



Department of Education and Training

Review of the Operation of Part 2.7 of the *Education and Training Reform Act 2006*

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For additional inquiries, please contact:

Mark Harrison

Managing Director, Protiviti

Level 12, 14 Moore Street, Canberra, ACT, 2600

Phone: (0408) 661 325

Email: mark.harrison@protiviti.com.au

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Executive Summary

In March 2015, the Victorian Government amended the *Education and Training Reform Act 2006* (ETRA) to establish a transparent mechanism for State funding of non-government schools.

Specifically, the amendment sought to increase transparency of recurrent funding for non-government schools by amending the ETRA to expressly legislate the minimum linkage percentage of 25 per cent per capita government school funding on 1 July in the previous calendar year, to be allocated to the non-government schools sector. The amendment defines general principles to determine particular recurrent funding lines on which the 25 per cent is applied, called ‘basket of goods’; as well as categories of funding which are included and excluded from the basket. The amendment also establishes a School Policy and Funding Advisory Council (SPFAC) to advise the Minister for Education on regulatory, policy and funding issues for all school sectors.

The amendment includes a legislative requirement to review the operational application of Part 2.7 of ETRA in 2018.

Objective and Scope

The objective of the Review is to examine the effective operation of Part 2.7 of ETRA in legislating the advisory function of SPFAC and in providing a transparent mechanism for State funding of non-government schools.

Within this, the Minister endorsed the scope of the review in consultation with SPFAC, focusing specifically on:

- the operational application of the prescribed funding formula, and whether the application of the formula meets transparency objectives
- the establishment of SPFAC and the mechanisms by which SPFAC advises the Minister about regulatory, policy and funding issues that affect government schools and non-government schools
- that SPFAC has provided advice on regulatory, policy and funding issues affecting government schools and non-government schools.

Conclusion – Scope Item 1 – Transparency of Application of Prescribed Funding Formula

As relevant stakeholders, being leaders of the Department of Education and Training (the Department), Catholic Education Commission of Victoria (CECV) and Independent Schools Victoria (ISV), have expressed satisfaction with regard to their visibility of the operational application of the prescribed funding formula since the introduction of Part 2.7 of the ETRA, we can conclude that satisfactory transparency is being achieved in the determination of recurrent non-government school funding totals. An independent view confirms that those key stakeholders have suitable visibility of (and ability to discuss and debate) the mechanisms for determination of the recurrent funding total for non-government schools.

Conclusion – Scope Item 2 – Establishment of SPFAC and Mechanisms for Provision of Advice to the Minister

SPFAC has been established and is operating consistent with the requirements of Part 2.7 of ETRA. It is supported effectively, and all relevant parties are engaging in its role and operations positively.

A high focus and a perceived significant benefit of SPFAC has been the improvement in communication between the Department, CECV and ISV. Consultations as part of this review referenced better

relationships, tangible engagement and a focus on problem solving, as being clearly positive outcomes of the operation of SPFAC.

Since its establishment, it has canvassed a wide range of matters across the policy, regulatory and funding domains, and advice from SPFAC has been provided to the Minister in each of these domains.

It is not clear how the range of matters considered by SPFAC contribute to the achievement of the State Government's objectives in education, or what important matters are not yet being considered by SPFAC. This represents an opportunity to provide better support to the Minister.

The mechanism by which SPFAC provides advice to the Minister is through incorporation within other Departmental briefings. There is potential to improve the transparency and accountability of SPFAC in its advice to the Minister.

Conclusion – Scope Item 3 – Advice from SPFAC

SPFAC has provided advice to the Minister on policy, funding and regulatory matters that affect government schools and non-government schools.

Recommendations

1. SPFAC should seek to provide the Minister with greater visibility of why matters are included in the work plan, including how the matters on the work plan contribute to the Government's priorities. In presenting this, consideration should be given to identifying other items as determined by the Minister.
2. SPFAC should establish a mechanism by which specific advice from the Council is provided to the Minister.

Background

In 2006, the Victorian Government enacted the *Education and Training Reform Act 2006* (ETRA), as a key component underpinning education and training in Victoria.

The purpose of the ETRA was to reform the law relating to education and training to provide a high standard of education and training for Victorians. It makes provisions for compulsory schooling, vocational, technical and further education and training, establishment and regulation of Government, systemic and independent schools, home schooling, post-secondary education, course accreditations and issuing of qualifications, government teachers and to amend other acts relating to education and training.

In March 2015, the Victorian Government amended the ETRA to establish a transparent mechanism for State funding of non-government schools.

