Australian Government
Department of Education

Guidelines for Approved Authorities

Capacity to Contribute (CTC) score review process

Contents

Purpose

These Guidelines describe the department's processes for capacity to contribute (CTC) score reviews. The CTC score review process begins when an approved authority for a school makes an application under subsection 53(2) of the *Australian Education Act 2013* (the Act) for determination of a CTC score for a school.

The processes in this document ensure the department appropriately considers the merits of each application for a CTC score review while also meeting its other obligations under the Act, the Australian Education Regulations 2023 (the Regulations) and the *Public Governance, Performance and Accountability Act 2013*.[1]

The processes in this document are designed to minimise administrative burden on approved authorities and schools while fulfilling these obligations.

The Australian Bureau of Statistics (ABS)'s *Technical Framework for the Capacity to Contribute Review Process, Version 2* (the Technical Framework) has informed the development of this document and provides valuable complementary information.[2] Note: Where information in the Technical Framework differs from information set out in these Guidelines, the information in these Guidelines will take precedence.

Definitions of terms used in this document are provided in the Glossary at Appendix B.

Background

What is a CTC score?

CTC is a measure of a non-government school community's capacity to contribute to the ongoing costs of running its school. It is a relative measure, ranking schools from the lowest capacity to highest capacity, so that Schooling Resource Standard (SRS) base recurrent amounts can be distributed according to need. CTC does not apply to government schools, and non-government special schools, special assistance schools, Majority Aboriginal and Torres Strait Islander schools, and sole-provider schools.

A school's CTC score defines the reduction the Commonwealth applies to the school's SRS base funding amount. Reductions range from 10% for schools with the lowest capacity to contribute to

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[1] The *Public Governance, Performance and Accountability Act 2013* can be accessed at: www.legislation.gov.au/Details/C2017C00269. It applies to all officials of Commonwealth entities and establishes rules for financial management, governance, performance and accountability for the Commonwealth public sector.

[2] The *Technical Framework for the Capacity to Contribute Review Process, Version 2* can be accessed at: https://www.education.gov.au/recurrent-funding-schools/resources/technical-framework-capacity-contribute-review-process

80% for schools with the highest capacity to contribute. CTC does not affect loadings under the SRS, which provide additional funding for student priority cohorts and disadvantaged schools.

CTC scores are determined annually in accordance with section 52 of the Act and Part 3, Division 3 of the Regulations. Determinations are usually made by the Minister for Education's delegate, who is a senior officer at the Department of Education (the department).

How are CTC scores calculated?

CTC scores other than for 2026

The Regulations require CTC scores, except CTC scores for 2026, to be calculated using the direct measure of income (DMI) methodology unless the school's average DMI score is not available.[3] If the average DMI score is not available, the Regulations require a CTC score, except CTC scores for 2026, to be a Refined Area-Based (RAB) score.[4]

DMI-scores

A DMI score for a school is calculated each year by the department. DMI scores are based on the median (middle) income of parents and guardians of the students attending the school. The DMI methodology results in a measure of the relative (rather than absolute) capacity of a non-government school's community to contribute to the operating costs of its school compared to other non-government schools. DMI scores are used to calculate a school's average DMI score which is then, except for CTC scores for 2026, determined as the school's CTC score.

DMI score calculation

The department collects the names and addresses of parents and guardians from a school's approved authority each year through the annual Student Residential Address and Other Information Collection (the Address Collection). The DMI score calculation uses the Address Collection data to link parent and guardian names and addresses to de-identified income tax data and other data in the Centrelink Administrative Dataset through the Person Level Integrated Data Asset (PLIDA) dataset. The PLIDA dataset is a secure data asset combining information on health, education, government payments, income and taxation, employment, and population demographics (including the Census of Population and Housing) over time. It can only be accessed by authorised officers in the ABS Secure Research Environment (DataLab).

The PLIDA dataset includes Australian Government payment and earning amounts and concession card information in the Centrelink Administrative Dataset (Data Over Multiple Individual Occurrences). This means low-income parents on concession cards are likely to be included in their school's DMI score calculation. Where the exact income of these parents is not known, they are assigned a zero income and included in the income distribution for the school, improving coverage of the DMI.

Once the median family income for each school community is calculated, the distribution of median family incomes for all school communities is standardised to create a DMI score. Standardisation

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[3] From 2021, an average DMI score for a funding year is the average of the DMI scores for the school for the 3 consecutive years before that year: see section 22 of the Australian Education Regulations. Current Regulations are at: www.legislation.gov.au/F2023L01020/latest/text.

[4] See subsection 21 of the Australian Education Regulations 2023. Current Regulations are at: www.legislation.gov.au/F2023L01020/latest/text.

transforms each school's median family income into a score with an average of 103 and a standard deviation of 13, weighted by number of enrolments.

More information about the DMI methodology can be found at: www.education.gov.au/recurrent-funding-schools/resources/direct-measure-income-dmi-methodology.

