2021 – Transition Assistance, Special Circumstances Funding – Drought Assistance, 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.

It also enabled the provision of financial assistance to independent schools impacted by drought conditions, considering the financial circumstances of parents and the ability of schools to provide support to those families impacted by drought. The CAF funding provided to schools to support families impacted by the drought was predominantly for fee relief, debt forgiveness and counselling/pastoral care support.

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.

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 schools' sector in Queensland.

The granting of funding assistance for Queensland independent schools is informed by the Independent Schools Queensland Choice and Affordability Fund Reference Group. This Reference Group comprises six persons, appointed by the ISQ Board of Directors, 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.

Choice and Affordability Fund – Annual Report 2021

Independent Schools Queensland

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 ¹	Actual Spend in 2021 ²
A – Choice and Affordability			
<i>Choice and Affordability of Schools</i>	Centralised		
	Distributed	\$750,000	\$338,500
Total for Priority A (only required if more than one activity for the priority)	Centralised		
	Distributed	\$750,000	\$338,500
B – Transition Assistance³			
<i>Regional Schools</i>	Centralised		
	Distributed	\$500,000	\$0
<i>Transition Assistance</i>	Centralised		
	Distributed	\$500,000	\$0
<i>Transition Assistance – (former National Adjustment Assistance Fund)</i>	Centralised		
	Distributed	\$250,000	\$250,000
Total for Priority B (only required if more than one activity for the priority)	Centralised		
	Distributed	\$1,250,000	\$250,000
C – Special Circumstances Funding			
<i>Drought Assistance</i>	Centralised		
	Distributed	\$1,000,000	\$1,000,000
<i>Natural Disasters</i>	Centralised		
	Distributed	\$1,000,000	\$0
<i>Short Term Emergency</i>	Centralised		
	Distributed	\$750,000	\$0
Total for Priority C (only required if more than one activity for the priority)	Centralised		
	Distributed	\$2,750,000	\$1,000,000
	Administrative costs⁴	\$85,000	\$122,362
	Total expenditure⁵	\$4,835,000	\$1,710,862⁶
	Deferred funding	\$4,357,242	\$7,481,380

¹ This must reflect the Agreement or 2020-2021 Work Plan.

² If there is a variation, 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 2021

Choice and Affordability Fund – Annual Report 2021

Independent Schools Queensland

Interest earned that is being carried forward to 2022

Interest earned but not spent since last annual report ⁷	\$18,003
---	----------

Schools' Use of Distributed CAF Funding

ISQ has met its obligation 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 should include all interest earned to 31 December 2021 that is being carried forward into 2022. Please also include any interest earned in 2020 that was not reported in the 2020 CAF annual report that is also being carried forward into 2022

Choice and Affordability Fund – Annual Report 2021

Independent Schools Queensland

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	\$9,468,010	\$9,752,050	\$10,044,610	\$10,345,950	\$10,656,328	\$10,976,018	\$11,305,298	\$11,644,458
NGRB’s estimated Regional Transition Assistance funding allocation as advised by the department	\$4,180,338	\$4,305,748	\$4,434,920	\$4,567,968	\$4,705,006	\$4,846,158	\$4,991,542	\$5,141,288
Accrued deferred funding from 2020 and 2021 to be carried forward to 2022 ⁸	\$13,475,148							
Accrued interest earned on funds held in 2020 and 2021 to be carried forward to 2022 ⁹	\$34,013							
NGRB’s planned expenditure for the relevant year ¹⁰	\$9,748,341	\$12,466,709	\$12,569,466	\$12,175,306	\$12,284,321	\$12,785,770	\$12,901,424	\$12,770,548
NGRB’s planned regional transition assistance expenditure for the relevant year ¹¹	\$3,325,480	\$5,064,409	\$5,167,166	\$5,273,006	\$5,382,021	\$7,133,470	\$7,249,124	\$7,368,248
NGRB’s planned deferred funding for the relevant year to be spent in a future year ¹²	-\$2,714,659	-\$2,524,856	-\$1,829,356	-\$1,627,993	-\$1,809,752	-\$1,596,126	-\$1,126,090	
Accrued deferred funding from the relevant year and previous years to be spent in a future year ¹³	\$13,228,830	\$10,514,172	\$7,989,316	\$6,159,961	\$4,531,968	\$2,722,216	\$1,126,090	

[*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.]

⁸ Please note this is the amount paid by the Department in 2020 and 2021 that has been carried forward into 2022. The amount in this row should be attributed as expenditure in a future year(s) in the planned expenditure row below.

⁹ Please note this is actual interest earned only that has been carried forward into 2022. The amount in this row should be attributed as expenditure in a future year(s) in the planned expenditure row below. If no interest is being brought forward in to 2022, please put N/A.