Specifically, the amendment sought to increase transparency of recurrent funding for non-government schools by amending the ETRA to expressly legislate the minimum linkage percentage of 25 per cent, to be allocated to the non-government schools sector. This is to ensure that growth in per student state funding for government schools will also flow through to growth in state funding for non-government schools, which only occurs through administrative arrangements previously. The amendment defines general principles to determine particular recurrent funding lines on which the 25 per cent is applied, called 'basket of goods'; as well as categories of funding which are included and excluded from the basket.

The amendment also establishes a School Policy and Funding Advisory Council (SPFAC) to advise the Minister for Education on regulatory, policy and funding issues for all school sectors. Consistent with the amendment, the SPFAC comprises representatives of the government and non-government school sectors with an option for the Minister to also appoint, from time to time, any other person(s).

Since the passage of the amendment, the SPFAC has been established, with the following members:

- The Secretary of the Department of Education and Training (the Department) as the Chair;
- A representative of the Catholic Education Commission of Victoria (CECV);
- A representative of Independent Schools Victoria (ISV);
- A representative of Government schools who is employed in the Department; and
- An independent member to represent the common interests of all students in Victoria.

As at October 2018, the SPFAC has met 16 times since its establishment.

Within the ETRA, there is a legislative requirement for the Minister to review the operation of Part 2.7 of ETRA in 2018. This review is to be undertaken in consultation with the School Policy and Funding Advisory Council (SPFAC). The Review is intended to examine the effective operation of Part 2.7 of ETRA in legislating the advisory function of SPFAC and in providing a transparent mechanism for State funding of non-government schools.

Scope and Approach

The objective of the Review is to examine the effective operation of Part 2.7 ETRA in legislating the advisory function of SPFAC and in providing a transparent mechanism for State funding of non-government schools.

Within this, the Minister endorsed the scope of the review in consultation with SPFAC, focusing specifically on:

- the operational application of the prescribed funding formula, and whether the application of the formula meets transparency objectives
- the establishment of SPFAC and the mechanisms by which SPFAC advises the Minister about regulatory, policy and funding issues that affect government schools and non-government schools
- that SPFAC has provided advice on regulatory, policy and funding issues affecting government schools and non-government schools.

Review Approach

The review has consisted of the following procedures:

- review of extensive documentation provided by the Department, including papers and minutes of the SPFAC and its working groups, briefing material provided to the Minister, documentation and calculations underpinning the determination of funding for non-government schools in Victoria and various correspondence; and
- consulted with representatives of the Department, CECV, ISV and SPFAC.

A full list of people consulted is included at Appendix A. The Review team thanks all people consulted for their time, cooperation and candour.

Review Limitations

For the avoidance of doubt, we note the following have not been undertaken as part of this Review:

- consulted with the Minister for Education or his office;
- consulted with educators in non-government schools or inspected any non-government schools;
- attended a meeting of the SPFAC;
- consulted with all members of SPFAC, as in some instances the members chose to delegate engagement with this review to subordinate representatives;
- considered the mechanisms for allocation of funding to individual schools;
- examined funding flows to individual non-government schools or school systems; and
- considered the appropriateness or otherwise of the prescribed funding formula included in Part 2.7 of the ETRA.

In certain instances we have relied on representations made to the Review during the course of the Review. We have not obtained independent verification or evidence in instances where we could see no reason not to rely on information provided.

Scope Item 1: The operational application of the prescribed funding formula, and whether the application of the formula meets transparency objectives

Background

The reforms brought in by the ETRA aimed to clarify how non-government schools are funded. The Act guaranteed that non-government schools will receive at least 25 per cent of the funding that is provided to government schools, according to a statutory formula. The 'broad principle' underpinning this was that this will be calculated as a percentage of the funds provided for teaching, learning and the welfare of students.

The formula noted above (which defines a minimum funding level) is as follows:

$$\left(\frac{A}{B} \times \frac{1}{4}\right) \times C$$

Where:

A is the amount of Government school recurrent funding for the financial year commencing on 1 July in the previous calendar year;

B is the number of students enrolled in Government schools (other than in a school referred to in Schedule 10), as counted in the Government school census for the previous year;

C is the number of students enrolled in non-Government schools, as counted in the non-Government school census for the previous year.

Notably, funding that is provided to government schools for purposes such as payroll tax, capital expenditure and early childhood development funding sits outside of this calculation. In addition, funding provided by the Commonwealth Government, as well as funding for programs or initiatives that are provided to both government and non-government schools, also sits outside of this calculation.

