



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

INTRODUCTION

Al-Faisal College Ltd is the Approved System Authority (“the System”) operating three schools and one campus across New South Wales, educating a diverse student population of over 4,800 students.

Since establishing its first school in 1998, Al-Faisal College has experienced strong and sustained growth in enrolment demand and continues to expand to meet the needs of the community.

This policy has been prepared in accordance with government requirements and outlines the needs-based funding distribution arrangements of Al-Faisal College Ltd as an Approved System Authority under subsection 78(5) of the Australian Education Act 2013. It ensures that all Australian Government recurrent funding is distributed transparently and according to student and school need, in compliance with the Australian Education Regulations 2023.

This policy applies to the distribution of all Australian Government recurrent funding received by Al-Faisal College Ltd and, where appropriate, these principles are also applied to NSW Government recurrent funding to ensure consistency and equity across the System.

1. FUNDING PRINCIPLES

1.1 Al-Faisal College distributes funding based on the following principles:

- Accountability: Public funds are used responsibly and are auditable
- Transparency: Funding methodology is clearly documented and publicly available
- Equity: Allocation reflects student and school need
- Efficiency: Shared services maximise resources available for education
- Flexibility: Adjustments may be made based on school context

1.2 The System distributes all recurrent funding from the Australian and NSW Governments in compliance with the Australian Education Act 2013 and Australian Education Regulations 2023.

1.3 The System undertakes needs-based funding arrangements that take account of the specific circumstances of each student in Al-Faisal College schools. In line with Section 78(5) of the Australian Education Act 2013, these arrangements seek to minimise educational disadvantage, achieve high-quality education outcomes for each student and realise operational efficiencies.

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1.4 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.

1.5 Special Circumstances Funding: In exceptional circumstances such as emergencies or unforeseen operational needs, Al-Faisal College may implement temporary funding adjustments. Such decisions are approved by the Board and remain consistent with legislative requirements.

1.6 All recurrent government funding received by the System is expended or committed for expenditure on the education of Al-Faisal College school students in the year that it is received.

2. DISTRIBUTION METHODOLOGY

The methodology is applied consistently across all schools within the System to ensure equity, transparency, and compliance with legislative requirements.

2.1 Funding is allocated to each school through a structured, needs-based process that takes into account student enrolment numbers, student needs profiles, educational disadvantage indicators, and specific program requirements. This process includes:

- A base per-student allocation determined using the Schooling Resource Standard (SRS)
- The application of loadings based on student and school need
- A System levy to support shared services
- Adjustments for specific school programs or operational requirements
- Final allocations reviewed and approved annually by the appropriate governance body

2.2 Funding decisions are approved by the Board or delegated governance body and are documented to ensure transparency and auditability. The allocation model is applied consistently across all schools within the System to ensure equity and transparency.

3. LOADINGS

In addition to the base allocation, Al-Faisal College applies loadings to support students and schools with additional needs, including:

- Students with disability
- Aboriginal and Torres Strait Islander students
- Students with socio-educational disadvantage
- Students with low English proficiency
- Schools based on location
- Schools based on size

4. NEEDS-BASED FUNDING ARRANGEMENT

4.1 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.

4.2 As an Approved System Authority, Al-Faisal College 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 Al-Faisal College school.

- 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.
- 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 Al-Faisal College school to the System.

4.3 The System uses each Al-Faisal College 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.

4.4 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

4.5 The System also receives funding in the form of fees from parents and other private fundraising.

4.6 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:

- reserves to ensure financial viability in the event of delays in receipt of payments, or other risks including unforeseen events
- depreciation and amortisation expenses, which are of a non-cash nature but are necessary to cover future capital replacement and refurbishment costs
- funds for new and expanded school facilities to meet enrolment demand from population growth and other factors

5. MONITORING AND EVALUATION

Al-Faisal College monitors the effectiveness of funding through indicators such as:

- NAPLAN growth
- Student attendance
- HSC outcomes
- English language progression
- Student wellbeing

These measures are used to evaluate impact, not to determine funding allocation.

6. REPORTING AND ACCOUNTABILITY

Al-Faisal College ensures accountability through:

- Annual financial reporting
- Submission of the Commonwealth Financial Questionnaire
- Audited financial statements
- Record keeping of funding decisions
- Board oversight and governance review

7. TRANSPARENCY AND PUBLICATION

This policy is publicly available on the Al-Faisal College website and is reviewed annually or when legislative changes occur.

8. REVIEW AND GOVERNANCE

This policy is reviewed annually. The Board and relevant governance committees oversee implementation and compliance.

SUMMARY OF FUNDING DISTRIBUTION ARRANGEMENTS

The following table aligns the legislative requirements under Section 78(5) with the implementation framework adopted by Al-Faisal College.

Legislative Requirement (Australian Education Act 2013 s78(5))	Al-Faisal College Implementation
<p>(a) Provides an amount per student that:</p> <p>(i) represents the recurrent resources required to support a student with minimal educational disadvantage to achieve expected educational outcomes; and</p> <p>(ii) takes account of efficiencies that can be realised while improving educational outcomes</p> <p>System administration and shared services (efficiency mechanism)</p>	<p>Al-Faisal College allocates a base per-student amount determined by the Schooling Resource Standard (SRS), which reflects the resources required to support students to achieve expected outcomes.</p> <p>Efficiencies referenced under paragraph (a) are achieved through a centralised shared services model, including HR, finance, ICT, compliance, and administration.</p> <p>Al-Faisal College applies a System levy to each school based on enrolment numbers to support shared services and administrative functions. This includes:</p> <ul style="list-style-type: none"> • Administrative expenditure incurred on behalf of schools • Special purpose funding in response to specific circumstances such as crises or operational needs
<p>(b) Provides loadings for students and schools with additional needs including:</p> <p>(i) students with disability</p> <p>(ii) Aboriginal and Torres Strait Islander students</p> <p>(iii) students with socio-educational disadvantage</p> <p>(iv) students with low English proficiency</p> <p>(v) schools based on location</p> <p>(vi) schools based on size</p>	<p>Loadings are applied in addition to the base allocation to provide additional resources for students and schools with identified needs, including disability, Aboriginal and Torres Strait Islander background, socio-educational disadvantage, English language proficiency, school location, and school size.</p>
<p>(c) Is publicly available and transparent</p>	<p>The needs-based funding arrangements are documented in this policy, published on the Al-Faisal College website, and available to relevant authorities to ensure transparency and accountability. Government recurrent funding is distributed in accordance with this published methodology.</p>

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 2026	<i>Amendments to this policy will be made based on updated legislative requirements or changes to school needs</i>
3.0	January 2026	January 2027	<i>Amendments to this policy will be made based on updated legislative requirements or changes to school needs</i>

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