

HEADS OF AGREEMENT BETWEEN THE
COMMONWEALTH OF AUSTRALIA AND THE AUSTRALIAN CAPITAL
TERRITORY

ON

NATIONAL EDUCATION REFORM

Preliminaries

1. This historic agreement between the Commonwealth of Australia and the Australian Capital Territory (ACT) (the Parties) establishes National Education Reform in the ACT.
2. These reforms are to position Australia to be ranked, by 2025, as one of the top five highest performing countries based on the performance of Australian school students in reading, mathematics and science, and rated as a high quality and high equity schooling system.
3. This Heads of Agreement (HoA) between the Commonwealth and the ACT details the funding arrangements and education reforms in the ACT. It will be a schedule to the National Education Reform Agreement (NERA) and provides further details on specific arrangements additional to those set out in the NERA. It will become a Bilateral Agreement (BA) for the purposes of the NERA once clause 8 of this HoA is satisfied.
4. The NERA, which contains the National Plan for School Improvement (NPSI), sets out the broad evidence-based areas of action that Parties agree will make a significant contribution to the 2025 targets. The NERA also sets out the Commonwealth's implementation of the Schooling Resource Standard (SRS), based on the recommendations from the Review of Funding for Schooling (2011). All Parties to the NERA aspire to reach the level of public funding required under the SRS in recognition that this will minimise educational disadvantage and facilitate a high quality education for every student in every school. This HoA sets out how these elements will be implemented in the ACT.
5. The Commonwealth and the ACT will work together to introduce reforms that will contribute to the outcomes of the NERA by:
 - a. ensuring the continued prosperity and growth of Australia by improving the educational outcomes of primary and secondary students in the ACT;
 - b. ensuring the different educational needs of ACT students are supported by taking a fairer, needs-based and equitable approach to education funding; and
 - c. providing a more sustainable funding model for the provision of education.
6. Together, the existing and proposed reforms will:
 - a. implement the most ambitious reform program in Australia's history to improve the educational outcomes of students across five key areas: quality teaching; quality learning; meeting student need; empowered school leadership; and transparency and accountability (see [Annexure A](#));

- b. allocate funding so that the students and schools with greater need get more resources; and
 - c. provide a sustainable funding model for the provision of education into the future.
7. Through signing this HoA, the ACT has indicated it will be a signatory to the NERA.
 8. For the purposes of receiving funding from 1 January 2014, this HoA will be taken to be the foundation for the BA (for the purposes of provision 74 of the NERA), subject to the Commonwealth and the ACT Education Ministers finalising an implementation plan that satisfies the requirements of provisions 85 – 90 of the NERA by 30 June 2013 for inclusion in the BA. This implementation plan will include details of the ACT's improved needs based funding model, an analysis of how the model will be consistent with the SRS funding model, and funding and policy implementation milestones.
 9. The BA will commence on 1 January 2014 and outline reform directions for the life of the NERA, with an implementation period of six years to 31 December 2019.

Governance

10. The ACT Chief Minister and the Prime Minister will administer this HoA by written correspondence, if necessary, before the NERA comes into effect. Once the NERA comes into effect, governance of the BA will be consistent with the NERA.

Process for amending the agreement

11. Subject to clause 13 of the NERA, this HoA may be amended at any time through agreement in writing between the Prime Minister and the Chief Minister.
12. To provide greater certainty and security, the ACT and the Commonwealth commit to a process that the Parties must follow if either seeks to unilaterally terminate or make a financial or material variation to this HoA and subsequent BA. The process will involve either party taking the following steps:
 - a. providing three months' notice of the proposed variation prior to consideration by the other party, unless agreed otherwise; and
 - b. discussions with the other party with the aim to seek its agreement to the variation.

A national approach to legislating the NERA

13. The Commonwealth will, subject to Parliament, enact legislation that is consistent with this HoA and the NERA to grant financial assistance for government and non-government primary and secondary education, and for related purposes by 1 July 2013.
14. If necessary, the ACT will, subject to approval by the ACT Legislative Assembly, enact appropriate enabling legislation before 1 January 2014 that is consistent with this HoA and the NERA to allow for the distribution of funds for non-government primary and secondary education consistent with clause 70 of the NERA and the application of its needs based funding model for the government sector.

A national approach to funding the NERA

15. The annual total and additional investments from the ACT and the Commonwealth that are required to fund the needs-based funding approach, including the annual Net Recurrent Income Per Student (NRIPS) indexation rates, will be agreed between the ACT Chief Minister and the Prime Minister.