The DMI methodology's Data Quality Framework sets out an extensive process to calculate and validate DMI scores.[5]

Quality Gate 3 of the Data Quality Framework tests whether a DMI score is a fit-for-purpose estimate of a school's median family income for the purposes of the CTC policy.[6] It includes testing the effects of the unlinked population on the estimate of a school's median family income. It also tests the score's accuracy and volatility.[7]

RAB-based CTC scores

Except for the CTC score for 2026, the Regulations require the school's CTC score to be a RAB-based score if the average DMI score is not available.[8]

A school's RAB score is based on family and household income information of the Statistical Area Level 1s (SA1s) where the students at a school reside. The data used is from the 2021 ABS Census of Population and Housing for students included in the school's annual statement of addresses provided through the Address Collection.

CTC scores for 2026 – rollover of 2025 CTC scores

The Regulations require a school's 2026 CTC score to be the same value as its 2025 CTC score.[9]

This policy adjustment is a 2025 election commitment which responds to stakeholder requests for more timely release of CTC scores. It means 2026 CTC scores are available to meet schools' budgeting timeframes for the 2026 funding year. The department remains committed to finding efficiencies across the CTC score calculation cycle to support the earlier release of annual scores each year.

Note: For new schools which do not have a 2025 CTC score, the Minister's delegate will determine a RAB-based 2026 CTC score in accordance with the Regulations.

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[5] See the ABS's Capacity to Contribute Data Quality Framework: www.education.gov.au/recurrent-funding-schools/resources/abs-capacity-contribute-data-quality-framework.

[6] From page 45 of the ABS's Capacity to Contribute Data Quality Framework: www.education.gov.au/recurrent-funding-schools/resources/abs-capacity-contribute-data-quality-framework.

[7] An unlinked population is made up of the parents and guardians whose records did not link in PLIDA. The incomes of these parents are not included in the calculation of a school's DMI score.

[8] Section 23 of the Australian Education Regulations 2023: www.legislation.gov.au/F2023L01020/latest/text.

[9] Subsection 21(4) of the Australian Education Regulations 2023: www.legislation.gov.au/F2023L01020/latest/text.

Other methodologies

If the Minister (or delegate) is not satisfied using a method included in the Regulations would result in an accurate CTC score, an alternative method can be used.[10] A CTC score calculated using an alternative method is known as a 'deemed' score.

Applying for a CTC score review

Important considerations

- The CTC score review process operates to assist a small number of schools in highly exceptional circumstances.
- Before applying for a CTC score review, approved authorities should check with their Non-Government Representative Body (NGRB) to see if the school is eligible for support under the Choice and Affordability Fund.[11]
- A CTC score is a relative measure – it provides a measure of the relative anticipated financial capacity of the persons responsible for students at a non-government school to contribute to the operating costs of that school relative to the capacity at other non-government schools.
- The ABS's Capacity to Contribute Data Quality Framework sets out an extensive process to ensure the accuracy of DMI-based CTC scores.[12]
- The CTC score review process is not designed to provide additional funding to support a school's financial viability. Approved authorities with concerns about their school's financial viability should seek support from their NGRB.
- A review will not proceed where the reason for the review is to question the agreed CTC score methodology. For example, a review will not proceed for a 2026 CTC score if the reason for review is that the score's value would have been different if it had been calculated using the average of the school's 2023, 2024 and 2025 DMI scores or the school's 2026 RAB score.
- If a school's 2025 CTC score changes in value following a CTC score review, the school's 2026 CTC score will also change to be equal to the new 2025 score.

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[10] Subsection 52(4) of the *Australian Education Act 2013* requires the Minister (or delegate) to determine a CTC score in accordance with the Regulations unless they are satisfied doing so would result in a CTC score that is not accurate. See: www.legislation.gov.au/C2013A00067/latest/text

[11] Non-Government Representative Bodies (also known as NGRBs) are approved by the Minister under the *Australian Education Act 2013*. They are generally the association of independent schools or the Catholic education authority in each state or territory. NGRBs are responsible for administering the Choice and Affordability Fund on behalf of the Australian Government for their member schools.

[12] The ABS's Capacity to Contribute Data Quality Framework is available at: www.education.gov.au/recurrent-funding-schools/resources/abs-capacity-contribute-data-quality-framework.

What reasons are there for a CTC score review?

The reasons for a CTC score review would generally fall under 5 broad categories. The following lists those categories and the types of CTC scores they apply to. For more detail, see Appendix A: Reasons for a CTC score review.

- a recent change in the school community's economic circumstances (all CTC scores)
- a recent change in the school community's population (all CTC scores)
- a significant difference in the family income profiles of the linked and unlinked populations (DMI-based scores)
- the school's RAB score does not accurately reflect the school community's circumstances, or
- large average family size (all CTC scores).

When will a CTC score review proceed?

