

Memorandum of Understanding to Strengthen Accountability for Non- Government Schools

between

State of New South Wales

and

Association of Independent of Schools NSW

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1 Introduction

- 1.1 This Memorandum of Understanding (MoU) sets out the commitment by the parties to work together to implement reforms in line with the [National School Reform Agreement](#), the [NSW Bilateral Agreement on Quality Schools Reform](#) and to strengthen accountability measures for non-government schools.

2 Objective

- 2.1 The objective of the MoU is to strengthen public confidence through increased transparency, ensure that funds are spent as intended, ensure sector commitment to implement the reforms in line with the *NSW Bilateral Agreement on Quality Schools Reform*, and to support improved educational outcomes for students.

3 Guiding Principles

The MoU has been developed based on the following guiding principles:

- 3.1 Ensure appropriate accountability and transparency for State funding invested in non-government schools, while recognising the State Government is the minority funder;
- 3.2 Align with State priorities and targets, the *National School Reform Agreement* and the *NSW Bilateral Agreement on Quality Schools Reform*;
- 3.3 Harmonise with and leverage Commonwealth Government administrative arrangements to strengthen accountability and minimise red tape for non-government schools;
- 3.4 Recognise the importance and independence of the non-government school sector.

4 Context

- 4.1 In May 2018 the NSW Auditor-General's report '*Grants to non-government schools*' recommended strengthened accountability requirements for non-government schools, including establishing funding conditions, strengthened processes, and improved oversight of systems.
- 4.2 In November 2018, the NSW Government signed the *NSW Bilateral Agreement on Quality Schools Reform*. This included harmonising Commonwealth Government and State administrative arrangements and strengthening accountability measures for non-government schools that receive state funding, initially through development of memoranda of understanding with the sectors.
- 4.3 This MoU records the parties' commitment to work together to improve accountability, address the NSW Auditor-General's report '*Grants to non-government schools*' findings and recommendations and to implement the requirements of the *National School Reform Agreement* and the *NSW Bilateral Agreement on Quality Schools Reform*.

5 High quality and equitable education for all students

5.1 The parties commit to the objectives, outcomes, targets and measures as set out in Sections 34-38 of the *National School Reform Agreement*, specifically:

Objective:	
<i>Providing a high quality and equitable education for all students.</i>	
Outcomes:	
<i>Academic achievement improves for all students, including priority equity cohorts;</i>	
<i>All students are engaged in their schooling; and</i>	
<i>Students gain the skills they need to transition to further study and/or work and life success.</i>	
Targets:	
<i>Australia considered to be a high quality and high equity schooling system by international standards by 2025;</i>	
<i>Lift the Year 12 (or equivalent) or Certificate III attainment rate to 90 per cent by 2020; and</i>	
<i>At least halve the gap for Aboriginal and Torres Strait Islander students in Year 12 or equivalent attainment rates by 2020, from the 2006 baseline.</i>	
Measures:	
Outcome	Sub-outcome
Academic achievement improves for all students, including priority equity cohorts.	<i>Lower the proportion of students in the bottom levels and increase the proportion of students in the top levels of performance (bottom two and top two bands) in the National Assessment Program–Literacy and Numeracy (NAPLAN) Literacy and Numeracy, of Years 3, 5, 7 and 9.</i>
	<i>Lower the proportion of Australian students in the bottom levels and increase the proportion of students in the top levels of performance (proficiency Levels 1 and 2 and proficiency Levels 5 and 6) for the Organisation for Economic Cooperation and Development’s (OECD) Programme for International Student Assessment (PISA) testing in reading, mathematics and science.</i>
	<i>Lower the proportion of students from priority equity cohorts in the bottom levels and increase the proportion of students in the top levels of performance (bottom two and top two bands) in NAPLAN Literacy and Numeracy, for Years 3, 5, 7 and 9.</i>
	<i>Reduce the gap in achievement between students from various socio-economic backgrounds in Australia’s PISA educational performance compared to other countries and the OECD average.</i>
	<i>Increase the proportion of young people from priority equity cohorts, who have completed year 12 or equivalent or gained a qualification at the Australian Qualifications Framework (AQF) Certificate III or above.</i>
All students are engaged in their schooling.	<i>Increase the proportion of students attending school 90 per cent or more of the time, including students from priority equity cohorts</i>
Students gain the skills they need to transition to further study and/or work and life success.	<i>Increase the proportion of young people who have completed year 12 or equivalent or gained a qualification at AQF Certificate III or above.</i>
<i>For the purpose of this Agreement, priority equity cohorts include Aboriginal and Torres Strait Islander students, students living in regional, rural and remote locations, students with a disability and students from educationally disadvantaged backgrounds. All Parties agree that sub-outcomes will be disaggregated by cohorts where available.</i>	