The determination of the funding base for government schools recurrent funding, which underpins the calculation, utilises a "basket of goods", which seeks to determine relevant funding for government schools, upon which to apply the 25 per cent formula. This basket of goods uses an identified cost base and applies an assessment process to determine a common per government student education cost, based on the inclusion of identified education costs that are applicable in the non-government sector and the exclusion of costs incurred by the Department that are not related to the broad education sector, the exclusion of sector neutral items or those specific to the NGS sector.

The nature of costs that are included are those costs that are directly applicable to both government and non-government sectors, such as:

- Formula based school funding (i.e. Student Resource Package minus non-related funding, such as payroll tax, specific schools such as special schools, etc); and
- School programs (school support services officers, drugs strategy, notebook program, IT licenses, etc.).

Per part 2.7.2 (3) of the ETRA, the nature of costs that are excluded from the basket of goods are those not directly applicable to the non-government sector, sector neutral or are already being provided to the NGS sector. These include:

- Non-government schools funding;
- Commonwealth funding for government schools;

- Sector neutral items, for example, Camps, Sports and Excursions Funding;
- Capital property items that could be funded separately;
- Early childhood funding;
- Head office (including short term projects), regional administration and statutory authorities; and
- Non-related SRP funding (such as payroll tax and funding for specific schools such as special schools).

Transparency

Transparency is a commonly used, but often not particularly precisely defined, term in current business.

Recent research suggests there are three primary aspects of transparency relevant to management practice: information disclosure, clarity, and accuracy. To increase transparency, managers actively infuse greater disclosure, clarity, and accuracy into their communications with stakeholders.¹

The Review has been unable to identify specific “transparency objectives” associated with the passage of Part 2.7, or in the determination of funding to non-government schools.

For the purpose of this Review, we have considered transparency in connection with the application of the prescribed funding formula as relating to the key stakeholders involved in distribution of the funding; that is the Department and the appointed representatives of non-government schools in Victoria (being CECV and ISV).

Consequently, if CECV and ISV perceive that they have suitable clarity of the application of the prescribed funding formula, then it can be determined that requisite transparency has been achieved.

While it is possible that transparency to other, less direct, stakeholders may be beneficial or desired, this has not been assessed as the intent of Part 2.7 and therefore has not been considered in any material manner by this Review. This could include the general public, the leaders of individual non-government schools or the Parliament of Victoria.

Findings

The prescribed funding formula as presented in Part 2.7 of ETRA has been applied for a number of years prior to the introduction of Part 2.7.

Prior to Part 2.7, the application of the prescribed funding formula was calculated by the Department and worked through with the Non-Government Schools Reference Group (NGS Reference Group). The NGS Reference Group was an established body including representation of the Department, CECV and ISV. The NGS Reference Group, which now exists as a sub-committee of SPFAC, was provided with papers and evidence of the determination of the basket of goods each year and how that translated to resultant funding to non-government schools. This group discussed and debated aspects of the determination of the basket of goods and the application of the prescribed funding formula, which informed the Department’s briefing to the Minister on the proposed funding outcome for non-government schools.

Since the introduction of Part 2.7, a similar process is followed with the Department presenting the NGS Reference Group with the proposed determination of the basket of goods each year, and the translation of that to resultant funding to non-government schools using the prescribed funding formula. This is discussed and debated in the NGS Reference Group, and then relevant information is provided to SPFAC, for final recommendation to the Minister.

¹ Schnackenberg, Andrew K.; Tomlinson, Edward C. (March 2014). "Organizational transparency: a new perspective on managing trust in organization-stakeholder relationships". *Journal of Management*.

The Review considered what information was provided in papers to the SPFAC and noted that considerable detail is available to all members (being the relevant stakeholders). The Review also noted from the Minutes of relevant SPFAC meetings that there is detailed and robust discussion regarding key aspects of the application of the prescribed funding formula.

Representatives of both CECV and ISV noted that they had satisfactory access to information through the NGS Reference Group and the SPFAC to be confident of appropriate transparency of the application of the prescribed funding formula. On that basis, and noting the view taken by this Review regarding transparency objectives, we have concluded that operational application of the prescribed funding formula does provide the Department, the CECV and ISV with sufficient and appropriate transparency of the determination of total funding to non-government schools consistent with the principles outlined in Part 2.7.

Basket of Goods Decisions

The most significant and potentially most contentious aspect of the application of prescribed funding formula is the determination of the content and value of the basket of goods each year (in effect, the determination of “A” in the prescribed funding formula).

The Review noted that there has been debate around certain positions on the determination of the basket of goods by the Department each year since the introduction of Part 2.7. In general these debates relate to relatively small values (in the context of the total funding value). Based on records and consultation, these debates are held productively and are based on full visibility of underlying data.