16. From 1 January 2014, the ACT will contribute its existing funding for schools and schools systems. This equates to \$483.7 million in 2014. This contribution will be escalated by 3 per cent per annum from 2015.
17. In addition, the ACT will also contribute \$21.5 million over six years (2014-2019) of the additional investment required to transition schools and school systems under the SRS toward the SRS over this period.
18. From 1 January 2014, the Commonwealth will contribute its existing funding for education equating to \$231.6 million in 2014. This contribution will be escalated by 4.7 per cent per annum from 2014 to 2015 and yearly thereafter.
19. In addition, the Commonwealth will also contribute \$16.1 million over six years (2014-2019) of the additional investment required to transition schools and school systems under the SRS toward the SRS over this period.
20. The funding amounts in clauses 16 to 19 will change if there are different enrolment growth rates and changes to student characteristics to those currently estimated in the SRS funding model, and are subject to the implementation of the outcomes of the indexation review referred to at clause 42.
21. The parties acknowledge that the development of broad parameters for the ACT needs-based funding model and an analysis of how the model will be consistent with the SRS funding model will be undertaken by 30 June 2013, and that finalisation of the model may impact the estimates presented in the HoA. Updated contributions will be provided in the BA outlined in clause 8 and agreed by the Prime Minister and the Chief Minister.
22. To ensure an equitable transition to new needs-based funding arrangements across all sectors, the ACT will ensure that existing funding to the ACT government schooling system, non-government education systems and independent schools is escalated by the rates agreed between the ACT Chief Minister and the Prime Minister (clause 15 refers).
 - a. This includes ensuring that schools that would have received funding under the Low Socioeconomic Status School Communities National Partnerships in 2014 and/or 2015 continue to receive at least an equivalent level of support.
23. Consistent with provisions 76 and 77 of the NERA, the ACT contribution is provided on the basis that, for the purposes of the Commonwealth Grants Commission (CGC) determining Goods and Services Tax (GST):
 - a. The Commonwealth Treasurer will ensure that the GST distribution process will not have the effect of unwinding the recognition of educational disadvantage embedded in the NERA funding arrangements; and
 - b. The Commonwealth Treasurer will instruct the CGC to ensure that no State or Territory will receive a windfall gain through the GST distribution from non-participation in NERA funding arrangements.

ACT specific commitments

24. State and Territory roles and responsibilities will be specified in Part 3 of the NERA. Specific responsibilities for the ACT under this HoA follow.
25. The ACT commits to learning outcomes by 2020 which are designed to assist Australia, by 2025, to be in the top five countries in the world in reading, science, mathematics, and rated as high quality and high equity as assessed by international benchmark rankings (an overview of agreed outcomes is contained in Annexure B).

26. The ACT will achieve these outcomes through the reform efforts below and at Annexure A and those detailed in the BA at clause 8 of this HoA.
- a. Quality teaching – strengthening the quality of the teaching profession by recruiting, developing and retaining quality teachers in our classrooms.
 - b. Empowered school leadership – with a particular focus on significantly strengthening principal authority and the ability of principals to make decisions affecting their schools. This includes providing principals with discretion and decision making powers over the financial resources provided to their schools.
 - c. Quality learning – through implementing the Australian Curriculum and aligning assessments with the Australian Curriculum.
 - d. Meeting student need – first and foremost working to introduce an agreed needs-based funding model for ACT schools, and transitioning schools to their new funding level. Efforts will also be devoted to identifying students at risk of falling behind and supports put in place to help those students.
 - e. Transparency and accountability – through contributing data and evidence to the annual State of our Schools report which will be provided to COAG and will assess progress against targets set out in the ACT's bilateral schedule, and the NPSI.
27. Specific mechanisms for measuring the ACT's success in achieving these learning outcomes, building on those in the NERA, will be negotiated and determined through the implementation plan outlined at clause 8 of this HoA and will be subject to assessment by an agreed independent party, e.g. the COAG Reform Council.
28. The ACT retains authority to set the directions, conditions and specific arrangements for all ACT schools, acknowledging that it will be required to implement actions as agreed under this HoA and the NERA for the funding arrangements outlined in clauses 18 and 19 to apply.
29. The ACT retains all responsibility as a system manager for ACT government schools
30. The ACT will transition from its existing school funding model towards an agreed, purpose built, needs-based funding model consistent with the SRS funding model as agreed in the BA.
- a. Like the SRS funding model, this model will incorporate a base amount per student, plus loadings. Loadings will address the following areas of need and will be reported against on a per student basis:
 - i. students with disability;
 - ii. students with limited English language proficiency;
 - iii. Aboriginal and Torres Strait Islander students;
 - iv. low SES students; and
 - v. school size.
 - b. With regards to the SRS funding model's school location loading, this is not considered applicable for ACT funded schools, as all schools are located within the metropolitan area. For the purposes of reporting against this loading on the *My School* website, the ACT proposes an N/A entry.