A CTC score review will proceed when, following the department's consideration of the merits of the application, there is a reasonable case and supporting evidence for the review.[13]

For situations where a CTC score is unlikely proceed, see the next section.

When will a CTC score review not proceed?

The department considers the merits of each approved authority's application.[14] A review generally will not proceed in the absence of compelling evidence or when the reason for a review is:

- to question the agreed CTC score methodology, for example:
    - the use of the average DMI score for the calculation of DMI-based scores
    - the use of RAB scores when average DMI scores are not available (does not apply for CTC scores for 2026)
    - the use of CTC scores for 2026, as worked out under subsection 21(4)(a) of the Regulations.[15] That is, a review will not proceed for a 2026 CTC score if the reason for review is that the score's value would have been different if it had been calculated using the average of the school's 2023, 2024 and 2025 DMI scores or the school's 2026 RAB score.

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[13] The Australian Education Act 2013 (the Act) requires the department to appropriately considers the merits of each application for a CTC score review while also meeting its other obligations under the Act, the Australian Education Regulations 2023 (the Regulations) and the *Public Governance, Performance and Accountability Act 2013*.

[14] The Australian Education Act 2013 (the Act) requires the department to appropriately considers the merits of each application for a CTC score review while also meeting its other obligations under the Act, the Australian Education Regulations 2023 (the Regulations) and the *Public Governance, Performance and Accountability Act 2013*.

[15] As requested by non-government school sector representatives, a policy adjustment will result in a school's 2026 CTC score being the value of its 2025 CTC score. This adjustment means 2026 CTC scores will be available in time to meet schools' budgeting timeframes for the 2026 funding year.

- because a school anticipates a future reduction in the capacity of the school community to contribute – as the DMI methodology will account for this over time
- because another school in the same area has a lower CTC score – as the CTC methodology will not deliver the same results for schools in the same area unless the median family incomes of the schools are the same
- for a school with a DMI-based score, because a high number of families are in receipt of health care or other concession cards, receive social security benefits, or are unemployed and therefore these families are not captured in the DMI score calculation – as these families are likely to be linked in PLIDA data which includes this information
- the student population or a school is highly disadvantaged, noting the SRS already provides additional funding through the SRS loadings for student and school disadvantage – as the DMI methodology already accounts for lower income families
- for a school with a DMI-based score, families of students at the school only reside in the area to access the school and have lower incomes – as the DMI methodology accounts for this
- because a school has high levels of debt
- the financial viability of the school
- a school is experiencing financial hardship
- a school's state or territory government recurrent funding has been reduced by that government, or
- based on the school's fee structure or policies, including the provision of high levels of fee relief to families.

When can I apply for a CTC score review?

An approved authority for a school can apply for a review of a CTC score at any time.[16]

How do I apply for a CTC score review?

Only the approved authority for a school can apply for a CTC score review.

Applications must be made using the CTC score review application form.[17] Applications must be submitted to the department, with all required supporting documentation, via: CTCReviews@education.gov.au or via post to: CTC score Review Team, School Funding Branch, Department of Education, GPO Box 9880, Canberra ACT 2601.

Note: A review application will not proceed where:

- the review reason is listed above at When will a CTC score review not proceed?
- when the approved authority does not provide sufficient evidence to support its case.

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[16] Subsection 53(2) of the *Australian Education Act 2013* allows an approved authority to apply for a determination of a new CTC score for a school. See: www.legislation.gov.au/C2013A00067/latest/text

[17] Section 115 of the *Australian Education Act 2013* requires an application be made in the approved form. See: www.legislation.gov.au/C2013A00067/latest/text

How long does a CTC score review take?

The department aims to complete all reviews as quickly as possible. Because each review is unique, the department cannot complete every review within the same timeframe. In most cases the department will need to work with the ABS and apply for data to be released from the secure ABS DataLab. Timeframes for the ABS functions are outside the control of the department. The review team is committed to keeping approved authorities up to date on the progress of their review application.

Can I withdraw my application for a CTC score review?

Section 117 of the Act allows an approved authority to withdraw an application for a CTC score review at any time before the Minister (or delegate) has made a decision on the application.

IMPORTANT: After an application has been withdrawn, the Minister (or their delegate) may still determine a CTC score for a school on their own initiative. In making that decision, the Minister (or delegate) can consider any relevant information that was included in a withdrawn application. The school's approved authority will be notified of the proposed decision and the reasons for the proposed decision. If the proposed decision is for a higher CTC score, which would result in a reduction in funding, the approved authority will be provided with the opportunity to respond and any response will then be considered before the decision is made.

Outcomes of a CTC score review

When will the deemed CTC score apply to funding?

If the review results in a new, lower CTC score for the school (resulting in a smaller reduction to the SRS base amount than the score under review) the new score will be used to calculate the school's recurrent funding entitlement from the year to which the review application relates. If this year is in the past, or the October payment for the year has been finalised, a top up payment will be made to the school in the next available payment run.