5.2 The Parties commit to working together to achieve the objectives and outcomes of the *National School Reform Agreement*, which are consistent with State priorities and objectives to improve educational outcomes for students. While the Parties are collectively committed to the achievement of the objectives, outcomes and targets outlined above, State funding is not conditional on the achievement of these objectives, outcomes and targets.

6 Outcome Budgeting

- 6.1 The Parties note the NSW Government's policy commitment to [Outcome Budgeting](#) to improve outcomes.
- 6.2 The Parties commit to align financial and performance reports to support the NSW Government's Outcome Budgeting policy.
- 6.3 The Parties commit to non-government school reporting to the State Government on aggregate non-government school sector outcomes based on the *National School Reform Agreement outcomes*, targets and measures as set out in clause 5.1. This will commence in 2020.
- 6.4 The Parties commit to continue to work together to develop an outcome budgeting and reporting framework for non-government schools in NSW.

7 Access to student level data

- 7.1 The Parties commit to provide access to student level data for the purposes of reporting to the State Government as set out in this MoU.
- 7.2 The Parties agree that student level data cannot be used for any other purpose unless agreed in writing by all Parties.
- 7.3 The Parties agree to the data protocols as set out in [Appendix B](#).

8 Acceptable use of funds

- 8.1 The Parties support harmonising State and Commonwealth Government requirements for the acceptable use of state funding provided to non-government schools based on the [Commonwealth guide for approved authorities on the use of recurrent funding](#). This will strengthen accountability and provide greater clarity for schools on the acceptable use of funding. The changes will:
- 8.1.1 Allow expenditure on minor capital equipment.
 - 8.1.2 Allow expenditure on capital works for schools with zero capacity to contribute.
 - 8.1.3 Require schools to spend, or commit to spend, funding in the year it is allocated.
- 8.2 The Parties note that the State Government will retain the existing requirement for financial acquittals and not-for-profit certifications to be certified by an auditor registered with the Australian Securities and Investment Commission.

- 8.3 The Parties commit to implementation for the 2020 year and note that the Implementation Plan will address the timing and the mechanism by which the *Commonwealth guide for approved authorities on the use of recurrent funding* can be adopted.
- 8.4 The Parties support the NSW Government leveraging Commonwealth financial assurance processes, including investigations to verify enrolment and expenditure of funds.
- 8.5 The Parties note the current public reporting arrangements for non-government schools that are set out in [Appendix C](#).
- 8.6 The Parties commit to continue to work together to explore further options for strengthened accountability and reduced red tape, including through harmonisation with Commonwealth Government requirements.

9 Systems oversight

- 9.1 The Parties support the need for strengthened system oversight and the opportunity to harmonise with and leverage Commonwealth Government requirements for systems that distribute State funding to schools.
- 9.2 The Parties agree to implement the NSW Auditor General's recommendation that systems be required to distribute State funding to schools on a needs basis and report on this to the State government.
- 9.3 The Parties commit to align State needs based funding arrangements with Commonwealth Government requirements, so that all systems that distribute State funding are required to have a needs-based funding arrangement for the distribution of State funding to schools that:
 - 9.3.1 Provides an amount per student that:
 - 9.3.1.1 Represents the recurrent resources required to support a student with minimal educational disadvantage to achieve expected educational outcomes.
 - 9.3.1.2 Takes account of efficiencies that can be realised while improving educational outcomes.
 - 9.3.1.3 Provides loadings to students and schools with additional needs in order to support student achievement, including loadings for: students with disability, Aboriginal and Torres Strait Islander students, students with socio-educational disadvantage, students who have low English proficiency, and schools based on location and size.
 - 9.3.2 Is publicly available and transparent.
- 9.4 The Parties agree to implement the NSW Auditor General's recommendation that systems should be required to demonstrate that each school has spent their State funding in line with State requirements outlined in clauses 8.1, 8.2 and 9.3.
- 9.5 The parties commit to align reporting with Commonwealth Government requirements so that all systems that distribute State funding must provide to the State Government a report that includes:

