Choice and Affordability Fund

Annual Report 2022

[Trustees for Catholic Education Office Archdiocese of Canberra & Goulburn]

Summary of 2022

The Choice and Affordability Agreement (the Agreement) was executed on 3 November 2020 with total $13,425,488 funding received from 2020-2022, of which $1,627,047 was expended. The Catholic Education Office of Canberra and Goulburn (CECG) commenced development of a strategy for the transition period 2020-2029 that will determine the best transition path to the new funding arrangements while ensuring quality student outcomes and the financial viability of the ACT Catholic Schools.

The priority objectives within the Agreement are:

a) Choice and Affordability of schools: Parents have opportunity to choose an affordable school that will best suite their child.

Two secondary schools – Merici College and St Clare's College - were allocated funding from the CAF in 2022. The funding provided these two Colleges' parental choice in specialist school settings, through reducing partial payroll burden and the transitioning of secondary schools to the new Schooling Resource Standard (SRS).

b) Transition Assistance: Schools are supported to transition to the DMI funding arrangements by 2029.

Funding to Marist College has been distributed under the CAF Agreement Priority b) - Transition Assistance. This allocation is to support schools to transition to the Direct Measure of Income (DMI) Funding arrangements by 2029.

c) Special circumstances: Schools adversely affected by special circumstances are supported in accordance with paragraph 25.c) of the Agreement.

No special circumstances funding was distributed in 2022.

The reminder of the 2022 has been recorded as unearned grant funding in the Balance Sheet and is held over for use in future years for implementation of the transition strategy. With work continuing on the CAF strategy, there have been changes to the timing of expenditure or activities included in the Agreement. Funding is reserved extensively for 2025-2029 when the adverse impact of the new funding arrangements kicked in for ACT schools' continuation of educational activities while managing the conflicts of higher operational costs and lower funding supports.

There has been no centralised spending from the CAF in 2022.

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]
A – Choice and Affordability			
ACT Secondary Schools	Centralised	$XXX	$XXX
	Distributed	$2,000,000	$1,513,881
Activity name	Centralised	$XXX	$XXX
	Distributed	$XXX	$XXX
Total for Priority A	**Centralised**	**$XXX**	**$XXX**
	Distributed	**$XXX**	**$XXX**
B – Transition Assistance[3]			
Support schools transition to DMI funding arrangements	Centralised	$XXX	$XXX
-Allocated to Marist College Canberra per 2020-2029 Choice and Affordability Agreement	Distributed	$38,990	$38,990
Activity name	Centralised	$XXX	$XXX
	Distributed	$XXX	$XXX

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.

Activities/Initiatives	Expenditure type	Budgeted for 2022[1]	Actual Spend in 2022[2]
Total for Priority B	**Centralised**	**$XXX**	**$XXX**
	Distributed	**$XXX**	**$XXX**
C – Special Circumstances Funding			
Activity name	Centralised	$XXX	$XXX
	Distributed	$XXX	$XXX
Activity name	Centralised	$XXX	$XXX
	Distributed	$XXX	$XXX
Total for Priority C	**Centralised**	**$XXX**	**$XXX**
	Distributed	**$XXX**	**$XXX**
D – Strengthening outcomes for schools and educationally disadvantaged schools and students			
Activity name	Centralised	$XXX	$XXX
	Distributed	$XXX	$XXX
Activity name	Centralised	$XXX	$XXX
	Distributed	$XXX	$XXX
Total for Priority D	**Centralised**	**$XXX**	**$XXX**
	Distributed	**$XXX**	**$XXX**
E – Student wellbeing and support			
Activity name	Centralised	$XXX	$XXX
	Distributed	$XXX	$XXX
Activity name	Centralised	$XXX	$XXX
	Distributed	$XXX	$XXX
Total for Priority E	**Centralised**	**$XXX**	**$XXX**
	Distributed	**$XXX**	**$XXX**
	Administrative costs[4]	$XXX	$XXX
	Total expenditure[5]	$2,038,990	$1,552,871[6]
	Deferred funding	$11,312,322	$11,798,441

Interest earned that is being carried forward to 2023

Interest earned but not spent since last annual report[7]	$134,961

[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

[7] 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.

Schools' Use of Distributed CAF Funding

From the Headmaster

MaristCollege Canberra

12 May 2023

Our Ref: 23/001 MS:MH

Amy Hou
Revenue & Grant Accountant
Catholic Education Office Canberra & Goulburn

Via Email: amy.kangdi@cg.catholic.edu.au

Dear Amy

RE: Choice and Affordability Fund 2022 - $38,990

As per your correspondence dated 11 May 2023, I can confirm that Marist College Canberra have used the Choice and Affordability Funding that was distributed to us in 2022, in accordance with the purposes for which it was provided.

