

APPENDIX 8: BILATERAL AGREEMENT BETWEEN VICTORIA AND THE COMMONWEALTH ON QUALITY SCHOOLS REFORM

Preliminaries

1. This agreement satisfies the conditions of subsection 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.
2. This bilateral agreement will inform the priorities for the work plans for non-government representative bodies in Victoria under the Australian Government's Non-Government Reform Support Fund.
3. This bilateral agreement between the Commonwealth and the state of Victoria (the Parties) will commence on 1 February 2019 and expire on 31 December 2023. Although this agreement commences on 1 February 2019, a State-Territory share stipulated in this agreement for 2018 will apply to the 2018 calendar year.
4. In the event the Commonwealth offers terms to the agreement that are more favourable in bilateral agreements with other jurisdictions, including but not limited to:
 - a. an adjustment to the measurement of state funding contribution included in another state's bilateral agreement, or
 - b. any subsequent agreement the Commonwealth makes with any other state or territory which favourably impacts on that state's financial contributions or risk sharing arrangements under the agreement,

then these terms will also be made available to Victoria and this agreement will be updated to take into account the adjustment or material change to circumstance. The agreement may also be updated through agreement with the Commonwealth if there is a material change in the state's circumstances, beyond its reasonable control, which will affect or has affected Victoria's fiscal position or the recognition of the state's funding contribution. A material change to Victoria's circumstances, beyond its reasonable control, could include but not be limited to those factors outlined in clause 29.

5. The terms of this Agreement do not limit the parties' ability to agree different terms as part of a future bilateral agreement.

Reform context

6. Victoria's school education reform agenda focuses on improving the performance of all students. Victoria has defined success for its education system in terms of its Education State targets – a set of ambitious yet realistic goals that apply to all Victorian schools and focus on the "whole child and young person". The targets have been developed to respond to Victoria's specific context – to deliver results by focusing on both equity and excellence. They are grouped into the following categories:

- a. Learning for life.
 - b. Happy, healthy and resilient kids.
 - c. Breaking the link between disadvantage and outcomes.
 - d. Building pride and confidence in our schools.
- 7. Victoria's reform efforts drive improvement at the system, regional, school and classroom level. At each level, Victoria:
 - a. bases its reforms on evidence of what works both nationally and internationally
 - b. implements its reforms collaboratively and with fidelity
 - c. monitors delivery, measures progress and learns from what works.
- 8. Victoria has developed achievement standards and related mandated reporting for the four capabilities outlined in the Australian curriculum of critical and creative thinking, personal and social development, ethical understanding and intercultural understanding for all Victorian school students. The new Victorian curriculum recognises that students need to develop:
 - a. core skills (such as literacy, numeracy and science)
 - b. 21st century skills (such as resilience, and critical and creative thinking) to equip them to operate effectively in a rapidly changing world
 - c. holistic skills (such as arts and physical activities).
- 9. Victoria is undertaking reform across the whole learning pathway – early childhood, school and tertiary education. Research has consistently demonstrated the clear benefits of investing in the early years, particularly for vulnerable and disadvantaged children. Research shows that early childhood education prepares children for school and has continuing positive benefits not only on children's school performance, but long-term employment, health and wellbeing.
- 10. The Education State Early Childhood Reform Plan is investing in early childhood education reforms that are helping Victorian children and families access high-quality, equitable and inclusive services, providing additional support for those who need it. In a landmark reform, the Victorian Government has committed almost \$5 billion to deliver kindergarten programs for three-year-olds over the next decade.
- 11. The Victorian Government is investing in a significant school capital program to provide built learning environments in which Victorian children can thrive. It is focussed on working to provide engaging environments that will support learning and 21st century skills acquisition for all children, in all schools, in all communities. A significant portion of this program is to accommodate Victoria's unprecedented population growth. It is anticipated that the total school-age population (5-17 years) in Victoria will increase by more than 93,000 student enrolments between 2017 and 2021.
- 12. The activities listed above are provided for context and are not considered part of this bilateral agreement for the purposes of subsections 22(2) (b) and (c) of the Act. Building on these reform activities, this bilateral agreement sets out additional activities to be

undertaken during its term. These build on the reform directions identified by all jurisdictions in the National School Reform Agreement as critical to lifting educational outcomes for all students, regardless of the school they attend.