The Review also noted that there are some limited instances where decisions are taken to include certain items in the basket of goods, which may otherwise be excluded based on the application of principles associated with the basket of goods. An example of this is the “teacher notebook program”. The Department chose to include this in the basket of goods as a “goodwill” gesture. Decisions of this nature inevitably reduce transparency as the reliability of decision making can be called into question.

However, we note that these instances are relatively rare and involve relatively low values. On that basis, the impact on transparency can be assessed as low.

Prescribed Funding Formula Has Not Been the Determinant of Funding Since Introduction of Part 2.7

It is worthwhile noting that the prescribed funding formula has not been the determinant of total funding to non-government schools in the past three years. The prescribed funding formula establishes a minimum recurrent funding total for non-government schools. In each of the past three years, consistent with advice from SPFAC, the Minister has chosen to apply a simple indexation of three percent on prior year funding as the determination of the total non-government school recurrent funding. For the 2018-19 funding year, basket of goods methodology was approved for application through consultation with the NGS Reference Group, SPFAC and the Minister.

Given the final determination of recurrent non-government school funding has predominantly been based on a mechanism not related to the prescribed funding formula, it could be argued that that formula has had limited impact on funding determination. Further, it could be argued that other commonly used approaches by the Minister for determination of recurrent non-government school funding could be referenced in Part 2.7 to increase transparency. However, as the Department, CECV and ISV all report satisfactory visibility of how the funding is determined, any such change is unlikely to provide significant benefit.

In this regard, we note that the Minister has the power under Part 2.7 to request reporting on the application of funding. This has not been a power the Minister has utilised to date. It could be used in the event that concerns regarding transparency were raised.

Role of SPFAC

The SPFAC provides a “formality” around the consideration of the application of the formula and the determination of the funding total (recommended to the Minister), which can only be seen as good for transparency and accountability.

Conclusion

As relevant stakeholders, being leaders of the Department, CECV and ISV, have expressed satisfaction with regard to their visibility of the operational application of the prescribed funding formula since the introduction of Part 2.7 of the ETRA, we can conclude that satisfactory transparency is being achieved in the determination of recurrent non-government school funding totals. An independent view confirms that those key stakeholders have suitable visibility (and ability to discuss and debate) over the mechanisms for determination of the recurrent funding total for non-government schools.

Recommendations

Nil

Scope Item 2: The establishment of SPFAC and the mechanisms by which SPFAC advises the Minister about regulatory, policy and funding issues that affect government schools and non-government schools

Background

Division 3 of Part 2.7 of the ETRA defines the legislative obligations regarding SPFAC, as follows:

2.7.9 Establishment

The School Policy and Funding Advisory Council is established.

2.7.10 Function

The function of the School Policy and Funding Advisory Council is to advise the Minister about regulatory, policy and funding issues that affect Government schools and non-Government schools.

2.7.11 Membership

(1) *The School Policy and Funding Advisory Council consists of the following members, appointed by the Minister—*

- (a) *the Secretary of the Department, who is to be the Chairperson of the Council;*
- (b) *a representative of the Catholic Education Commission;*
- (c) *a representative of ISV;*
- (d) *a representative of Government schools, who is employed in the Department.*

(2) *The Minister, from time to time, may appoint any other person as a member of the School Policy and Funding Advisory Council who, in the Minister's opinion, has the necessary expertise to contribute to its function.*

2.7.12 Further provisions for School Policy and Funding Advisory Council

The Minister, by Order, may make any further provisions in relation to the School Policy and Funding Advisory Council.

The Minister established SPFAC by Ministerial Order 858 in January 2016 and a further Ministerial Order 1002 in September 2017 for the appointment of the Independent Member. No other Ministerial Orders have been made relating to the SPFAC.

SPFAC established a Terms of Reference in late 2015, which has been updated annually and approved by the Minister. The Terms of Reference establishes the Council's function consistent with the purpose defined in clause 2.7.10 above.

The most recent Terms of Reference, following the 2017 annual review defines the roles and responsibilities as follows:

The Council will provide advice to the Minister on regulatory, policy and funding issues that affect government and non-government schools and include a focus on:

- Cross-sectoral reforms that will contribute to improved Victorian school education system outcomes (e.g. contribution to the policy agenda for the Education State);
- Funding, accountability and reporting issues that affect government and non-government schools, including the development of funding agreements with non-government schools;

- Policy development that contributes to improved outcomes for specific cohorts (e.g. students with disabilities reform, vulnerable children, Aboriginal students, students from low socio-economic backgrounds and new arrivals);
- Regulatory issues with consideration given to advice provided by relevant statutory authorities;
- Commonwealth-State issues (e.g. National Partnerships and Commonwealth Government reviews and targeted programs); and
- Maintaining high performance for existing and new students, advocate for improved outcomes for all Victorian students, and seek out and highlight opportunities for collaboration between sectors.