Yours sincerely

M. Hutchison

Matthew Hutchison
Headmaster

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Expenditure Profile for 2022–2029

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	$1,070,907	$1,097,885	$1,130,821	$1,164,746	$1,199,688	$1,235,679	$1,272,749
NGRB's estimated Regional Transition Assistance funding allocation as advised by the department							
Accrued deferred funding from 2020, 2021 and 2022, to be carried forward to 2023[8]	$11,798,441						
Accrued interest earned on funds held in 2020, 2021 and 2022, to be carried forward to 2023[9]	$134,961						
NGRB's planned expenditure for the relevant year[10]	$40,316	$41,686	$2,643,104	$2,844,568	$4,803,648	$4,803,648	$4,928,907
NGRB's planned regional transition assistance expenditure for the relevant year[11]	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX	$XXX
NGRB's planned deferred funding for the relevant year to be spent in a future year[12]	$1,070,907	$1,097,885	$1,130,821	$1,164,746	$1,199,688	$1,235,679	
Accrued deferred funding from the relevant year and previous years to be spent in a future year[13]	$12,963,993	$14,020,192	$12,507,909	$10,828,087	$7,224,127	$3,656,158	

[*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, 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).

[9] 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.

[10] 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.

[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 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.

[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 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.

Reason for variations to Expenditure Profile

2021 Annual report

	2022	2023	2024	2025	2026*	2027*	2028*	2029*
NGRB's planned expenditure for the relevant year[14]	$2,042,209	$2,240,316	$2,441,686	$2,643,104	$2,844,568	$3,046,084	$3,247,652	$2,976,928

2022 Annual report

	2023	2024	2025	2026*	2027*	2028*	2029*
NGRB's planned expenditure for the relevant year[15]	$40,316	$41,686	$2,643,104	$2,844,568	$4,803,648	$4,803,648	$4,928,907

Based on the CECG internal forecasting model, ACT Catholic Schools will suffer from the compounding effect of continued under funding, dramatically towards the end of the transition period. Therefore, CECG is intending to defer the majority of CAF funding towards the last three years 2027-2029, when it is expected that the implementation of the new funding path will significantly impact schools and providing Parents and Families the opportunity to have affordable schools, while maintaining the school fee increase to a reasonable level, likely to be in line with CPI.

[14] 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.
[15] 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.

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

A – Choice and Affordability

$1,231,410 for Merici College and $282,471 for St Clare's College was committed and distributed in 2022, to cover the funding shortfall that results from the implementation of the new Direct Measure of Income (DMI) funding arrangements. The funding was used to support the two Colleges' payroll costs, to maintain the Colleges' operating costs at a manageable level, so they do not need to raise the school fees to an unaffordable level to cover the operating deficit. This also enables parental choice and opportunity giving parents the ability to choose an affordable school that will best suit their individual child.

B – Transition Assistance

In accordance with the Agreement, $36,468 was committed in 2020 but distributed in 2021; $37,708 was committed and distributed in 2021, $38,990 was committed and distributed in 2022, to Marist College Canberra, to support its transition to the DMI funding arrangements.

Outcomes Achieved

Outcomes	Indicators of success
Payroll funding support to Merici College and St Clare's College in 2022.	Supporting payroll costs by total of $1,513,881 as part of schools operating expenditure, to enable schools to continue to providing education services while running on deficit and maintain their existing education model without reducing staff. Schools have been able to maintain school fees increase to a manageable level (5%-7% in line with CPI) for parents and families.
Timely releasing funds to Marist College in 2022.	On 04/04/2022, $38,990 funding was allocated to Marist College as per 2022 budget.

Risk Management

Risk	How the risk will be managed
Due to the long-term impacts of COVID, there may be potential delays in delivering the projects in timely manner, thus, delaying the funding spent according to budget.	Timely review of project progress to monitor the expenditures against budget and to revise workplans accordingly.
Reduction in recurrent funding for ACT Catholic schools due to higher DMI rate.	CAF transition funding is reserved for future years (2025-2029), assisting schools remain financially sustainable and keeping tuition fee increases to a minimum.

Key stakeholders

Stakeholder	Engagement Work
Stakeholder name	
School principals /administrative staff; school business partners;	The finance control team and school business partners review the financials of the CAF project regularly to track the progress of the project and inform schools about any updates in relation to funding model. Annual budget time the school principals express their interest to apply for CAF funding assistance.

Variations from Agreement / Work Plan

There is minor underspent in 2022 compared to the original budget in the workplan. This is to ensure the CAF funding is distributed to the schools that are most in need in the early stage of the CAF assistance and save the CAF funding to later years when the adverse impact of the new funding model significantly kicking in.

ACT Catholic Schools are mostly disadvantaged by the new funding model due to generally higher DMI scores. Therefore, CECG is intending to defer the majority of CAF funding towards the last three years 2027-2029 of the transition period, when it is expected that the implementation of the new funding path will significantly impact schools and providing Parents and Families the opportunity to have affordable schools, while maintaining the school fee increase to a reasonable level, thus maintain the choice and affordability.

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[16]: TMcRoberts

Tracey McRoberts, CFO

Date: 31 May 2023

[16] Name and position of the person within the NGRB with authority to sign off.