Part 1 — REFORMS

Reform activity

13. The reform activities agreed in this bilateral agreement align with the national reform directions of the National School Reform Agreement.
14. These reforms will include activity to improve the educational opportunities and outcomes for all Victorian children and young people, with a focus on the 'whole child and young person'. This includes supporting the academic achievement of children who are Aboriginal and Torres Strait Islander, who are living with a disability, who are refugees, and children who are experiencing disadvantage.
15. In Victoria, the government and non-government school sectors recognise the importance of working together to achieve Victoria's Education State targets, which apply to all students and school sectors in Victoria. Reform activities agreed in this bilateral agreement will support Victoria's local policies and priorities under Victoria's Education State reform agenda.
16. Bilateral reforms will include activity to support improved outcomes for specific cohorts of students as appropriate, including Aboriginal and Torres Strait Islander students. Victoria recognises the need to promote recognition of Aboriginal culture and achievement. Victoria has worked with the Victorian Koorie community to develop the Marrung: Aboriginal Education Plan 2016-2026. Marrung sets out a 10 year vision and identifies the significant actions to make Victoria a state where the rich and thriving culture, knowledge and experience of our First Nations peoples are celebrated by all Victorians; where our universal service systems are inclusive, responsive and respectful of Koorie people at every stage of their learning and development journey; and where every Koorie person achieves their potential, succeeds in life, and feels strong in their cultural identity. Marrung's governance mechanisms are co-chaired at the state and regional level with the Aboriginal community, ensuring Aboriginal people are partners in decision making. Victoria will leverage these mechanisms to ensure reform actions in this bilateral agreement work toward the achievement of Marrung's vision.
17. Victoria undertakes to cooperate with the non-government school sector in Victoria in the implementation of the reforms outlined in this agreement through:
 - a. the School Policy and Funding Advisory Council (SPFAC) and its working groups. SPFAC is established under the *Education and Training Reform Act 2006* (Vic) and is responsible for providing advice to the Victorian Minister for Education about regulatory, policy and funding issues that affect government and non-government schools.
 - b. data and information sharing arrangements to monitor state-wide performance progress towards Victoria's Education State targets and facilitate the dissemination of information to support effective planning and decision-making across all sectors and schools, to enable Victoria to achieve these targets.

- c. cross-sectoral school engagement through other mechanisms operating from time to time.
- 18. The Commonwealth undertakes to cooperate with the non-government school sector as set out in clause 58 of the National School Reform Agreement.
- 19. The Commonwealth will not impose financial or other sanctions on Victoria for a failure by the non-government school sector to cooperate with this bilateral agreement, as per clause 50 of the National School Reform Agreement. Nor will the Commonwealth impose sanctions on the non-government school sector for a failure of Victoria to cooperate with them in the implementation of this bilateral agreement.

Table 1: Victoria's bilateral reform plan

20. Victoria agrees to implement the reforms contained in the following table. The reforms align with the national reform directions of the National School Reform Agreement.

	Reform Direction	Actions	Sector(s)	Timing
	Reform Direction A - Support students, student learning and achievement			
1.	Strengthen teacher practice in Victoria by establishing a Digital Assessment Library, an online resource that will develop and make available new digital student assessment tools and teacher resources to improve student learning assessment.		All Sectors	2020
2.	Support students with disabilities and additional needs through providing scholarships for teachers to undertake postgraduate courses in special education.		Government	From 2019
3.	Assist government school students to make better career and pathway decisions through redesigning careers education to provide Year 9 students with access to a new Careers e-Portfolio, assisted by professional career diagnostic assessment and guidance, including one on one career guidance with accredited career professionals.		Government	From 2019
4.	Roll-out Head Start school-based apprenticeships and traineeships in secondary schools as a new flexible model in senior secondary schooling, involving an optional additional year of school to give secondary students an opportunity to learn their trade at school and get a job sooner.		Government	Ongoing
5.	Improve educational pathways for students expelled from school through developing and implementing cross-sectoral guidelines to support the transition of students expelled from a school into a new education, training or employment setting.		All Sectors	From 2019
6.	Participate in Getting it Right From the Start: a project to improve oral language and literacy outcomes in the first two years of school with a focus on equity intervention in low language performing schools.		Catholic	From 2019