¹⁰ Please note this row is should include all CAF funding (except amounts spent in 2020 and 2021) and where applicable, actual interest earned on funds held in 2020 and 2021 being brought forward in to 2022.

¹¹ Please note this row is used to monitor the rate of expenditure to ensure agreed proportions of investment are met.

¹² 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 paid by the Department and, where applicable, for 2022 may include actual interest earned on funds held in 2020 and 2021 being carried forward again into to 2023. For example, an NGRB may plan to defer \$5 million in 2022 and defer another \$5 million in 2023, with the resulting \$10 million to be spent in 2024. This row would show \$5 million in deferred expenditure in 2022, \$5 million deferred in 2023 and then \$0 in 2024.

¹³ 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 paid by the Department and, where applicable, actual interest earned on funds held in 2020 and 2021 being brought forward in to 2022. Continuing the example from the deferred expenditure row where an NGRB may plan to defer \$5 million in 2022 and defer another \$5 million in 2023, with the resulting \$10 million to be spent in 2024. This row would show \$5 million in accrued expenditure in 2022, \$10 million in 2023 and then \$0 in 2024.

Choice and Affordability Fund – Annual Report 2021

Independent Schools Queensland

Activity Report

Activity/Initiative	Name
Priority	A – Choice and Affordability
	B – Transition Assistance
	C – Special Circumstances Funding
	D – Strengthening outcomes for schools and educationally disadvantaged schools and students
	E – Student wellbeing and support

Activity Description

Under the Priority A - 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.

Seven grants were distributed directly to Approved Authorities (schools) in 2021. An eighth grant was distributed to a System Authority (Lutheran Education Queensland) and was subsequently distributed to eight schools within that System. Details of this distribution to 15 independent schools (7 Approved Authorities and 1 System Authority) are available in the School Level Data Report for 2021. The remainder of the funding will be deferred to subsequent years when it is expected that more schools will apply. It also allows for larger grants to be available for those most affected schools.

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

Choice and Affordability Fund – Annual Report 2021

Independent Schools Queensland

- 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.

Under Priority B – Transition Assistance two independent schools were identified as being eligible for transition assistance in 2021. These two of schools would have been eligible for assistance under the former National Adjustment Assistance Fund.

To determine the amount of transition assistance, the per student Commonwealth funding for each school in 2019 was compared to the per student Commonwealth funding in 2021. For systemic schools, the per student funding rates accounted for any redistribution of funding by the system.

No systemic schools required Transition Assistance after the methodology was applied in 2021 as they had been appropriately adjusted in 2020.

As all other schools were on a “best of CTC” for 2021, no other schools required transition assistance in 2021. The full impact of DMI based CTC will impact schools in 2022.

Transition assistance in 2020 was provided to two schools that would have met the criteria to have access to support through the former National Adjustment Assistance Fund (refer to School Level Data Report).

This activity worked towards achievement against the objectives in ISQ’s agreement by:

- Providing direct financial assistance to independent schools which are adversely impacted by the new funding arrangements for schools to maintain their financial viability while they are transitioning to the new funding arrangements.
- Providing direct financial assistance to independent schools in regional areas which are adversely impacted by the new funding arrangements so that they remain affordable and continue to provide choice to families in regional areas.

Choice and Affordability Fund – Annual Report 2021

Independent Schools Queensland

- Providing 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 Priority C - Special Circumstances Funding the funding of Drought Assistance in 2021 for eligible Queensland independent schools provided support in the 2021 calendar year to: day, boarding or distance education students and their families from drought affected areas as identified by the Australian Government.

Eligible independent schools providing drought support to students and their families were invited to submit an expression of interest for funding support.

In 2021, support was provided to 12 independent schools impacted by drought.

The CAF funding provided to schools was to assist with support to families impacted by the drought, predominantly fee relief: tuition and boarding; fee discounts and concessions; debt forgiveness; and counselling and represented a proportion of the support that schools had provided.

As expressions of interest were more than the \$1,000,000 funding available, funding was allocated by a CTC Discounted proportion of pool methodology. This methodology is the CTC discount percentage used in the Gonski Model, averaging of the primary and secondary rates. This was deemed appropriate as other funding pools in the Choice and Affordability Fund use a similar method.

The amount of funding allocated to each of the 12 schools is outlined in School Level Data Report.

The 12 independent schools receiving funding for drought assistance were financially supported to ensure:

- continuation of their educational activities
- the quality of their educational activities was maintained
- their continued operation.

The funding also ensured that drought affected families were able to keep their children in school to continue their education.

The granting of Transition Assistance and Special Circumstances Funding in 2021 for Queensland independent schools was informed by the Independent Schools Queensland Choice and Affordability Fund Special Circumstances and Transition Assistance Reference Group. This Reference Group comprises six persons, appointed by the ISQ Board of Directors, 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.

