

## **Resourcing Anglican Schools Corporation schools: 2022 government recurrent funding distribution**

### **Introduction and purpose**

This document has been prepared by Anglican Schools Corporation (ASC) for the information of members of the Australian public regarding the way in which government recurrent funding is distributed to ASC schools in 2022. It was current as at February 2022, and is applicable for 2022.

### **Operating context**

Anglican Schools Corporation (ASC) has a history of service in Australian education, and currently owns and operates 16 schools across 18 campuses – involving some 16,250 students and more than 2,000 staff. ASC is a provider of faith-based schooling in the wider Sydney area, as well as in regional NSW centres such as Dubbo, Orange and Nowra. ASC partners with local communities, the Australian Government and the NSW Government in offering affordable, quality education for families from a wide variety of circumstances and socio-economic backgrounds.

ASC has experienced significant growth over the last 25 years – from five schools to 18 campuses. ASC's current plans, based on long-term income and capital projections, see existing and new schools adding a further 3,000 students over the next decade. In particular, ASC seeks to grow its educational offering through the establishment of new schools – especially in the growth corridor of southwest Sydney, for example, with a new school at Leppington to commence in 2023.

ASC's educational offering for families complements that which is available via the government school system and Catholic systemic schools – providing choice, particularly in terms of the values and aspirations families may hold for their children being more closely reflected in those espoused by ASC's schools.

As part of its operating approach, ASC seeks to moderate school fees so that they remain accessible for schools' local communities. In this regard, ASC is grateful to government for its continuing financial assistance by way of general recurrent funding. It should also be noted that ASC receives no financial support from the Anglican Church Diocese of Sydney (Diocese), nor does ASC provide any financial support to the Diocese.

### **Government recurrent funding**

Together with private revenue mainly from school fees, government recurrent funding supports the ongoing operating expenses of ASC's schools.

Recurrent funding received by ASC from the Australian Government and NSW Government is distributed by ASC in respect of its schools – with ASC being the Approved System Authority<sup>1</sup> in respect of each school, which are all part of the Anglican Schools Corporation funding system<sup>2</sup>. The nature of that distribution accords with ASC's Needs-based funding (NBF) arrangement, which has been determined by the ASC Board to be consistent with relevant Australian Government guidelines. (The ASC Board is the governing body of ASC and is accountable ultimately for all ASC operations.)

Government recurrent funding, together with any interest that might be earned on that funding, is used for the purpose of providing school education – that being primary and secondary education.

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<sup>1</sup> Where an Approved Authority operates more than one school, the Australian Government provides the funding allocation for all of the authority's schools as a single amount.

<sup>2</sup> in accord with the *Australian Education Act 2013*

## Rationale for ASC's overall funding distribution methodology

It is the view of the ASC Board that, while local schools are best placed to identify and respond to particular needs of their local communities, there are economies of scale to be achieved and certain operational risks to be mitigated via the central provision of essential services for all schools, including corporate overhead costs.

### ASC's Needs-based funding (NBF) arrangement<sup>3</sup>

The NBF arrangement under which ASC – as the Approved System Authority for ASC's schools – distributes government recurrent funding is as follows:

#### *Base funding distribution*

- The notional student resource standard (SRS) amount per student per school<sup>4</sup>, modified for capacity to contribute (CTC)<sup>5</sup>, as allocated by the Australian Government from time to time, is adjusted by ASC to provide an amount per student that:
  - takes into account the funding of the central provision of essential services for all ASC schools, including corporate overhead costs, and
  - has regard to other government recurrent funding received – being mainly that provided by the NSW Government (including under NERA<sup>6</sup> arrangements), which might otherwise not be allocated on a basis that accords with the SRS (less CTC) approach.
- The adjusted SRS is determined for each school – an amount per student – with the total amount for each school calculated by multiplying the relevant amount per student by the number of students at the school.
- The overall distribution to schools equals the sum of the amounts calculated in respect of each individual school within the system – less the amount required to fund the central provision of essential services for all ASC schools, including corporate overhead costs.

#### *Loadings distribution*

- The loadings for disadvantage in respect of each school are the amounts estimated using the methodology set out in the *Australian Education Act 2013* (the Act) and are as advised by the Australian Government from time to time.

## Related matters

In general, the kinds of expenditure in respect of which government recurrent funding is applied are as follows:

- staff salaries including
  - principals and teaching staff
  - school support staff such as librarians, office staff and maintenance staff
  - management and administrative staff, IT, accounting, for services provided centrally
- school operations costs, such as office services, audit, etc
- facility and property costs, such as utilities, maintenance, etc

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<sup>3</sup> in accord with subsection 78(5) of the *Australian Education Act 2013*

<sup>4</sup> The **Schooling Resource Standard** (SRS) is the Australian Government's estimate of how much total public funding a school needs to meet its students' educational needs, and is based on recommendations from the 2011 Review of Funding for Schooling. The SRS is made up of a base amount for all primary and secondary students and up to 6 needs-based loadings for student priority cohorts and disadvantaged schools.

<sup>5</sup> A **capacity to contribute** (CTC) score is the Australian Government's measure of a non-government school community's capacity to contribute to the ongoing costs of running the school. A school's CTC percentage affects the amount of base recurrent funding the school attracts from the Australian Government.

<sup>6</sup> The **National Education Reform Agreement** (NERA) sets out national policy initiatives against reform directions that the Australian Government and the NSW Government have agreed to implement across the 5 years to December 2023.

- debt servicing costs (interest and principal repayments)
- expenditure on equipment.

The staffing of each school is under the direct control of each school's principal (subject to the ASC Board's budgetary requirements) and implicitly takes into account the Australian Government's categories of disadvantage, which are as set out in the Act:

- Students with Disabilities
- Aboriginal or Torres Strait Islander students
- Students with Low English Proficiency
- Low Index of Community Socio-Educational Advantage (ICSEA)
- Small schools
- Rural and Remote schools.

The total government recurrent funding in any calendar year is expended entirely within that year on eligible school-related expenses. No government recurrent funding is retained as a 'surplus'.

In addition, school fees and other income from private sources is spent or committed to be spent on school-related activities. In general, however, not all private income received is spent during the year in which it is received – because it is necessary to reserve some funds for future non-recurrent needs. These needs include:

- amounts used to cover depreciation and amortisation expenses, which are of a non-cash nature but are nonetheless necessary to cover future capital replacement and refurbishment costs
- funds for new and expanded school facilities to meet enrolment demand from population growth and other factors
- working capital reserves required to ensure financial viability in the event of delays in receipt of payments, or in respect of other risks, including unforeseen events.

### **Financial reporting**

ASC provides detailed financial information to the Australian Government annually for each of its schools – by way of the Financial Questionnaire (FQ), and via the Block Allocations Report (BAR) under the regular financial accountability process, as well as supporting data including audited financial statements.

This data is then used to create the dataset reported by the Australian Curriculum, Assessment and Reporting Authority (ACARA) on the publicly accessible *MySchool* website.

Separately, financial information about ASC is reported on the publicly accessible website of the Australian Charities and Not-for-Profits Commission (ACNC).

To meet reporting requirements for the NSW Education Standards Authority (NESA) and a number of Commonwealth reporting requirements, each ASC school publishes an annual report on school performance, which includes financial information.

### **About this document**

This document was prepared in February 2022, and will generally be updated annually, or when changes to ASC's NBF arrangement occur – through a decision of the ASC Board and/or when changes in government recurrent funding arrangements take place.

A hardcopy of this document may be obtained by contacting:

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