	Reform Direction	Actions	Sector(s)	Timing
	Reform Direction B – Support teaching, school leadership and school improvement			
7.	Develop and implement the Victorian Aspiring Principal Assessment (VAPA), a benchmark assessment for all aspiring principals. The VAPA will provide feedback to guide development of aspiring principals, and assess their suitability and readiness for the role.		Government	2022
8.	Strengthen STEM education through training additional teachers to become Primary Maths and Science Specialists, increasing STEM knowledge and capability within schools.		Government	2019-2021
9.	Introduce a Professional Practice Leader to support Koorie students' literacy and numeracy.		Government	2019
10.	Work in partnership with the Koorie community to roll out Cultural Understanding and Safety Training in Victorian government schools to increase school staff's understanding of Aboriginal and Torres Strait Islander history, cultures, and experiences to ensure schools are inclusive, responsive and respectful of Koorie learners.		Government	From 2019
11.	The Commonwealth will work with Victoria to address identified teacher workforce supply needs (particularly in the areas of Maths and Science) including the development of a national teacher workforce strategy reflecting respective areas of responsibility.		All Sectors	2019
12.	Provide high-quality professional learning and training to teachers and school leaders to support school improvement in areas of identified need.		Non-government	From 2019
13.	Improve board governance in non-government schools through training and resource support.		Non-government	From 2019
14.	Continue the transition of Catholic schools to the Integrated Catholic Online Network (ICON) in order to implement best practice administration in schools to meet ongoing government accountability requirements and support teachers and schools leaders to analyse, monitor and review student learning gain and wellbeing data.		Catholic	From 2019

	Reform Direction	Actions	Sector(s)	Timing
15.	Increase the number of independent schools trained in the Process and Performance Management (PPM) approach through the Southern Cross Project in order to use the tools and techniques to improve student outcomes in areas of need, as identified by individual schools.		Independent	2019
	Reform Direction C – Enhancing the national evidence base			
16.	Support the transition to the Nationally Consistent Collection of Data on School Students with Disability (NCCD) through quality assurance and moderation of NCCD data.		Non-government	From 2019

Part 2 —FUNDING CONTRIBUTIONS

Required funding contributions

21. Under section 22A of the Act, the state must meet its funding contributions for the government and non-government sectors as a condition of receiving Commonwealth funding. Sections 35A and 35B of the Act set out the Commonwealth's share of the Schooling Resource Standard (SRS) for Victorian government and non-government schools.
22. The state funding contributions for the government and non-government sectors in 2017 (also known as the 2017 starting share) will be set out in the Regulation and will determine the default requirement if this bilateral agreement is terminated by either party.
23. The 2017 starting shares for Victoria are:
 - a. 67.80 per cent for the government sector
 - b. 19.70 per cent for the non-government sector.
24. The 2017 starting shares for the Commonwealth under Section 35B(2) of the Act as at 2019-20 Federal Budget are:
 - a. 16.68 per cent for the Victorian government sector
 - b. an average of 76.52 per cent for the Victorian non-government sector.
25. The funding contributions for the government and non-government sectors required in the Act and agreed in this bilateral agreement are outlined in the table below for each year from 2017 to 2023. The minimum funding contributions are expressed as a percentage of the Schooling Resource Standard (SRS) as defined in Part 3 of the Act and take into account clauses 32 and 40 of this bilateral agreement.

Table 2

	2017	2018	2019	2020	2021	2022	2023
Government SRS	67.80%	67.80%	68.02%	68.42%	68.99%	69.68%	70.43%
Non-government SRS	19.70%	19.70%	19.76%	19.08%	19.17%	19.94%	20.00%

26. The SRS is an estimate of how much total public funding a school requires to meet the educational needs of its students. Over the term of this agreement both Commonwealth and Victorian funding for government and non-government schools in Victoria will make progress towards, and not away from, the SRS.

27. The funding contributions outlined above have been agreed having regard to clauses 32 and 40 and based on the following rationale:
- a. Victoria will meet the funding requirements as set out in section 22A of the *Australian Education Act 2013* and this bilateral agreement.
 - b. The Victorian final share for government schools will be 75 per cent of the SRS by 2028.
 - c. The Victorian final share for non-government schools will be 20 per cent of the SRS by 2023.
28. If the reported contribution for a state or territory for a year 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 a greater 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, to take into account mitigating factors that have contributed to any finding of 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).
30. Consistent with clause 61 of the National School Reform Agreement and in the event of a change to the SRS that results in an impact on state contribution requirements, the contribution shares set out in clause 25 above, will be amended 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 continuing to provide data required to enable Victoria to calculate the amount of its contribution on an unchanged basis.