Outcomes Achieved

Choice and Affordability Fund – Annual Report 2021

Independent Schools Queensland

Outcomes	Indicators of success
Demographic Assessment of the local region provided the School with a current population and demographic snapshot as well as an analysis of the broader economic and demographic trends impacting Townsville and key subregions.	The demographic data provided by the project has given the school a greater understanding of the educational and economic market in which the School operates. From this, the setting of fees as well as operational expenses specific to each campus can be more closely monitored.
Review of Operational Processes and Analysis of organisational performance and structures	The review of the operational and organisational aspects of the School has allowed for more efficient deployment of staff and resources which will lead to more effective cost management and ultimately reasonable fee increases to meet the needs of the School community.
Completion of comprehensive whole school survey and follow up workshops.	The project enabled the School to clearly identify the key drivers for parent and student choice and highlight the significant points of difference of the School from local competitors. The School will be leveraging this information to broaden the appeal and the reach of the school and the programs offered across the region. In addition, the School will conduct a detailed review of the tuition fee structure to make the cost accessible particularly for larger families.
Identification of efficiencies within the processes of the College, to streamline financial and non-financial processes to improve analysis and information provision for decision making and review of the College's cost structure.	Allowed Finance Department staff increased time for improved reporting, analysis and review of the College's cost structure, which will assist in keeping fee increases as low as possible whilst maintaining EBIDA over time.
Identification and evaluation of new incomes streams and identification of opportunities for cost savings through innovative efficiencies in school operations and infrastructure.	Cost mitigation / savings and benefits assist families through the identification of cheaper and more efficient provision of transport for Curriculum and Co-curriculum activities. Increased energy efficiency opportunities across water and electricity on reduction in electricity use and water harvesting/re-use initiatives.
With required changes to educational delivery, the school developed online courses to support students to become discerning and ethical online citizens.	A fully functional parent portal (website) has been completed and now can be found on the Internet via a search engine. As part of the website development, 16 courses are also freely available to the public via the portal.

Choice and Affordability Fund – Annual Report 2021

Independent Schools Queensland

Regional students engaged in courses of study in subjects of which the school had no respective specialised senior teachers or enough students interested to warrant running the class. The students were engaged in these subjects through other schools in Queensland while remaining enrolled at their own school. The students virtually attend synchronously all classes with the support of a virtual learning environment and one-on-one connection with the teacher for one session of 15-40 mins per week.

Regional schools facing changes in funding due to DMI, were supported by a consultant to develop a more sustainable approach to their business model.

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.

Provided direct financial assistance to independent schools which were adversely impacted by the drought.

Regional country schools were able to retain and attract students by leveraging the Senior Flexible Delivery Program as students were able to access senior subjects which normally would not be available to them in their current school.

Measurable outcomes will be achieved over a ten-year period:

1. Increased enrolments from a wider demographic
2. More affordable fees to enable more choice
3. All classes contributing to the surplus and if there is a loss maker then it is part of a broader strategy to grow the school. First steps were the implementation of the class size policy
4. A more financially sustainable mix of teacher experience and implementation of strategies to attract recent graduates to the area.
5. Increase the EBIDA to allow regeneration of the campus.

Upon receipt of final School Census figures, direct financial assistance was provided to independent schools which under previous policy settings, would have been eligible for assistance under the former National Adjustment Assistance Fund. This was undertaken in order to assist the schools financial viability during transition.

CAF funding was provided to 12 schools (see distribution report) to cover support to more than 830 students whose families were impacted by the drought for fee relief: tuition and boarding; fee discounts and concessions; debt forgiveness; and counselling and represented a proportion of the support that schools had provided. This funding was provided as soon as the impact of a dry winter and spring were realised in the applicant school's revenue.

Choice and Affordability Fund – Annual Report 2021

Independent Schools Queensland

Risk Management

Risk	How the risk will be managed
Demand for project grants is less than expected.	Further rounds of grant applications have been implemented.
Supply chain issues lead to delays to the implementation of projects.	Schools will be given flexibility with additional time and support to complete the project.
Substantial carry over of transition funds resulted from 2020 and 2021 as expenditure is directly linked to actual funding impacts of CTC policy change in that year.	A carryover 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 funds resulted from 2021 as expenditure is directly linked to actual natural disasters occurring.	A carryover over of funds is required to mitigate future impacts of natural disasters and short-term emergencies.

Key stakeholders

Stakeholder	Engagement Work
Stakeholder name Independent Schools Queensland Choice and Affordability Fund Special Circumstances and Transition Assistance Reference Group.	This Reference Group comprises six persons, appointed by the ISQ Board of Directors, 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.

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 NGRB¹⁴: Christopher Mountford
CHIEF EXECUTIVE OFFICER
INDEPENDENT SCHOOLS
QUEENSLAND
28/06/2022

Date:

¹⁴ Name and position of the person within the NGRB with authority to sign off.