- 9.5.1 The total amount of financial assistance that is allocated by the authority to the school for the year.
- 9.5.2 Information showing how the financial assistance above was determined in accordance with the authority's needs-based funding arrangement.
- 9.6 The Parties agree in principle on the need to align financial and performance reporting to support the NSW Government's Outcome Budgeting policy for school systems that distribute state funding and commit to jointly develop performance reporting to the State government.
- 9.7 The Parties commit to implementation during 2020 year and note that the Implementation Plan will address the timing and the mechanisms by which the commitments set out in clauses 9.1 to 9.6 can be adopted.

10 Implementation, Reporting and Review

- 10.1 The Parties commit to developing an Implementation Plan by April 2020 to deliver the commitments agreed to in this MoU.
- 10.2 The Parties agree that the Accountability Consultation Group will continue as the consultation mechanism. The Group includes members from the Association of Independent Schools of NSW, Catholic Schools NSW and officers from the Department of Education and its purpose is to work collaboratively to develop and monitor delivery of the Implementation Plan.
- 10.3 The Accountability Consultation Group will meet as required to deliver the commitments in this MoU and will convene at least twice a year.
- 10.4 The Parties agree to conduct an annual review of the Implementation Plan and the MoU.
- 10.5 The Parties note that progress on delivering the Implementation Plan and outcomes of the annual review will be reported to the Minister for Education as required and at least annually.

11 Term of MoU

- 11.1 This MoU will commence on 1 January 2020 and will expire on 31 December 2023 in line with the expiration of the current *National School Reform Agreement*.

12 Status of the MoU

- 12.1 This MoU is not a condition of State funding and is not intended to create legal relations or constitute a legally binding contractual agreement between the parties. However, the parties intend to comply with all of the terms of this MoU.

13 Authorisation

Association of Independent Schools of NSW Authorised Delegate	Dr Geoff Newcombe AM	Title	Chief Executive
	Signature: 		Date: 13.01.20
In the presence of (Witness)	Name: MELISSA OLD		
	Signature: 		Date: 13.01.20

State of New South Wales Authorised Delegate	The Hon. Sarah Mitchell MLC	Title	Minister for Education and Early Childhood Learning
	Signature: 		Date: 18/12/19
In the presence of (Witness)	Name: David Cross		
	Signature: 		Date: 18/12/19

APPENDIX A – Glossary

Term	Definition
Commonwealth guide for approved authorities on the use of recurrent funding	Link: https://schools.education.gov.au/schoolshub/help/files/Use.of.Recurrent.Funding.guide.pdf
National School Reform Agreement	Agreement dated 5 November 2018. Link: https://docs.education.gov.au/node/51606
NSW Bilateral Agreement on Quality Schools Reform	Agreement dated 7 November 2018. Link: https://docs.education.gov.au/documents/new-south-wales-bilateral-agreement
Outcome Budgeting	Extract from NSW Budget Paper 3 2019: <i>Outcome budgeting aims to align financial and performance reporting with governance and decision-making. It is a framework to cover the entire Budget spend, with a suite of State Outcomes describing what the Government is seeking to achieve for the people of NSW. This approach encourages public sector agencies to manage and allocate resources in a way that is based on evidence of what works. It also encourages agencies to align their resources and service delivery towards achievement of these outcomes.</i>

APPENDIX B – Data Protocols

Data protocols for the appropriate sharing of data are set out in the Memorandum of Understanding (MoU) for Data Exchange and Information Sharing (Reference 005) between NSW Education Standards Authority (NESA) and NSW Department of Education and Schedules 11a (of the MoU between NESA and CSNSW) and 11b (of the MoU between NESA and AISNSW).