- c. The ACT commits to ensuring loadings included in its improved needs based funding model will be based on demonstrated student need.
31. The ACT shall notify the Commonwealth of any changes to its needs-based funding model that reduce its consistency with the SRS model. Amendment to the model which have material funding implications as defined in the NERA and significantly impacts on consistency with the SRS funding model would require renegotiation of the terms of this HoA and subsequent BA.
32. As part of this agreement, the ACT commits to provide non-government schools and non-government school systems with funding on the basis of need, consistent with the SRS funding model, adjusted for the capacity of these schools to raise private income.
33. The Commonwealth and the ACT will agree the details for implementing improved funding transparency as set out in provision 97(a) and (b) of the NERA, by 30 June 2013, and will work to ensure that relevant information is available for the 2014 *My School* update.
34. The ACT commits to work with the Commonwealth and ACT non-government sector to agree arrangements that reduce the administrative burden for managing accountability and reporting across all government and non-government schools, with details to be specified in the BA described at clause 8.
35. The ACT and the Commonwealth will implement an agreed data collection and reporting framework for funding and accountability purposes from the commencement of new funding arrangements on 1 January 2014. The details of the arrangement will be agreed as part of the BA.
36. The funding and arrangements under this Agreement are in addition to the operational funding in the existing education services agreement operating between the ACT and the Commonwealth (represented currently by Department of Regional Australia, Local Government, Arts and Sport (DRALGAS), for the Jervis Bay Territory.
37. The ACT will not be responsible for funding the portion of the SRS attributable to the ACT for the Jervis Bay School.

Commonwealth commitments specific to the ACT

38. Commonwealth roles and responsibilities will be specified in Part 3 of the NERA. Specific responsibilities under this HoA follow.
39. The share of SRS funding attributable to the Commonwealth for the Jervis Bay School will be paid to the ACT to be applied to the education services for the Jervis Bay School.
40. The share of SRS funding attributable to the ACT for the Jervis Bay School will be paid to the ACT by the Commonwealth department with responsibility for providing state government-type services in the Jervis Bay Territory (currently DRALGAS) to be applied to the education services for the Jervis Bay School.
41. The arrangement to fund the ACT for the Jervis Bay School will continue until either the BA at clause 8, or the education services agreement referred to in clause 36 above, expires.

Review of funding arrangements, including indexation

42. Reviews will be commissioned as specified under Part 6 of the NERA.

Future work

43. The Commonwealth and the ACT agree to ongoing collaboration on:

- a. developing an improved measure and loading for students with disability, consistent with the terms outlined in the NERA from 2015; and
- b. adopting a new approach and loadings for English Language Proficiency from 2015.

Dispute resolution

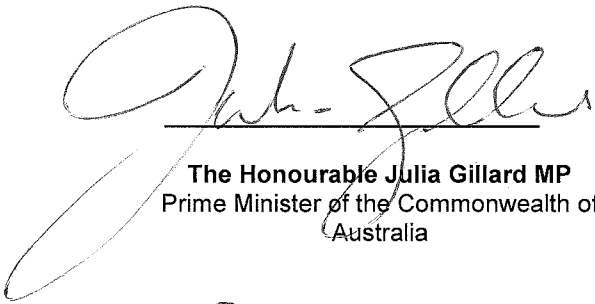
44. Dispute resolution will be governed by terms set out in Part 1 of the NERA.

Conditions

45. The Parties agree that the NERA will be established irrespective of whether any other State or Territory does, or does not, sign up.
46. In the event that some States and Territories do not sign up to the NERA, the Commonwealth agrees that the ACT will not be financially disadvantaged, in accordance with clause 23 and the NERA (that is, no State or Territory will receive a windfall gain through GST distribution from non-participation in NERA funding arrangements).
47. As a result of any subsequent agreement between the Commonwealth and any other State or Territory, the Commonwealth agrees that:
 - a. the ACT will not be any worse off financially. For the purposes of this HoA, this means that no State or Territory will receive a greater share of additional funding than the ACT to bring schools up to the SRS, or more beneficial Commonwealth indexation of existing funding arrangements; and
 - b. it will negotiate with the ACT to include similar rights or responsibilities in its HoA if these would benefit the ACT.
48. In the event of any inconsistency between the HoA and the NERA, the HoA shall prevail to the extent of that inconsistency in so far as it relates to the ACT.

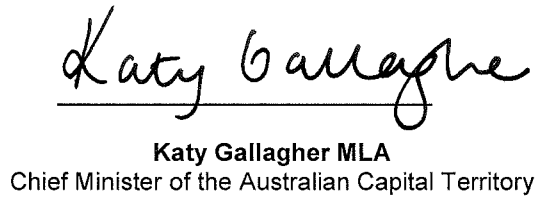
Signed for and on behalf of the
Commonwealth of Australia by

Signed for and on behalf of the Australian
Capital Territory by



The Honourable Julia Gillard MP
Prime Minister of the Commonwealth of
Australia

30 May 2013



Katy Gallagher MLA
Chief Minister of the Australian Capital Territory

30 May 2013



Australian Government



ACT
Government

ANNEXURES

Annexure A – ACT Schools Reform Agenda supporting the NPSI

Annexure B – 2020 Learning Outcomes

ANNEXURE A –ACT SCHOOLS REFORM AGENDA SUPPORTING THE NPSI

The ACT school system is one of excellence and high achievement, with a commitment to continuous improvement. The ACT consistently performs strongly at a national level in the outcomes achieved by our students.