The membership of SPFAC is consistent with the requirements of clause 2.7.11 of Part 2.7, and it is noted that membership roles are occupied by the most senior representatives of each of the three organisations.

Since its establishment, SPFAC has met 16 times, and typically is meeting around four times per year for approximately two hours each meeting. This exceeds the requirement in its Terms of Reference, being to meet at a minimum three times per year.

SPFAC has a number of sub-committees and working groups that exist to support the work of the Council. At the date of this report, there were six such bodies as follows:

SUBSTANTIVE



NGS REFERENCE GROUP
is the primary consultation forum for discussion between DET, CECV and ISV on funding and related matters



PERFORMANCE REPORTING & DATA SHARING WORKING GROUP
works to develop an enhanced approach to the access, analysis and reporting to Council and the Minister on school system-level performance data



COLLABORATION WORKING GROUP
is a forum for cross-sector collaborative opportunities and discussing issues relevant to improving student outcomes

TIME-LIMITED



NAPLAN ONLINE STEERING COMMITTEE
provides recommendations and advice on critical decisions for the Victorian transition to NAPLAN Online



SCHOOL LEADERS FOR GENDER EQUITY AND RESPECT WORKING GROUP
a cross-sectoral advisory group to champion gender equality and respect, and build relationships with principals, teachers and community leaders across the State to address family violence through education



KOORIE EDUCATION WORKING GROUP
considers cross-sector collaborative opportunities and provides a forum for discussing raising the aspirations and achievement for Koorie students, including implementing the *National Aboriginal and Torres Strait Islander Education Strategy*

Meetings of SPFAC and its working groups are guided by agreed agendas and papers which are circulated in advance, and are documented in the form of minutes which are agreed by all parties after the meetings. Secretariat for the SPFAC is provided by a small team within the Department that are dedicated to non-government schools and are appropriately resourced to provide professional support.

The SPFAC established a work plan each year to guide its activities. These work plans are determined collaboratively, with input from all members. The following lists the various items on work plans since the establishment of SPFAC in 2015:

Theme	Work Plan Topic
Funding	Memorandum of Understanding (MoU) and Funding Agreements: Development of new funding arrangements with CECV and ISV, with consideration of the timing and approach to renewal. Consideration of the state funding model and capital funding for non-government schools.

Theme	Work Plan Topic
Policy and Funding	VAGO Audit of Grants to NGS: Cross-sectoral engagement on any emerging issues from the audit and consideration of changes in advance of the final report. Updates on other VAGO audits related to school education.
Policy and Funding	<p>Commonwealth-State issues: Cross-sectoral advice on Commonwealth-State issues, including:</p> <ul style="list-style-type: none"> • positions in relation to Commonwealth funding post 2017; • shared approaches to the National Partnership programs; • opportunities to streamline administration and red tape for Victorian schools; and • opportunities for data sharing arrangements and technology synergies. <p>Advice on Commonwealth-State issues, including future funding arrangements, Victorian transition to NAPLAN Online and the <i>Nationally Consistent Collection of Data on School Students with Disability</i>.</p>
Policy and Funding	Financial Assistance Model (FAM): Consider implementation of any agreed outcomes of the 2017 Review of the Financial Assistance Model (tentative, subject to decisions made to make any changes).
Policy and Regulation	Vulnerable children and young people (Betrayal of Trust and Royal Commission into Family Violence): Consider the impact of the <i>Child Safe Schools Act 2015</i> (minimum standards of school registration and child safe standards), related regulatory issues (e.g. boarding schools), and emerging issues from the Royal Commission.
Policy	Education State: Cross-sectoral engagement on the development and implementation of strategic priorities for the government and non-government school system, including high-level updates on the Review of Government School Funding and election commitments. Review of cross-sectoral performance against Education State school targets and identify strategic priorities to improve system-level outcomes.
Policy	International education: Provide advice on promoting the international education drawing on the successes of each sector.
Policy	Student attendance: Collaborate on the development of new approaches that aim to improve student attendance in schools, including the sharing of best practice examples and case studies.
Policy	Cross-sectoral collaboration: Continue to develop and promote cross-sector partnerships to deliver a high-quality education for all students. Opportunities for collaboration include initiatives to improve student outcomes, the quality of the teaching workforce and the sharing of good practice and resources.
Policy	Disability reform: Continue to collaborate on disability reform issues, provide updates on the PSD Review, and consider of issues related to the impact of the National Disability Insurance Scheme (NDIS).
Policy	Post-secondary transitions: Consider opportunities for improved data collection and sharing to support post-secondary transitions across all school sectors (e.g. On-Track Survey).
Policy	School Leaders For Gender Equality and Respect (SLFGER): Establish and implement the Alliance to highlight and address sexism, gender equality and gender-based violence across all school sectors.

