

## APPENDIX 2: 2025 BILATERAL AGREEMENT BETWEEN NEW SOUTH WALES AND THE COMMONWEALTH ON SCHOOLS REFORM

### Preliminaries

1. New South Wales (NSW) and the Commonwealth acknowledge the Traditional Owners of the lands and waters on which Australians live, learn and work, and pay respects to their Elders past, present and future.
2. This Agreement satisfies the conditions in paragraph 22(2)(b) of the *Australian Education Act 2013* (the Act) requiring each state and territory to be party to an agreement with the Commonwealth relating to the implementation of school education reform.
3. Aboriginal and Torres Strait Islander cultures and knowledges are fundamental to shaping and improving education systems and outcomes for NSW's Aboriginal and Torres Strait Islander students. NSW and the Commonwealth commit to ensuring that the implementation of this Bilateral Agreement is undertaken in a way that will enliven the priority reforms of the *National Agreement on Closing the Gap* (Closing the Gap Agreement).
4. NSW and the Commonwealth acknowledge that Australia has a strong education system. Under this Agreement, governments and school systems will continue to ensure every student is supported to succeed so that no one is held back or left behind.
5. NSW and the Commonwealth reaffirm their commitment to the vision for Australian schooling outlined in the *Alice Springs (Mparntwe) Education Declaration* (the Mparntwe Education Declaration) for a world class education system built on equity and excellence that encourages and supports every student to be the very best they can be, no matter where they live or what kind of learning challenges they may face.
6. This Bilateral Agreement outlines the actions and activities that NSW will undertake to achieve the objectives in the *Interim School Funding Agreement 2025* (2025 Agreement).
7. This Bilateral Agreement between NSW and the Commonwealth will commence on 1 January 2025 and expire on 31 December 2025 unless otherwise agreed.
8. The terms of this Bilateral Agreement do not limit NSW's and the Commonwealth's ability to agree different terms as part of a future bilateral agreement. Any variations to this Bilateral Agreement will be in accordance with clause 28 of the 2025 Agreement.
9. Should the Commonwealth provide more favourable terms (including funding terms) to another state or territory as part of the 2025 Agreement or an associated Bilateral Agreement, then the Commonwealth will offer NSW those terms as well and, if agreed by NSW, this Bilateral Agreement will be updated accordingly.
10. Clause 9 above also includes but is not limited to:
  - a. an adjustment to the measurement of state funding contribution included in another jurisdiction's Bilateral Agreement as part of the 2025 Agreement

- b. any agreement the Commonwealth makes with any other state or territory as part of the 2025 Agreement which favourably impacts on that state's financial contributions or risk sharing arrangements under the agreement

In either of these cases these terms will also be made available to NSW, and this Bilateral Agreement will be updated to take into account the adjustment or material change to circumstance.

11. This Bilateral Agreement may also be updated through written agreement of the Commonwealth Education Minister and the NSW Education Minister if there is a material change in the State's circumstances, beyond its reasonable control, which will affect NSW's fiscal position or the recognition of the State's funding contribution, in accordance with the process in clause 28 in the 2025 Agreement.

### **State Reform context**

12. This Bilateral Agreement sets out the reform activities to be continued during its term to give effect to national priorities and reforms outlined in the 2025 Agreement.
13. The NSW Government is committed to creating an equitable public education system which supports every student to achieve their potential by enabling lifelong learning, strengthens trust and respect for the teaching profession, and improves wellbeing of teachers and staff by addressing workload concerns and supporting teachers to do their core job of delivering high quality teaching and learning for improved student educational outcomes.
14. The activities listed above are provided for context and are not considered part of this Bilateral Agreement for the purposes of paragraph 22(2)(b) of the Act.