A new, higher CTC score (resulting in a larger reduction to the SRS base amount) will not be applied retrospectively. This means, a higher CTC score will not be determined for a year if the October payment for that year has been finalised. Instead, the new, higher CTC score will be used to calculate the school's recurrent funding entitlements from the following year.

How long will deemed scores apply for?

The number of funding years a deemed CTC score will be applied to a school's funding will be considered on a case-by-case basis by the delegate determining the score.

When deciding the number of years to determine a deemed CTC score for, the delegate will consider the reasons for determining a deemed score and whether these reasons are likely to continue to apply to the school. The delegate will prioritise transition to a CTC score calculated in accordance with the Regulations where this will result in an accurate score for the school.

Except in 2025 (because of the rollover of 2025 CTC scores for 2026), the department will review deemed scores annually, including those determined for more than one funding year. For more on annual reviews of deemed scores see the Annual review of deemed CTC scores section below.

Will my school's transition to 80% of the SRS be affected?

Where a new CTC score is deemed for a school for 2020, 2021 or 2022, the department will make any relevant adjustments to the school's transition pathway to 80% of its SRS. Where adjustments are made to a school's transition pathway, the department will provide written advice to the school's approved authority, detailing anticipated future year funding entitlements.

From 2023, transition pathways will **not** be adjusted where a new CTC score is determined for a school.

Can I seek a review of a deemed CTC score?

Yes. An approved authority can seek a CTC score review at any time regardless of when or on what basis the CTC score was determined.

An approved authority can also seek an **internal review** of the decision to determine a CTC score within a specified time of the decision being made (usually 30 days). An internal review is not the same as a CTC score review. Internal reviews are allowed for certain administrative decisions made under the Act.[18] They are conducted by a departmental officer who was not involved in the making of the decision, and who occupies a position that is at least the same level as the individual who made the decision. If an approved authority is not satisfied with the outcome of an internal review, they can apply to the Administrative Appeals Tribunal (AAT) to seek an **external review** of that decision.

The CTC score review process

Step 1: Initial review of application

The department considers whether the approved authority has a reasonable case for a CTC score review and whether enough evidence has been provided to support the application. The approved authority will be contacted if more information is required.

Step 2: Detailed assessment

Once there is enough supporting evidence for the application, the department will undertake a detailed assessment. Usually this assessment will follow one of the review processes described in the ABS's Technical Framework. The Technical Framework describes a suggested review process for several of the reasons for a CTC score review.

The detailed assessment will consider whether the existing CTC score is accurate or whether a new CTC score should be deemed.

[18] Section 118 of the *Australian Education Act 1013* lists the administrative decisions made under the Act that are subject to internal review. See: www.legislation.gov.au/C2013A00067/latest/text

If required, a parental survey could be suggested

The department could propose a parental survey be carried out. A parental survey would ask questions about each parent's personal income for a specified year. This information would be used by the department to calculate an Adjusted Taxable Income for each parent and, from that information, the median family income for the school. The median family income would then be used to derive the school's CTC score.

The department would exhaust all other avenues before suggesting a parental survey. Parental surveys are resource-intensive for schools to undertake given the high response rate (100% of all parents) required. Also, the accuracy of information collected through a parental survey cannot be guaranteed in the same way the accuracy of administrative data contained in the PLIDA can.

Step 3: Approved authority provided with draft report

The approved authority is given an opportunity to respond to the department's draft assessment report before it is provided to the assessor. At this time the approved authority can provide further evidence or data to support their application.

Step 4: Independent oversight

An independent, internal assessment of the draft assessment report and review documentation is carried out by an independent officer in a separate area of the department who was not involved in the original CTC review process. The internal assessor's role is to ensure the CTC score Reviews Team's assessment is reasonable, appropriate, and thorough in light of all evidence provided and gathered, and that it has followed correct procedures.

Step 5: Recommendation and decision

The department makes recommendations to the Delegate who is a senior departmental official. If a new score is recommended, the years to which that score will apply to the school's funding calculation are also provided to the Delegate for decision.

- If the Delegate is satisfied the CTC score under review is accurate, they will decide to redetermine that score.
- If the Delegate is satisfied the CTC score determined for the school is not accurate, they will determine a new CTC score.

Step 6: Notify approved authority of the decision

The department formally notifies the approved authority of the Delegate's decision.[19] The notice includes the determined CTC score, the years the new score will apply and the reasons for the decision. The notice also sets out the approved authority's right to internal review of the decision. For more information about internal reviews see Can I seek a review of a deemed CTC score?.

[19] In accordance with section 119 of the *Australian Education Act 2013*. See: www.legislation.gov.au/C2013A00067/latest/text

Annual review of deemed CTC scores

The CTC score reviews team carries out a review of deemed CTC scores each year to assess whether a CTC score calculated in accordance with the Regulations would be accurate for the following year.