Theme	Work Plan Topic
Policy	School leadership and workforce: Provide advice on improving the quality and supply of the whole-of-state school workforce including consideration of attraction, training, registration, supply and demand and workforce data.
Policy	Inclusive education: Collaborate and provide advice on inclusive education reforms to meet the Victorian Government's vision of equity and excellence for all schools to be inclusive for students with disabilities and additional needs.
Policy	Koorie students: Collaborate on raising aspirations and achievement for Koorie students, including implementing the <i>National Aboriginal and Torres Strait Islander Strategy</i> .
Policy	Social cohesion: Consider policy responses to addressing the radicalisation of young people in schools, including implications for curriculum.
Policy	Arts Education: Collaborate on activities to promote the arts and provide advice on initiatives to promote the Education State target of Excellence in the Arts.

Findings

SPFAC has been established and has continued to operate consistent with the structures defined in Part 2.7 of ETRA. This Review has noted no instance of non-compliance with the clauses in Part 2.7 of ETRA.

The structures and support for the Council follow generally accepted principles of Committee or Council governance, including:

- approved Terms of Reference, for both the Council and its sub-committees and working groups;
- formal appointments of people qualified to meet the Terms of Reference;
- reliable attendance by members;
- agendas circulated and agreed in advance of the meeting;
- papers distributed in advance of meetings, with sufficient time for effective consideration;
- appropriate engagement with members outside of the meetings to ensure meetings are productive;
- minutes and action items maintained;
- development of annual work plans and agendas for the year to establish agreed body of work that is consistent with the Terms of Reference;
- self-evaluation by the Council at the end of each year of achievement of the annual work plan; and
- appointment of Chair role.

In September 2017, an additional independent member accepted the role and the appointment by the Minister to SPFAC was effective on 2 November 2017. The role of the Independent Member is nominally to represent the common interests of all students in Victoria. The addition of independent membership to Councils such as SPFAC is generally considered good practice in order to provide an independent perspective on matters being considered. All people consulted in this Review reported that the appointment of an independent member had been a positive influence on the Council's work. The process for identification and selection of the independent member was seen as robust and appropriate.

The use of sub-committees or working groups to support the Council in its activities is a common construct which appears to provide a useful forum for good discussion, debate and work, and assists the efficiency and effectiveness of SPFAC. In all cases, the working groups have defined terms of reference and are undertaking work that is consistent with SPFAC's purpose. All stakeholders consulted noted that the work being undertaken by those working groups was positive.

The number of meetings and volume of work being undertaken by the Council and its working groups is extensive, requiring considerable investment by the Department, CECV and ISV. Each of these bodies seeks to invest the effort and time required, and in general this appears to work successfully. It is noteworthy that the bodies are of different size and have different levels of capacity and capability to dedicate to SPFAC and its working groups. This can put pressure on smaller organisations than the Department to maintain an optimal level of engagement. However, all bodies noted that they are able to engage sufficiently to meet their needs at this time.

Areas of Focus

Ministerial Advisory Councils operate in different ways depending on the purpose and the needs of the Minister that creates them. Some are directly tasked with providing advice on specific matters that are referred to it by the Minister. Others, such as this one, have a standing role and provide advice on matters that arise within that standard role.

The SPFAC establishes an annual work plan of matters that it is going to consider and (where appropriate) provide advice to the Minister. This annual work plan is provided to the Minister and (presumably) the Minister has supported the areas of focus.

The matters on the work plans since the establishment of SPFAC are established by consensus, and all are sound and valid matters relating to schools in Victoria, for which the Minister may benefit from advice. Further, all fall within the categories of scope of the SPFAC's Terms of Reference, being funding matters, policy matters and regulatory matters. As can be seen from the list earlier in this section, the majority of matters considered are policy matters, with fewer matters falling into the funding or regulatory categories. This is not inappropriate, and it is noted that the items do not necessarily receive equal time from SPFAC.

Of the three areas of focus for SPFAC, the one which has received least attention is regulatory matters. Naturally, SPFAC is aware of the independent roles of the Victorian Registration and Qualifications Authority (VRQA) and the Victorian Institute of Teaching (VIT) in regulating schools, and the need not to duplicate or challenge those independent regulatory roles. This naturally and appropriately limits the coverage of regulatory matters that SPFAC can valuably contribute to. It is noted however, that SPFAC has considered some regulatory matters (outside of the scope of VRQA and VIT), including in relation to vulnerable children.

