



Needs-Based Funding Distribution Arrangements for Al-Faisal College Ltd System

INTRODUCTION

Al-Faisal College Ltd (AFC) is the Approved System Authority (“the System”) operating three Islamic schools in NSW, educating more than 4,000 students.

The schools offer families from all socio-economic backgrounds an affordable, quality school education option alongside those offered by government and other non-government schools.

AFC is experiencing strong growth in demand from families since establishing its first school in 1998. It plans to open additional schools in other parts of Sydney to meet this demand.

This document has been prepared in accordance with government requirements to provide public information on the distribution of recurrent government funding to AFC schools.

FUNDING PRINCIPLES

1. This needs-based funding distribution arrangement is based on the principles of transparency, accountability, sustainability and, above all, student need.
2. The System distributes all recurrent funding from the Australian and NSW Governments in compliance with the *Australian Education Act 2013* and *Australian Education Regulation 2013*.
3. The System undertakes needs-based funding arrangements that take account of the specific circumstances of each student in AFC schools. In line with Section 78(5) of the *Australian Education Act 2013*, these arrangements seek to minimise disadvantage, achieve high-quality education outcomes for each student and realise operational efficiencies.
4. To achieve efficiencies through economies of scale and maximise funds available for educational purposes, the System operates a central shared services model to undertake corporate support functions on behalf of each school including salary payments, HR management, administration and finance, marketing, ICT, workplace health and safety, quality assurance and compliance across all its schools.
5. In the event of special circumstances, such as a crisis or natural disaster, the System may seek an additional, temporary levy from schools for special purpose funding of schools.
6. All recurrent government funding received by the System is expended or committed to be expended on the education of AFC school students in the year that it is received.

NEEDS-BASED FUNDING ARRANGEMENT

1. The aim of this needs-based funding arrangement is to ensure each school is allocated the resources necessary to deliver optimum results and quality education to its students while maintaining financial sustainability.
2. As an Approved System Authority, AFC receives recurrent funding from both the Australian Government and the NSW Government at a “System” level, based on the Schooling Resource Standard (SRS) of each AFC school.
 - a. The Commonwealth Government calculates a notional per-student SRS funding level using a base amount per student (indexed annually) plus disadvantage loadings for up to six types of student and school characteristics.
 - b. The portion of the base amount per-student to be funded by government is reduced according to parents’ “Capacity to Contribute” (CTC) at each school. This is estimated by the Commonwealth Government using de-identified income tax data to give each school a Direct Measure of Income (DMI) score. Each DMI score is assigned a corresponding CTC discount percentage for primary and secondary students, which reduces the base amount per student paid by government on behalf of each AFC school to the System.
3. The System uses each AFC school’s total SRS funding as the basis for allocating each school with the staff and other resources necessary to deliver optimum results and quality education for its students.
4. An amount per student is retained by the System to support shared services functions and achieve operational efficiencies. Administrative costs are attributed to schools and reported in the annual Financial Questionnaire for publication on www.MySchool.edu.au
5. The System also receives funding in the form of fees from parents and other private fundraising.
6. All fees and other income from private sources are also committed solely for school-related purposes. It is prudent to allocate some of these funds for future non-recurrent purposes, including:
 - a. reserves to ensure financial viability in the event of delays in receipt of payments, or other risks including unforeseen events
 - b. depreciation and amortisation expenses, which are of a non-cash nature but are necessary to cover future capital replacement and refurbishment costs
 - c. funds for new and expanded school facilities to meet enrolment demand from population growth and other factors

AFC Base Funding Distribution Principles	Compliance with Australian Education Act 2013 Section 78(5)
Mechanism for allocating system administration and shared services costs through a System Levy - Levy for administrative expenditure incurred on behalf of schools - Levy for special purpose funding due to specific circumstances such as crisis or other need. The levy from each school is based on the number of its students.	(a) Provides an amount per student that: (i) represents the recurrent resources required to support a student with minimal educational disadvantage to achieve expected educational outcomes; and (ii) takes account of efficiencies that can be realised while improving educational outcomes
Loadings will fund additional resources to support students with specific learning needs at AFC schools.	(b) In addition to the amount per student mentioned in paragraph (a), provide loadings to students and schools with additional needs to support students' achievement, including loadings for the following: (i) students with disability; and (ii) Aboriginal and Torres Strait Islander students; and (iii) students with socio-educational disadvantage (iv) students who have low English proficiency; and (v) schools based on location; and (vi) schools based on size
Government recurrent funding will be distributed according to the System's published needs-based funding arrangements and in compliance with legislation. The needs-based funding arrangement will be publicly accessible on AFC's website and made available to all reporting authorities.	(c) Is publicly available and transparent

Revision History

Version	Policy Date	Review date of policy	Notes
1.0	January 2024	January 2025	<i>Amendments to this policy will be made based on updated legislative requirements or changes to school needs</i>
2.0	January 2025	January 2027	<i>Amendments to this policy will be made based on updated legislative requirements or changes to school needs</i>