If, following the annual review, the delegate is satisfied a CTC score calculated in accordance with the Regulations would be accurate, the school's CTC score for the next funding year will be determined in accordance with the Regulations.

For small and very small schools, the move from a deemed CTC score to a score calculated in accordance with the Regulations will be subject to a 2-point cap to align the transition with the approach set out in the Regulations.[20]

If the delegate is not satisfied a CTC score calculated in accordance with the Regulations would be accurate, the annual review will consider whether the methodology used to calculate the deemed score under review still provides an accurate CTC score. As part of this process, the CTC score reviews team will consider whether updated or new data is available that could be applied to calculate a new deemed score that more accurately reflects the school's circumstances.

Note: The department will not conduct annual reviews of deemed CTC scores in 2025. This is because, in accordance with the Regulations a school's 2026 CTC score will be the value of its 2025 CTC score, including if that score is a deemed score.

Publication of CTC scores following review

If a new CTC score determined for a school has not been calculated in accordance with the Regulations, section 24AAA of the Regulations requires the department to publish the CTC score, the years to which the score applies, and the reasons for determining the new score. For transparency, the department also publishes outcomes of CTC score reviews where the newly determined CTC score has been calculated in accordance with the Regulations. Outcomes of CTC score reviews are published on the department's website at: www.education.gov.au/recurrent-funding-schools/resources/outcome-ctc-score-reviews.

Information management and privacy

Information received by the department for a review of a school's CTC score is 'school education information' for the purposes of the Act and may be used and dealt with in accordance with section 125 of the Act and section 65 of the Regulations.

[20] Subsections 22(3) and 23(4) of the Australian Education Regulations 2023 refer. See: www.legislation.gov.au/F2023L01020/latest/text.

The department ensures that it adheres to the Australian Privacy Principles, contained in the *Privacy Act 1988*, when dealing with any personal information provided with an application.

The department requests that applicants do **not** provide personal information as part of their business case or supporting evidence, if possible. Personal information includes information or an opinion, whether true or not, and whether recorded in a material form or not, about an identified individual, or an individual who is reasonably identifiable. However, if a business case relies on the provision of personal information, the department requests that applicants obtain the consent of the individual/s to whom the information relates prior to providing it to the department.

Further information about the collection of personal information during the CTC score review process is provided in the CTC score review Privacy Statement which is available at: www.education.gov.au/recurrent-funding-schools/resources/application-form-review-capacity-contribute-score.

Further information about the department's privacy policy is available at www.education.gov.au/using-site/privacy-statement-department-education.

The department notes that any information provided in an application will be subject to the *Freedom of Information Act 1982*.

Criminal code

Approved authorities should note that giving false or misleading information as part of any application process is a serious offence and may lead to prosecution under the *Criminal Code 1995* and compliance action under the Act.

Further information

If you have any questions or would like further information about the CTC score review process or your application, please contact CTCReviews@education.gov.au.

Appendix A: Reasons for a CTC score review

A recent, significant change in the school community's economic circumstances

(all CTC scores)

Background	There is a lag in the data used to calculate CTC scores. For example: • DMI-based 2025 CTC scores are calculated using income data from 2021-22, 2020-21, and 2019-20, as well as 2024, 2023 and 2022 Address Collection data. • RAB-based 2025 CTC scores are calculated using 2021 Census of Housing and Population income data and the school's 2024 Address Collection. • 2026 CTC scores worked out in accordance with subsection 21(4) of the Regulations are effectively calculated using the data listed above for the type of CTC score determined for the school in 2025. A school's CTC score for a funding year might not be accurate if: • there have been exceptional and localised economic changes that are not reflected in the data collections used for the score's calculation • the economic changes significantly affect the school population's median family income for the funding year.
Example	Closure of a major industry in the area which employed a significant number of parents with children at the school.
Evidence	A review application needs to show evidence that recent changes in the local economy have significantly affected the school's family income profile for the funding year, for example: • media articles documenting the recent closure of a major industry in the area • the proportion of school families directly employed or affected by the recent closure of the major local industry and the estimated impact on family incomes, and/or • recent correspondence from the relevant employers or academic literature from labour market experts. **Notes:** The evidence must clearly demonstrate the income changes are due to a localised event and that the event directly and significantly affects the incomes of parents and guardians in the school community in the funding year. Where a school community has experienced a recent economic change but the change is similar to that experienced by school communities generally, a review would be unlikely to result in a change of CTC score because CTC is a relative measure. Any government income or other support provided to parents affected by the event must be disclosed. Schools experiencing immediate financial viability issues because of natural disasters or other widespread events such as COVID-19 should, in the first instance, approach their non-government representative body about funding support available under the Choice and Affordability Fund.