The fact that SPFAC has been able to work collaboratively to support advice to the Minister regarding the recurrent State funding of non-government schools and the overarching memoranda of understanding, indicates that it has been able to perform a valuable role in this contentious matter.

SPFAC reports a self-assessment of its performance against the work plan at the end of each year, and it is clear that for the majority of matters on the plan, SPFAC is able to report that it has either completed or progressed activities under the work plan. In some cases, this may simply be a conversation and discussion of issues. In others, more concrete work and more specific advice is able to be evidenced. Again, the Minister is provided with these annual reports of SPFAC against its work plan, and (presumably) the Minister has been satisfied with the work being undertaken.

While all the matters on the work plans for SPFAC since its commencement appear sensible and appropriate, it is not clear how they fit together into a coherent objective or outcome. It is also not clear what important matters relating to schools in Victoria have *not* been considered by SPFAC. A relatively common construct in the definition of work for committees and councils is to define either a specific end-state objective which all work contributes to, and/or to define the complete list of matters that the committee or council could consider, in order to provide a framework for considering the

appropriateness of the work plan. Neither exists for SPFAC, which makes it difficult to assess the appropriateness of its work plan selection.

Recommendation 1: SPFAC should seek to provide the Minister with greater visibility of why matters are included in the work plan, including how the matters on the work plan contribute to the Government's priorities. In presenting this, consideration should be given to identifying other items as determined by the Minister.

The scope of SPFAC is matters affecting "government schools and non-government schools". SPFAC has interpreted this as matters that effect either only non-government schools, or all schools. Specifically, SPFAC has not sought to discuss or consider matters affecting government schools only. Given the membership of SPFAC, this is perhaps not surprising, and it is also accepted as appropriate by all members of the Council.

Consensus and Collaboration

A high focus and a perceived significant benefit of SPFAC has been the improvement in communication between the Department, CECV and ISV. Consultations as part of this review referenced better relationships, tangible engagement and focus on problem solving, as being clearly positive outcomes of the operation of SPFAC.

It is understood that this was seen as important to the Department given previous difficulties in the relationship between the Department, CECV and ISV, in particular in relation to funding.

On this basis alone, SPFAC can be seen as successful.

The Review was advised that this focus on collaboration has likely influenced the definition of the work plan and the agendas for SPFAC. Specifically, we were advised that some more contentious matters have not been included on the work plan, as it was determined they may impact the spirit of collaboration being achieved. While the Review has not been able to determine specific examples of this, the fact that it has been reported to the Review suggests that it is a matter to which the parties may like to respond. It is likely that by addressing Recommendation 1 above, this assertion can be managed more effectively.

Based on a review of the minutes of SPFAC meetings, and advice provided to the review, it does appear that SPFAC has conducted its work in a collaborative manner. There have been limited instances of material disagreement between the members on matters on the agenda. In instances where there are areas of disagreement, the Review has seen that advice to the Minister presents all perspectives discussed, which is in keeping with the SPFAC Terms of Reference.

A significant contributor to that improved relationships has been the view of CECV and ISV that they have an opportunity to contribute to Government matters affecting non-government schools. Since the establishment of SPFAC, both CECV and ISV reported that they have not experienced decisions of Government affecting them have not been at least visible to SPFAC (where appropriate and relevant). It is therefore important for the Department to ensure that this continues. The Department uses an internal Policy and Funding Working Group, with relevant representation from around the Department, to ensure that SPFAC's agenda is known across the Department, and that it can be made aware of work in the Department that may have relevance to SPFAC. This is a sensible approach and appears to be operating effectively. Further the fact that the majority of Deputy Secretaries in the Department are invited to SPFAC allows visibility of matters that need to be brought to the attention of SPFAC.

Mechanisms for Provision of Advice

Advice to the Minister from SPFAC is incorporated with other briefings to the Minister from the Department (through both formal and informal briefing channels). SPFAC does not directly provide its own advice or reports, and non-government members of SPFAC have limited visibility of briefings being provided to the Minister. While all members of SPFAC appeared comfortable with this arrangement, it does reduce the transparency of sourcing of advice from SPFAC.

In late 2017, SPFAC commenced the publication of an Official Statement after each meeting, which is a jointly signed report describing matters discussed, areas of focus and achievements of SPFAC. This is provided to the Minister as well as to stakeholders beyond the membership of SPFAC. This is a good communication tool and provides evidence of the value that SPFAC is providing. However, not surprisingly, these Statements do not include specific advice for the Minister.