Measurement of contributions

31. For the purpose of this Schedule, Parties have agreed the costs that are measured towards Victoria's funding contribution requirements for the government and non-government sectors. In assessing compliance with section 22A of the Act, 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 32 and 40 of this bilateral agreement.
32. The state funding contributions will be measured according to Victoria's funding 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, in accordance with clause 40, and along with the following additional funding types:

- a. Up to 4 per cent of the total SRS for the government sector each year for costs contributing to the provision of education in schools, which may only include, at the State's full discretion, depreciation of capital assets and the School Bus Program for rural and regional Victoria.
 - b. All recurrent funding for the government sector for the purpose of:
 - i. Curriculum and regulation activity, including the Victorian Curriculum and Assessment Authority and Victorian Registration and Qualifications Authority
 - ii. Budgeted funding allocated to schools rather than that expended by schools.
 - c. All funding for the reform measures outlined in Part 1 of this bilateral reform agreement (with the exception of any capital funding) and the national policy initiatives outlined in the National School Reform Agreement.
33. The parties acknowledge that the data reporting methodology for NRIPS can only be altered with the agreement of the Commonwealth and all states and territories through existing Data Strategy Group governance arrangements.

Requirements for annual reporting to the Commonwealth

34. The following clauses set out the annual reporting arrangements for Victoria for a year (Year T).
35. The Commonwealth will provide all states and territories with a Funding Estimation Tool in January Year T+1 prior to the state or territory's annual report with the final Schooling Resource Standard (SRS) data for Year T for the purpose of the Board's review of section 22A of the Act.
36. The Director General or equivalent of the education portfolio for the state or territory must provide an annual report to the Secretary of the Department of Education and Training for each year of the agreement.
37. The annual report must be provided no later than 31 October Year T+1 (i.e. 31 October of the following year).
38. The annual report must set out the following:
- a. the total amount of funding provided by the state or territory for government schools in the state or territory for Year T as measured in line with clause 32 above;
 - b. the total amount of funding provided by the state or territory for non-government schools in the state or territory for Year T as measured in line with clause 32 above.
 - c. total full time equivalent enrolments for Year T relating to the funding amounts above.
39. The annual report must also specify the amount for each funding type set out in clause 32 of this bilateral agreement as well as the amount of funding consistent with the specified NRIPS methodology.

40. Each amount included in the report must have been:

- a. spent by the state or territory government for schools (including centralised funds expended by the department for schools and funds allocated for schools that are not spent within Year T but are spent within remainder of the financial year or subsequent years by schools) or approved authorities, or
- b. spent by schools or approved authorities for Year T, and
- c. not counted towards another reporting year for the purposes of this agreement.

Note this does not prevent a state or territory also including budgeted amounts in its report.

41. Each amount included in the report for a sector must have been allocated or provided for that sector. Note this means a state or territory cannot count funding provided for one sector towards the contribution requirement for the other sector.

42. Each amount included in the report must be net of any Australian Government funding.

43. For each amount, except items listed in clause 44 below, the report must include evidence that the amount has been certified and is consistent with the agreed methodology in clauses 32 and 40 of this bilateral agreement by one of the following:

- a. the Auditor-General of the state or territory 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 the state or territory for all reported funding.

44. For the items listed below, the amounts must be certified in accordance with clause 43 above however it is agreed that evidence of certification will be provided after the annual report but no later than 31 January Year T+2:

- a. This clause relates to items where the State or Territory has provided evidence the amount does not typically have a material change once audited – i.e. NRIPS data - and will be enacted as required.

45. The annual report may also provide an explanation and supporting evidence for the National School Resourcing Board's (the Board) consideration of any shortfall between the total amount reported for Year T and the agreed funding contributions for Year T in clause 25 of this bilateral agreement.

46. The Commonwealth will provide the state or territory's annual report to the Board for assessment of the state or territory's compliance for Year T with section 22A of the Act, including any funding requirements specified in this bilateral agreement.

47. The Commonwealth may request additional information from the state or territory on behalf of the Board, to be provided within 21 days. If the state or territory does not provide

information or advice in this timeframe, the Board will make an assessment based on the information and evidence available.

48. The state or territory will have an opportunity to provide further information for the Board's consideration following their receipt of the Board's draft findings.
49. Ahead of the Board's first review of compliance with section 22A of the Act, the Commonwealth Minister for Education will seek that Education Council agree to a coordinated approach to the reporting requirements of section 22A of the Act. The reporting requirements will build on the arrangements already agreed in State and Territory bilateral agreements and seek to minimise duplication with existing reporting and auditing/certification arrangements. The Commonwealth will request the Board, through its Terms of Reference to conduct its review in accordance with the agreed approach.

SIGNATURES

*Signed for and on behalf of the
Commonwealth of Australia by*

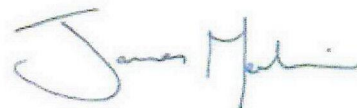


The Honourable Jason Clare MP

Minister for Education

Date: 5/7/22.

*Signed for and on behalf of the
State of Victoria by*



The Honourable James Merlino MP

Minister for Education

Date: 21/06/2022