A recent, significant change in the school community's population

(All CTC scores)

<table>
<tr><td>Background</td><td>There is a lag in the data used to calculate CTC scores. For example:
DMI-based 2025 CTC scores are calculated using income data from 2021-22, 2020-21, and 2019-20 as well as 2024, 2023 and 2022 Address Collection data.
RAB-based 2025 CTC scores are calculated using 2021 Census of Housing and Population income data and the school's 2024 Address Collection.
2026 CTC scores worked out in accordance with subsection 21(4) of the Regulations are effectively calculated using the data listed above for the type of CTC score determined for the school in 2025.
A school's CTC score for a funding year might not be accurate if there have been significant changes in enrolments for that year and the new cohort has a significantly different median family income to the cohorts reflected in the CTC score.

Note: Regular changes in a school's cohort associated with students starting or finishing school or mid-year intakes are reflected over time and are not a valid reason for review.</td></tr>
<tr><td>Examples</td><td>For all CTC scores calculated in accordance with the Regulations, the score might not be accurate if there has been a significant change in enrolments since the Address Collection data used to calculate the score, for example:
following a merger with another school
because of enrolment of students from a school that has closed
because a significant number of parents have chosen to relocate their child to another school.
For DMI-based scores, a CTC score for a year might not be accurate if the cohort enrolled at the school in that year has a significantly different median family income to the cohorts used to calculate the score.

For RAB-based scores, a CTC score for a year might not be accurate if, for that year, there has been a significant change in the SA1s where students live, or a change in the concentration of students living in the existing SA1s, since the Address Collection used to calculate the RAB score.</td></tr>
<tr><td>Evidence</td><td>For DMI-based scores, a review application will need to:
include an updated statements of enrolments and/or evidence of school or campus merger, and
indicate why the current student population has a significantly different family income profile to the previous population, e.g., where it previously did not, the current student population now includes a large proportion of students from families with low-income concession cards.
For RAB-based scores, a review application will need to provide data showing a change in the SA1s where students live, or a change in the concentration of students living in the SA1s reflected in the RAB-based score.</td></tr>
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Difference between the linked and unlinked populations

(DMI-based scores only)

Background	A DMI score reflects the median family income of parents who linked in the ABS's DataLab. The Data Quality Framework considers the potential effects of the unlinked (that is, missing) incomes before a DMI score is validated. Where a school's DMI score has missingness issues, the department first assesses the income coverage rate and the uncertainty in the median income due to that missingness. The department then tests whether the income data of the linked population is representative of the whole school population using the lower bound sensitivity test which tests the DMI score against a hypothetical scenario where missing parents are assumed to have systematically lower incomes. If, following these tests, the department is not satisfied the DMI score is representative of the whole school population, it undertakes a manual evaluation to decide if the DMI score should be validated. As part of a CTC score review, the department would initially test the approved authority's reasons for believing the unlinked population's incomes must be significantly different to the linked population's incomes using various data available, including data in DataLab. If the initial tests support the approved authority's assumptions, the department will reconsider the Data Quality Framework tests, incorporating the new evidence provided by the approved authority for the school.
Examples	The following must apply for a DMI-based CTC score to progress to review: • There must be a material unlinked population. The ABS advises an unlinked population of 5% of students can be enough to change a DMI score in a school with more than 1000 enrolments. For schools with up to 1000 students, an unlinked population of 10% of students can be enough to change the DMI score,[21] and • The unlinked population's incomes must be significantly different to the linked population's incomes.
Evidence	A review application for eligible CTC scores will need to include: • evidence showing there is a material unlinked population in the DMI scores contributing to the CTC score,[22] and • an explanation of why the approved authority believes the family incomes of the unlinked population for each DMI score are significantly different to the family incomes of the linked population.

[21] Page 27, *Technical Framework for the Australian Government's capacity to contribute score review process, Version 2* at: www.education.gov.au/recurrent-funding-schools/resources/technical-framework-capacity-contribute-review-process

[22] The department provides the size of the linked population as a proportion of the whole school population for each of the DMI scores used to calculate a CTC score annually.

The school's RAB score does not accurately reflect the school community's circumstances

(RAB-based scores only)

Background	A school's RAB score is based on family and household income data of the SA1s where students live recorded in the 2021 Census of Housing and Population. They are calculated each year using the Address Collection data for students enrolled at the school in the previous year.[23] For example, a school's 2025 RAB-based CTC score is calculated based on the students enrolled at the school from the 2024 Address Collection. Except for CTC scores for 2026, RAB-based scores are used for schools that do not have 3 consecutive annual DMI scores.[24] This includes new schools with fewer than 3 years of operation, and established schools where the number of persons responsible for students at the school for the year is too low or where one or more of the 3 previous years' annual DMI-scores have been found to not be fit-for-purpose under the DMI methodology's Data Quality Framework.
Example	This reason for review could apply to a school if: • a significant number of the incomes of the families in the school community are significantly lower than the incomes of the other families in their SA1s (also known as 'hidden disadvantage'), and/or • the quality of a significant number of student addresses is poor and they cannot be geocoded with precision (and are therefore not included in the school's RAB score). If a significant number of the missing student addresses are not in the same SA1s included in the RAB score calculation, or their inclusion would significantly change the concentrations of students in the SA1s used to calculate the score, the score might not be accurate.
Evidence	A review application will need to provide: • evidence that indicates the RAB-based score might not be representative of the school community, for example, a validated DMI score that is significantly different to the school's RAB-based score. • for new schools, or established schools with a recent, validated DMI score, evidence that the DMI score is accurate for the year of the CTC score to be reviewed. For example, evidence that the school's median family income is not likely to have significantly changed since the year the DMI score was validated.