It is clear that not all matters on the work plan since the commencement of SPFAC have resulted in *advice* on positions or proposed action by the Minister or the Government². In some cases this may be because SPFAC has not completed its deliberations, or has not been able to come to a specific position to support advice. This potentially contributes to an assertion made by a number of stakeholders to this Review, being that SPFAC is “more about the conversation and less about clear, crisp advice on key issues”. Further, others noted a “lack of traction” on key issues.

The root cause of this could stem from a number of features of SPFAC: the focus on collaboration; the absence of a direct communication of advice to the Minister; or the complexity of issues at hand.

This absence of advice on some issues may be no more than a missed opportunity.

Recommendation 2: SPFAC should establish a mechanism by which specific *advice* from the Council is provided to the Minister.

Conclusion

SPFAC has been established and is operating consistent with the requirements of Part 2.7 of ETRA. It is supported effectively, and all relevant parties are engaging in its role and operations positively.

A high focus and a perceived significant benefit of SPFAC has been the improvement in communication between the Department, CECV and ISV. Consultations as part of this review referenced better relationships, tangible engagement and focus on problem solving, as being clearly positive outcomes of the operation of SPFAC.

Since its establishment, it has canvassed a wide range of matters across the policy, regulatory and funding domains, and advice from SPFAC has been provided to the Minister in each of these domains.

It is not clear how the range of matters considered by SPFAC contribute to the achievement of State Government objectives in education, or what important matters are not yet being considered by SPFAC. This represents an opportunity to provide better support to the Minister.

The mechanism by which SPFAC provides advice to the Minister is incorporation within other Departmental briefings. There is a potential to improve the transparency and accountability of SPFAC for its advice to the Minister.

Recommendations

1. SPFAC should seek to provide the Minister with greater visibility of why matters are included in the work plan, including how the matters on the work plan contribute to the Government’s priorities. In presenting this, consideration should be given to identifying other items as determined by the Minister.
2. SPFAC should establish a mechanism by which specific *advice* from the Council is provided to the Minister.

² In this regard, we have considered the definition of advice, taken from the Cambridge University Online Dictionary, as “an opinion that someone offers you about what you should do or how you should act in a particular situation”. It is action oriented.

Scope Item 3: That SPFAC has provided advice on regulatory, policy and funding issues affecting government schools and non-government schools

Background

The function of the SPFAC is to advise the Minister about regulatory, policy and funding issues that affect government schools and non-government schools.

The mechanisms by which this occurs is presented in the previous section of this report.

Findings

The Review was provided with examples of briefing material provided to the Minister which referenced discussions or positions from SPFAC. On this basis, we can see that SPFAC has provided advice to the Minister on policy, funding and regulatory matters.

In particular we note that in each year of its existence, the Minister has received information regarding SPFAC's deliberations in terms of the application of the basket of goods and statutory funding formula.

Conclusion

SPFAC has provided advice to the Minister on policy, funding and regulatory matters that affect government schools and non-government schools.

Recommendations

Nil

Appendix A: Personnel Consulted in this Review

The following personnel were consulted during the course of this review. We thank them for their time, support and candour.

- Ms Gill Callister, Secretary, Department of Education and Training
- Ms Katy Haire, Deputy Secretary, Department of Education and Training
- Ms Jenny Atta, Deputy Secretary, Department of Education and Training
- Mr Simon Kent, Deputy Secretary, Department of Education and Training
- Ms Pippa Procter, Acting Executive Director, Strategy and Integration Division, Department of Education and Training
- Ms Toniann Stitz, Director, Schools Finance and Resources, Department of Education and Training
- Mr Justin Mahon, Manager, Government Reporting and Measurement Policy, Department of Education and Training
- Ms Min Dardovski, Manager, Schools Funding Allocation, Department of Education and Training
- Ms Karen Peter, Schools Funding Allocation, Department of Education and Training
- Mr Charles Tyers, Strategy and Integration Division, Department of Education and Training
- Mr David Dickens, Strategy and Integration Division, Department of Education and Training
- Ms Jill Kidd, Strategy and Integration Division, Department of Education and Training
- Mr Duncan Chew, Strategy and Integration Division, Department of Education and Training
- Ms Lavinia Savell, Strategy and Integration Division, Department of Education and Training
- Prof. Kwong Lee Dow, Independent Member, SPFAC
- Mr Jim Miles, Catholic Education Commission of Victoria
- Mr David Wilkes, Catholic Education Commission of Victoria
- Mr Bruce Phillips, Catholic Education Commission of Victoria
- Mr Nigel Bartlett, Independent Schools Victoria
- Ms Fiona Tracey, Independent Schools Victoria

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