## PART 1 — PURPOSE, OBJECTIVES AND OUTCOMES

15. This Bilateral Agreement sets out the reform activities to be continued during its term to give effect to national Objectives, Outcomes and Reforms outlined in the 2025 Agreement.
16. As per clause 59 of the 2025 Agreement, Education Ministers have agreed that the following three national priority areas form the basis for the 2025 Agreement, which are consistent with the goals of the Mparntwe Education Declaration.
  - a. Equity and excellence – schools and education systems are equipped to provide all students with highly effective evidence-based teaching and equitable learning opportunities and support them to maximise their learning.
  - b. Wellbeing for learning and engagement – schools take a structured approach to wellbeing for learning in a way which reflects their school and learning environment, and students have a sense of belonging, safety and engagement with their learning.
  - c. A strong and sustainable workforce – the workforce is respected and continues to grow, and teachers and non-teaching school staff are supported to innovate and be at their best to ensure young Australians thrive in their education. A sustainable workforce means that the Australian community recognises the value teachers and school leaders bring to students, communities and the economy.
17. Commonwealth funding to states and territories under the Act, this Bilateral Agreement or the 2025 Agreement is not conditional on the achievement of the Objectives and Outcomes in the 2025 Agreement or this Bilateral Agreement. The Commonwealth will not impose financial or other sanctions on the non-government school sector for the failure of NSW to cooperate with them in the implementation of this 2025 Agreement.

## PART 2 — FUNDING

### Required funding contributions

18. Under section 22A of the Act, NSW must meet its funding contributions for the government and non-government sectors as a condition of receiving Commonwealth funding.
19. NSW's funding contributions for the government and non-government sectors for 2025 onwards must be in accordance with section 22A of the Act which will determine the default requirement if this Bilateral Agreement is terminated by either party.
20. NSW's funding contributions for the government and non-government sectors agreed in this Bilateral Agreement are outlined in Table 1 below for 2025. The minimum funding contributions are expressed as a percentage of the Schooling Resource Standard (SRS) as defined in Part 3 of the Act.

Table 1. NSW's agreed funding shares for the government and non-government sectors, 2025

Sector	2025
Government	75.00%
Non-government	20.00%

21. The funding contributions outlined above have been agreed based on the following rationale:
  - a. NSW is committed to achieving 75 per cent of the SRS for the government sector by 2025.
  - b. NSW funding for non-government schools will continue to be provided at the school level according to the SRS, as under existing arrangements. The actual individual school transition pathways for NSW funding align with the methodology for calculating the transition pathways of Commonwealth funding. Non-government schools currently funded above 20 per cent of the SRS will continue to transition down by 2029.
22. The Commonwealth's share of the SRS for NSW government schools for 2025 is 20 per cent.
23. In December 2023, National Cabinet agreed that funding for foundational supports for students with disability is to be agreed through new Federal Funding Agreements, with additional costs split between the Commonwealth, states and territories and final details to be settled through the Council of Federal Financial Relations.
24. Disability reforms, including those related to changes to the National Disability Insurance Scheme (NDIS) including foundational supports, may impact NSW's education services. Commonwealth funding under the 2025 Agreement and this Bilateral Agreement is not for those purposes.
25. Consistent with clause 39 of the 2025 Agreement and in the event of a change to the SRS that results in an impact on state contribution requirements, Ministers will agree to vary the contribution shares set out in clause 20 above to ensure that the state contribution amount is not impacted. The amended amount should represent the funding calculated as if the SRS settings are applied that were in operation at the time the agreement commenced. The Commonwealth will facilitate this process by providing the data required to enable NSW to calculate the amount of its contribution on an unchanged basis.

## Measurement of contributions

26. For the purpose of this Schedule, NSW and the Commonwealth have agreed the costs that are measured towards NSW's funding contribution requirements for the government and non-government sectors. In assessing compliance with section 22A of the Act, the National School Resourcing Board's (the Board's) Terms of Reference will direct the Board to use this agreed methodology for measurement of the state's contribution, including as set out in clauses 27 and 55 of this Bilateral Agreement.
27. Consistent with the calculation of the SRS, NSW's funding contributions will be measured consistent with the existing Australian Curriculum, Assessment and Reporting Authority (ACARA) financial data reporting methodology for state Net Recurrent Income Per Student (NRIPS) for school years Year 1 minus 1 to Year 12, excluding funding for full fee-paying overseas students, along with the following additional funding types:
  - a. Up to 4 per cent of the total SRS for the government sector each year for funding or costs contributing to the provision of education in schools for the following:
    - i. NSW Education Standards Authority
    - ii. capital depreciation.
  - b. All funding for the purpose of the National Reforms and National Enabling Initiatives outlined in Part 3 of this Bilateral Agreement or Part 4 of the 2025 Agreement (with the exception of any capital funding).
  - c. Any accounting standard changes as agreed between the Commonwealth and state and territory Ministers for Education, that affect the measurement of recurrent funding where the NRIPS methodology has not been adjusted to negate this impact (e.g. AASB 16).
28. If the reported contribution for NSW for 2025 falls short of meeting the required contribution for a sector by an immaterial amount, this will not be considered non-compliant with section 22A of the Act. An immaterial amount is less than or equal to 0.6 per cent of the total SRS for the sector, or another immaterial amount agreed by the Commonwealth Minister for Education for a year, which accounts for the timing constraint of state budget processes being finalised in advance of the year and the required contribution for the year being finalised at the end of the year following the annual School Census.
29. In assessing compliance with this Agreement, the Commonwealth Minister for Education will request the Board, through the Board's Terms of Reference for its review of section 22A of the Act, will take into account mitigating factors that have contributed to non-compliance. This may include, but is not limited to, fluctuations from year-to-year in funding which could be assessed, through for example, the application of a three year rolling average if funding has fallen below the required amount, unintended and unforeseeable budget pressures in the state budget process, financial accounting impacts (e.g. actuarial assessments and timing of expenditures due to reporting dates), and other unforeseeable circumstances (e.g. such as natural disasters).