[23] Except for 2026

[24] 2026 RAB-based CTC scores will be determined only for new schools starting operation in 2026.

Large average family size

(All CTC scores)

Background	Significantly large family size is recognised by the department as a circumstance that is demonstrably unique to a small number of schools and not currently accounted for in the DMI methodology. If available administrative data for parents and guardians of students at a school with significantly large average family size is of a high enough quality, the department can equivalise incomes for the large families at the school and adjust the school's CTC score to account for larger than average family size.
Example	If the average number of dependents for all families with students enrolled at the school is significantly larger than the national average family size in non-government schools, an approved authority can apply for a review of their school's CTC score. Analysis of average family size in non-government schools is available in the *Technical Framework for the Capacity to Contribute Review Process, Version 2* can be accessed at: https://www.education.gov.au/recurrent-funding-schools/resources/technical-framework-capacity-contribute-review-process For the purposes of CTC reviews, dependants are defined as children under 15 years old or members of the household under 24 years of age who are full-time students.
Evidence	A review application will need to show that the school has a significantly larger average family size than most non-government schools. Evidence could include information from the most recent Address Collection, or information collected by the school through a survey of parents and guardians, showing the average number of dependent children per family enrolled at the school.

Appendix B: Glossary

2026 CTC score

A CTC score for the 2026 funding year determined in accordance with subsection 21(4) of the Australian Education Regulations 2023**.** A school's 2026 CTC score is the same value as its 2025 CTC score. For new schools which do not have a 2025 CTC score, the Minister's delegate will determine a RAB-based 2026 CTC score in accordance with the Regulations.

The Act

Refers to the *Australian Education Act 2013* that sets out the Commonwealth's school funding arrangements.

Address Collection

The department's annual collection of addresses and other data for parents and guardians of students. Approved authorities provide this data via SchoolsHUB.

Administrative data

Information that is maintained by government departments and other organisations that has been made available through PLIDA for research and statistical purposes.

Annual DMI score

A DMI score is calculated for a school each year. Three consecutive annual DMI scores are averaged to create a school's CTC score.

Approved authority

Each school has an approved authority, which is approved under the Act. The approved authority for a non-government school is the legal body approved for that school.

ATI

Adjusted Taxable Income as defined by the Australian Taxation Office. The ATI formula for 2022 can be found at: https://www.ato.gov.au/Individuals/Tax-return/2022/Tax-return/Adjusted-taxable-income-(ATI)-for-you-and-your-dependants-2022/.

Average DMI score

From 2021, the average of the DMI scores for the school for the 3 consecutive years before that year: see section 22 of the Australian Education Regulations at: www.legislation.gov.au/F2023L01020/latest/text.

Australian Education Regulations 2023

The regulations relating to the *Australian Education Act 2013.* These can be found at: www.legislation.gov.au/F2023L01020/latest/text.

Capacity to Contribute (CTC) score

A CTC score is calculated in accordance with the Australian Education Regulations 2023 except where a deemed CTC score has been determined following a CTC score review. A CTC score is a measure of a non-government school community's capacity to contribute to the ongoing costs of running their school, relative to the capacity at other non-government schools. A school's CTC score determines the reduction the Commonwealth applies to the Schooling Resource Standard (also known as an SRS) base funding amount. SRS loadings are not affected by a CTC score. The CTC percentages applied to reduce the SRS base funding are set out at subsection 54(3) of the Act.

Census of Housing and Population

Published every 5 years by the Australian Bureau of Statistics, the census counts every person and household in Australia to collection information about the economic, social and cultural make-up of the country. More information is available at: www.abs.gov.au/census/about-census.

Choice and Affordability Fund

An Australian Government established program to assist the non-government school sector to support schools to deliver choice and affordability and achieve government priorities, including to assist non-government schools during transition to the Direct Measure of Income funding arrangements. More information is available at: https://www.education.gov.au/other-commonwealth-funding-schools/what-choice-and-affordability-fund.

Commonwealth recurrent funding entitlement:

A school's Commonwealth recurrent funding entitlement for a year is its Schooling Resource Standard multiplied by its Commonwealth share for the year.

CTC policy

The agreed capacity to contribute policy as reflected in the *Australian Education Act 2013* and the Australian Education Regulations 2023.

CTC score review

Refers to investigation, triggered by an application made by an approved authority for a school, into whether a school's CTC score for a year is accurate.