Sub-outcome	Data Collection	Data Holding Agency
<i>Lower the proportion of students in the bottom levels and increase the proportion of students in the top levels of performance (bottom two and top two bands) in the National Assessment Program–Literacy and Numeracy (NAPLAN) Literacy and Numeracy, of Years 3, 5, 7 and 9.</i>	<i>NAPLAN</i>	<i>Department of Education - as provided in MoU and schedules 11a and 11b</i>
<i>Lower the proportion of Australian students in the bottom levels and increase the proportion of students in the top levels of performance (proficiency Levels 1 and 2 and proficiency Levels 5 and 6) for the Organisation for Economic Cooperation and Development’s (OECD) Programme for International Student Assessment (PISA) testing in reading, mathematics and science.</i>	<i>PISA (To be reported for whole of NSW only)</i>	<i>Department of Education</i>
<i>Lower the proportion of students from priority equity cohorts in the bottom levels and increase the proportion of students in the top levels of performance (bottom two and top two bands) in NAPLAN Literacy and Numeracy, for Years 3, 5, 7 and 9.</i>	<i>NAPLAN</i>	<i>Department of Education - as provided in MoU and schedules 11a and 11b</i>
<i>Reduce the gap in achievement between students from various socio-economic backgrounds in Australia’s PISA educational performance compared to other countries and the OECD average.</i>	<i>PISA (To be reported for whole of NSW only)</i>	<i>Department of Education</i>
<i>Increase the proportion of young people from priority equity cohorts, who have completed year 12 or equivalent or gained a qualification at the Australian Qualifications Framework (AQF) Certificate III or above.</i>	<i>MySchool</i>	<i>Currently being determined and MySchool data being used in the interim</i>
<i>Increase the proportion of students attending school 90 per cent or more of the time, including students from priority equity cohorts</i>	<i>MySchool</i>	<i>Currently being determined and MySchool data being used in the interim</i>
<i>Increase the proportion of young people who have completed year 12 or equivalent or gained a qualification at AQF Certificate III or above.</i>	<i>MySchool</i>	<i>Currently being determined and MySchool data being used in the interim</i>

APPENDIX C – Reporting arrangements for State funded non-government schools

Reporting Requirements	NESA for School's Publicly Available Annual Report	MySchool (ACARA data)	MySchool sub-categories
NAPLAN	Student outcomes in standardised national literacy and numeracy testing Comparative performance over time Comparisons with statewide performance, and Comparative information in relation to similar schools where appropriate.		All Australian students Schools with similar students
		Bands Student Gain Similar schools Participation	Reading Writing Spelling Grammar Numeracy
Attendance	Student attendance and management of non-attendance Enrolment policies and characteristics of the student body	Student attendance rate Student attendance level (proportion of students attending 90% or more of the time)	All students Indigenous students Non-Indigenous students
Senior Secondary	The granting of Records of School Achievement Results of the Higher School Certificate Senior secondary outcomes Retention of Year 10 to Year 12 (where relevant)	Year 12 results	Senior secondary certificate awarded Completed senior secondary school
VET in Schools	Post-school destinations	Enrolments Qualifications completed	
Finances	Summary financial information	\$ Total for all sub-categories	Australian government recurrent funding State/territory government recurring funding Fees, charges and parent contributions Other private sources Total gross income Less deductions Total net recurrent income Australian government capital expenditure State / territory government capital
		Capital expenditure	New school loans Income allocated to current capital projects Other Total capital expenditure
Other	A message from key school bodies Contextual information about the school School policies School-determined improvement targets Initiatives promoting respect and responsibility Parent, student and teacher satisfaction Professional learning and teacher standards Workforce composition		
ASIC	NESA requires that all registered non-government schools must have in place policies and procedures for the proper governance of the school, such as the standards and authorities accepted by the Australian Securities and Investments Commission (ASIC).		
ACNC	Regulatory oversight over schools financial information is also conducted through Australian Charities and Not-for-Profits Commission (ACNC) who publish the financial reports of non-government schools collected by the Commonwealth Government on the ACNC Charity Register.		