## PART 3 — NATIONAL REFORMS

30. The National Reform Direction activities agreed in this Bilateral Agreement align with the National Reform Directions of the 2025 Agreement and NSW commits to continue state-specific initiatives aligned to each of the National Reform Directions.
31. Approved authorities of non-government schools in NSW must adhere to their ongoing policy requirements under subsections 77(2) and (2A) of the Act. As per clauses 50 and 51 of the 2025 Agreement, approved authorities of non-government schools in NSW are required to cooperate with the NSW Government in the progress of existing reform activities of this Bilateral Agreement.

### National Reform Directions

32. NSW's Our Plan for Public Education sets the strategic direction for public schools, and together with the existing initiatives aligned to these directions, provides a solid foundation for NSW's implementation of the National Reform Directions for public schools.
33. NSW commits to continue the state-specific initiatives outlined below to give effect to the National Reform Directions as outlined in the 2025 Agreement.

#### Equity and Excellence

34. Initiatives that identify student learning needs early and provide tiered and targeted, intensive supports, in line with evidence-based teaching and a 'multi-tiered systems of support' (MTSS) approach. This approach includes:
  - i. Continue to embed evidence-based teaching practices, such as explicit teaching, across the state.
  - ii. Continue to deliver the Small Group Tuition Program in NSW government schools to improve literacy and numeracy outcomes for students identified through NAPLAN.

#### Wellbeing for learning and engagement

35. Initiatives which support student engagement in learning, for example greater student participation, attendance, inclusion and/or enhanced school-family engagement.
  - i. Continue to support student engagement and participation.
  - ii. Continue to build partnerships with students and families to connect them with the support they need.

#### A strong and sustainable workforce

36. Implementing initiatives which support the attraction and retention of the teacher workforce, for example, actions under the National Teacher Workforce Action Plan and/or recommendations of the Strong Beginnings: Report of the Teacher Education Expert Panel. This will include:
  - i. Reduce the workload burden on teachers to increase the amount of time to focus on high quality teaching and leading.

- ii. Strengthen professional development for school leaders at all stages of their career.
  - iii. Continue to collaborate with the non-government sector on the National Teacher Workforce Action Plan.
37. Implementation of the National Reform Directions stated above is outlined further in Table 2.
38. Reporting on the activities undertaken in respect of the above National Reform Directions will be undertaken through an Annual Implementation Report, as outlined in Part 4.