DataLab

The Australian Bureau of Statistics' secure research environment.

Data Quality Framework

The Australian Bureau of Statistics' quality assurance framework for the calculation of Direct Measure of Income (DMI) scores. See: www.education.gov.au/recurrent-funding-schools/resources/abs-capacity-contribute-data-quality-framework.

Deemed CTC score

A CTC score that has been calculated using a method that is not set out in the Australian Education Regulations 2023. The Minister (or delegate) can determine a deemed score only when they believe a CTC score determined in accordance with the Regulations (that is a DMI-based CTC score or a RAB-based CTC score) would result in an inaccurate score.

Department

Refers to the Australian Government Department of Education.

DMI

Refers to the Direct Measure of Income methodology used for most CTC scores. A DMI score is calculated annually based on the median family income of parents or guardians of students enrolled at the school for that year. Three consecutive annual DMI scores are averaged to create a school's average DMI score.

DMI-based CTC score:

The average of a school's 3 previous consecutive annual DMI scores is usually determined as a school's CTC score (for CTC scores other than for 2026).

External review

Refers to a review conducted by the Administrative Appeals Tribunal. An applicant can request an external review if they are not satisfied with the outcome of an internal review.

Family income

The sum of the incomes of Parent 1 and Parent 2. Parent 1 and Parent 2 are the parents or guardians reported by the approved authority for a school for each student in the Address Collection.

Family income profile

The income level and distribution of a school's family incomes.

Funding point

A funding point is a change in score that would result in a change to the school's recurrent funding.

Internal review

Refers to a review of a CTC score decision (determination) made under subsection 52(1) of the Act by the Minister's delegate, conducted within the department. Section 118 of the Act lists reviewable decisions that can be made under the Act.

Linked population

A linked population is made up of the parents and guardians whose records linked to PLIDA. The incomes of these parents are included in the calculation of a school's DMI score.

Median family income

For a DMI score, the middle family income in the range of family incomes of students attending the school.

Minister

Minister for Education.

Non-Government Representative Body

A Non-Government Representative Body (NGRB) is approved under the Act for a non-government school. A list of schools each NGRB represents is available at: [waiting on link to Department's website from CAF]

Parental survey

A survey of all eligible parents and guardians of students at a school to collect income data to calculate Adjusted Taxable Incomes to inform the calculation of a new CTC score.

PLIDA

Person Level Integrated Data Asset (formerly known as the Multi-Agency Data Integration Project (MADIP)) is a secure data asset combining information on health, education, government payments, income and taxation, employment and population demographics (including the Australian Bureau of Statistics (ABS) Census of Population and Housing) over time. The ABS is the accredited Integrating

Authority for PLIDA. More information is available at: www.abs.gov.au/about/data-services/data-integration/integrated-data/person-level-integrated-data-asset-plida.

RAB-based score

A Refined Area Based score used as a school's CTC score when an average DMI score is not available (except for CTC scores for 2026).

Refined Area Based (RAB) score

A score worked out in accordance with subsection 23(2) of the Regulations using family and household incomes of the areas where students enrolled at a school reside.

Statement of enrolments

Updated enrolment information provided to the department by an approved authority for a school via SchoolsHUB.

The Regulations

Refers to the Australian Education Regulations 2023.

Reviewable decision

As defined under section 118 of the *Australian Education Act 2013.*

Review scenario

Review scenarios describe the reasons for a CTC score review application and the type of evidence needed to support an application.

SA1

See Statistical Area Level 1.

School community

The parents and guardians responsible for the students attending a school.

Schooling Resource Standard (SRS)

The sum of a school's base amount (as described at subsection 33(1) of the *Australian Education Act 2013* which is inclusive of any CTC reduction) and total loadings for a year.

Small and very small schools

As defined in section 43 of the Act.

Statistical Area Level 1 (SA1)

SA1s are geographic areas with most having a population of between 200 and 800 persons, with an average of 400 persons. SA1s identify areas with different geographic characteristics within suburb and locality boundaries. Data from the Census of Population and Housing by SA1s is used for RAB-based CTC scores.

Student Priority Cohorts

Students who require additional support in the classroom to participate fully in school education. The Schooling Resource Standard identifies 4 student priority cohorts: students with disability, First Nations Students, students from socio-educationally disadvantaged backgrounds and students from low English language proficiency backgrounds.

Technical Framework for the Capacity to Contribute Review Process, Version 2

Produced by the Australian Bureau of Statistics to provide statistical advice to the Department to guide assessment of CTC review applications. It was updated in 2023 to include new data and methods to assist in assessment. This can be accessed at: https://www.education.gov.au/recurrent-funding-schools/resources/technical-framework-capacity-contribute-review-process.

Unlinked population

An unlinked population is made up of the parents and guardians whose records did not link to PLIDA. The incomes of these parents are not included in estimating the median income of the school community.