## National Enabling Initiatives

39. NSW commits to the following actions to give effect to the National Enabling Initiatives as outlined in the 2025 Agreement, and fulfil commitments as per Schedules B and C of the 2025 Agreement:
- a. Continue to contribute to the implementation of the Unique Student Identifier (USI) to ensure all NSW school students receive a USI.
  - b. Contribute data where available, and information and expertise to inform a Review of the Measurement Framework for Schooling in Australia to ensure it remains a relevant tool. This may include student level outcome data, appropriate disaggregated data, and information to inform possible new and updated measures. The review's Terms of Reference are to be agreed by Education Ministers Meeting and will include consideration of the costs and benefits of:
    - i. a new measure of student engagement.
    - ii. a new equity in learning gain measure, to enable measurement of student learning growth.
    - iii. national measures of access, participation and outcomes for students with disability to establish a better understanding of the education experiences and outcomes of students with disability.
  - c. Supporting development of an early years numeracy check to support teachers to assess their students' numeracy skills and identify and respond to students who need tailored support.
40. As per clause 72 of the 2025 Agreement, NSW will contribute to the development of a Project Plan for each of the National Enabling Initiatives in Schedule B of the 2025 Agreement and provide the Commonwealth with the data or information necessary for the Commonwealth to fulfil its annual reporting obligations on National Enabling Initiatives, as per clause 78 of the 2025 Agreement.
41. The provision of any information by NSW as part of its contribution to the delivery of the National Enabling Initiatives in the 2025 Agreement will be consistent with the Project Plans to be agreed by Education Ministers Meeting (EMM) and the reporting requirements the 2025 Agreement .
42. NSW will not be penalised in any way for failing to achieve milestone deadlines in relation to the National Enabling Initiatives in the 2025 Agreement if such non-achievement was due to

delayed or non-achievement of other milestones or dependencies outside of NSW's control, such as external factors and services that may impact schools, students and their learning.

43. The cost of National Enabling Initiatives will be met by Parties according to the cost sharing principles, unless otherwise agreed by Education Ministers. For joint projects, EMM typically utilises a population-based formula to determine jurisdictional funding propositions. For the avoidance of doubt, NSW will not need to contribute more towards jurisdictions' share of the national cost of a National Enabling Initiative than is proportional to NSW's share of the total national school student population, unless otherwise agreed by NSW's Minister for Education.
44. NSW's obligations with regards to the National Reform Directions and National Enabling Initiatives specified in this Bilateral Agreement and the 2025 Agreement are fully dependent on NSW receiving continued Commonwealth funding agreed with the Commonwealth under this Bilateral Agreement and the 2025 Agreement.

## Implementation

45. In committing to the above reforms, NSW commits to the actions and milestones set out in Table 2.
46. The NSW Government undertakes to work with the non-government school sector in NSW in the implementation of the reforms outlined in this Bilateral Agreement as follows:
  - a. Continuing existing consultation channels and representation of the sectors through the Schools Advisory Council, the Non-Government Schools Advisory Council and on the Board and Committees of the NSW Education Standards Authority
47. In accordance with subsection 77 (2A) of the Act, non-government approved authorities are required to cooperate with their local state or territory government in the implementation of this Agreement.
48. The non-government sector in NSW, as per clause 51 in the 2025 Agreement, should cooperate with the NSW Government to implement the National Reform Directions and National Enabling Initiatives. Activities against National Reform Directions undertaken by the NSW non-government sector will be included in reports by the non-government representative bodies provided to the Australian Government as set out in Part 5 in the 2025 Agreement.
49. The Commonwealth will not impose financial or other sanctions on NSW for a failure by NSW's non-government school sector to cooperate with this Bilateral Agreement, as per clause 70 of the 2025 Agreement. Nor will the Commonwealth impose sanctions on the non-government school sector for a failure of NSW to cooperate with them in the implementation of this Bilateral Agreement.

## National Reform Directions Implementation Milestones

Note: This table should capture all reform efforts outlined in Part 3.

Table 2 – NSW bilateral school reform milestones

Reform and Milestones	Sector	Timing
<b>Reform A – Equity and Excellence</b>		
<u>Initiatives that identify student learning needs early and provide tiered and targeted, intensive supports, in line with evidence-based teaching and a 'multi-tiered systems of support' (MTSS) approach.</u>		
<ul style="list-style-type: none"> <li>Continue to embed evidence-based teaching practices, such as explicit teaching, across the state.</li> </ul>	All sectors	Ongoing
<ul style="list-style-type: none"> <li>Continue to deliver Small Group Tuition Program in NSW government schools to improve literacy and numeracy outcomes for students identified through NAPLAN.</li> </ul>	Public	Ongoing
<b>Reform B – Wellbeing for Learning and Engagement</b>		
<u>Initiatives which support student engagement in learning, for example greater student participation, attendance, inclusion and/or enhanced school-family engagement.</u>		
<ul style="list-style-type: none"> <li>Continue to support student engagement and participation.</li> </ul>	All sectors	Ongoing
<ul style="list-style-type: none"> <li>Continue to build partnerships with students and families to connect them with the support they need.</li> </ul>	All sectors	Ongoing
<b>Reform C – A Strong and Sustainable Workforce</b>		

**Implementing initiatives which support the attraction and retention of the teacher workforce, for example, actions under the *National Teacher Workforce Action Plan* and/or recommendations of the Teacher Education Expert Panel report.**

<ul style="list-style-type: none"> <li>• Reduce the workload burden on teachers to increase the amount of time to focus on high quality teaching and leading.</li> </ul>	Public	Ongoing
<ul style="list-style-type: none"> <li>• Strengthen professional development for school leaders at all stages of their career.</li> </ul>	Public	Ongoing
<ul style="list-style-type: none"> <li>• Continue to collaborate with the non-government sector on the National Teacher Workforce Action Plan.</li> </ul>	All sectors	Ongoing

## PART 4 — REPORTING REQUIREMENTS

### Requirements for annual reporting to the Commonwealth

50. The following clauses set out the annual reporting arrangements for NSW for 2025 based on agreed National Reform Directions outlined in this Bilateral Agreement.
51. As set out in Part 5, clause 83 of the 2025 Agreement, NSW will also be required to ensure full and accessible information on their needs-based funding arrangement is publicly available, in line with subsection 78(5) of the Act.

### Annual Funding Report

52. The Commonwealth will provide NSW with a Funding Estimation Tool in January 2026 prior to NSW's annual report with the final Schooling Resource Standard (SRS) data for 2025 for the purpose of the Board's review of NSW's compliance with section 22(A) of the Act.
53. As outlined in Part 5, clause 84e of the 2025 Agreement, the NSW minister responsible for school education, or their delegate (i.e. the Director General (or equivalent) of the Department responsible for school education) must provide an Annual Funding Report to the Commonwealth Education Minister, or their delegate such as the Departmental Secretary.
54. NSW must provide its Annual Funding Report for 2025 to the Commonwealth no later than 30 November 2026.
55. The Annual Funding Report must set out the following:
  - a. The total amount of funding provided by NSW for government schools in NSW for 2025 as measured in line with clause 27 of this Bilateral Agreement.
  - b. The total amount of funding provided by NSW for non-government schools in NSW for 2025 as measured in line with clause 27 of this Bilateral Agreement.
  - c. Total full time equivalent enrolments for 2025, relating to the amounts in (a) and (b) above.
  - d. The amount for each funding type set out in clause 27 of this Bilateral Agreement.
  - e. The amount of funding consistent with the specified NRIPS methodology.
56. For the avoidance of doubt, each amount included in the Annual Funding Report must have been:
  - a. spent by the NSW Government for schools for 2025 (including centralised funds expended by the department for schools and funds allocated for schools that are not spent within 2025

- but are spent within remainder of the financial year or subsequent years by schools), or approved authorities,
- b. or spent by schools or approved authorities for schools for 2025, and
  - c. not counted towards another reporting year for the purposes of this Agreement, and
  - d. not counted towards another Commonwealth-State agreement, without the explicit consent of the Commonwealth.
57. It should be noted that clause 56 does not prevent NSW from reporting budgeted amounts in its report.
58. Each amount included in the report for a sector must have been allocated or expended for that sector. Note: this means NSW cannot count funding allocated or expended for one sector against the allocation or expenditure of another sector.
59. Each amount included in the report must be net of any Australian Government funding.
60. The Annual Funding Report provides the option for a statement explaining:
- a. any material variances (positive or negative) in the total amount of NSW's funding contribution that is between 2025 and 2024 for:
    - i. government schools in NSW and
    - ii. non-government schools in NSW
  - b. any adjustments to NSW's funding contribution (i.e. timing adjustments) outside of the specified NRIPS methodology.
61. For each amount, the report must include evidence that the amount has been certified and is consistent with the agreed methodology in clause 27 of this Bilateral Agreement by one of the following:
- a. the Auditor-General of NSW or
  - b. an independent qualified accountant or
  - c. an independent qualified accountant engaged by ACARA for NRIPS funding or
  - d. the Director General or equivalent of the education portfolio for the state or territory, but only up to 0.1 per cent of the SRS for NSW for all reported funding.
62. The Annual Funding Report may also provide an explanation and supporting evidence for the Board's consideration of any shortfall between the total amount reported for 2025 and the agreed funding contributions for 2025 in clause 20 of this Bilateral Agreement.
63. The Commonwealth will provide NSW's Annual Funding Report to the Board for assessment of NSW's compliance for 2025 with section 22A of the Act, including any funding requirements specified in this Bilateral Agreement.
64. The Commonwealth may request additional information from NSW on behalf of the Board, to be provided within 21 days. If NSW does not provide information or advice in this

timeframe, the Board will make an assessment based on the information and evidence available. Such requests will be consistent with clause 81 of the 2025 Agreement which stipulates that as far as practical, reporting requirements will leverage existing reporting processes and data sources and unless explicitly stated otherwise, will not impose any additional burden on schools.

65. NSW will have an opportunity to provide further information for the Board's consideration following their receipt of the Board's draft findings.

### **Annual Implementation Report**

66. As outlined in Part 5, subclause 84a of the 2025 Agreement, the Director General or equivalent of the education portfolio for the state or territory must provide an Annual Implementation Report to the Secretary of the Australian Government's Department of Education for 2025, for the purpose of assessing compliance with paragraph 22(2)(c) of the Act.
67. The template for the Annual Implementation Report is found at Attachment A of this Bilateral Agreement.
68. The Annual Implementation Report for 2025 is required by 30 November 2026, or a date as agreed by the Commonwealth and NSW.
69. The Annual Implementation Report must include:
  - a. progress on agreed reform activity as outlined in Table 2 of this Bilateral Agreement for the National Reform Directions.
  - b. information on how the implementation of National Reform Directions is relevant to priority equity cohorts (where applicable and as defined in the 2025 Agreement) and, where relevant, to schools which need additional support.
70. For the avoidance of doubt, NSW's Annual Implementation Report should focus on government school implementation, noting that as per clause 87 in the 2025 Agreement, non-government representative bodies will be required to provide an Annual Implementation Report for 2025 to the Commonwealth by 30 November 2026.
71. Unless explicitly stated otherwise, NSW's reporting requirement will leverage existing reporting processes and data sources, as far as practical, and will not impose any additional burdens on schools. Requests to provide data and information to support public reporting will provide reasonable timeframes to respond and ensure the accuracy and integrity of data provided.

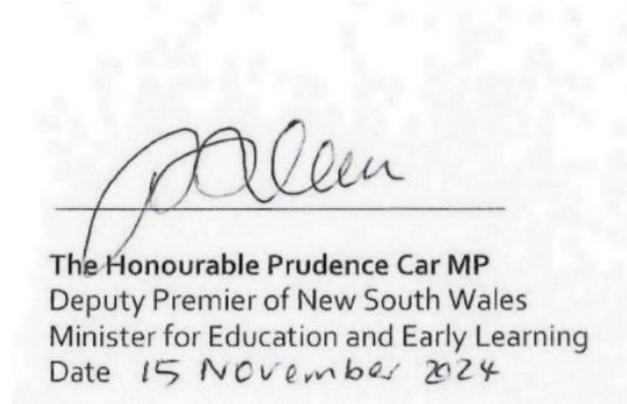
## SIGNATURES

Signed for and on behalf of the  
Commonwealth of Australia by



The Honourable Jason Clare MP  
Minister for Education  
Date 20/11/24

Signed for and on behalf of  
New South Wales by



The Honourable Prudence Car MP  
Deputy Premier of New South Wales  
Minister for Education and Early Learning  
Date 15 November 2024

## ATTACHMENT A: ANNUAL IMPLEMENTATION REPORT TEMPLATE

### Purpose of this reporting template

This Annual Implementation Report reporting template contributes to achieving the transparency and accountability commitments under the *Interim School Funding Agreement 2025*. New South Wales will fill in the Annual Implementation Report and report it to the Australian Government Department of Education; non-government representative bodies will also be required to fill in their own template (see Schedule E of the 2025 Agreement).

### National Reform Directions

New South Wales is required to fill in the below table outlining their implementation of the National Reform Directions outlined in this Bilateral Agreement.

National Reform Directions	Description of local implementation	Outline the focus on priority equity cohorts and schools needing additional support (where applicable)	Details of qualitative or quantitative impact
[For example] Structured initiatives that support wellbeing for learning and engagement, for example in-school wellbeing coordinators or access to School Counsellors, psychologists, mental health workers and/or youth health nurses.			Where applicable, for example, ratio of wellbeing functions to students, where applicable.
[National Reform Direction]			