The ACT acknowledges that improving student outcomes relies on the efficacy of reform and not simply on investing more funding into the Territory's schools alone. The ACT remains committed to improving student outcomes through teacher quality and ensuring students are provided with the support needed to reach their full potential. The ACT looks forward to the opportunities the national education reform offers for growth and improvement, which will be achieved through delivering on all reform directions set out in the National Plan for School Improvement, and continuing to build on the ACT's current reform agenda.

Quality Teaching

The single greatest in-school influence on student engagement and achievement are our teachers. In the ACT reform actions will include:

- Strengthen the quality of the teaching profession and continue to build the confidence of the community through ensuring all ACT teachers are registered using the Australian Professional Standards for Teachers.
- Recruit, develop and retain quality teachers in our classrooms and recognise and reward teachers who demonstrate outstanding performance. Teachers who are highly effective will be encouraged to remain in the classroom through professional development and attractive remuneration. Salaries will be based on expertise and achievement of standards.
- Improve the quality of, and access to, professional development through adoption of the Charter for Professional Learning of Teachers and School Leaders in Australia.
- Professional achievement and maintenance of teaching standards will be embedded in performance management and aligned with the Australian Teacher Performance and Development Framework.
- Continue the support for beginning teachers through individual development programs including coaching and mentoring support and feedback from experienced teachers.
- Partner with universities to implement an agreed national approach to delivering quality practicum, to improve the quality of preparation and readiness of graduate teachers, with a focus on priority areas of teaching supply.
- Continue to explore new and better pathways into teaching building on current initiatives.
- Improve processes for addressing teacher under-performance.

Quality Learning

Ensuring that our children and young people in the ACT learn, thrive and are equipped with the skills to lead fulfilling and productive lives in the 21st century requires a world class education. In the ACT reform actions will include:

- Provide world class curriculum in all schools, developing and adopting the Australian Curriculum as our own.

- Continue to assess student readiness for school to support teachers meet the needs of individual students.
- Ensure the best start for our children through quality early childhood education including comprehensive literacy and numeracy support and intervention where needed.
- Provide access to quality language programs, including priority Asian languages.
- Further develop the provision of Vocational Education and Training in schools to better align with student, school, VET and employer requirements.
- Continue to participate in the National Assessment Program and work with other jurisdictions to develop and implement minimum, proficient and advanced standards for reporting on national assessments.
- Support the development of online national assessments to cover curriculum areas broader than literacy and numeracy and provide better access to broader diagnostic data for teachers, schools and the system.

Empowered School Leadership

The ACT Government recognises that principals and school leadership teams, working closely with their community, are best placed to make decisions to meet the needs of their students. The ACT will take steps to further empower schools leaders, including:

- Continue to ensure that each school has a plan for year on year improvement, with annual plans and reports including accountability measures and targets and an external review process within a school improvement framework.
- Strengthen principal responsibility, delegations and accountabilities, including for the use of resources, in improving student outcomes.
- Recognise and reward principals who demonstrate outstanding performance.
- Support and promote the role of principals in establishing and developing their school workforce profile, including employment of staff with specialist skills and determination of staff roles, to best meet the needs of students.
- Include parents and other community members in a greater level of school decision making as a means of building stronger partnerships to improve student outcomes.
- Improve the quality of, and access to, professional development and performance feedback for school leaders using the Australian Professional Standard for Principals and performance and development frameworks.
- Further develop school networks to foster collaboration between schools and sectors with a focus on identifying and sharing best practice.
- Implement strategies to monitor school performance and develop processes for targeted intervention.
- Ensure high quality and relevant data is available and used to monitor and drive school and system improvement.

Meeting Student Need

The ACT community has high expectations for all children and young people. The ACT's reform actions will include:

- Develop and implement an ACT specific needs based funding model.

- Implement the Disability Standards for Education to provide reasonable adjustments for students with a disability to access the curriculum.
- Support all Aboriginal and Torres Strait Islander students by providing opportunities for individual students to excel.
- Encourage excellence and meet the needs of high performing students.
- Provide flexible learning options that recognise the different learning styles and needs of students, particularly those students at risk of or already disengaging from school.
- Continue to provide safe, supportive and engaging schools consistent with the National Safe Schools Framework.
- Strengthen and support engagement with parents and families and continue to develop effective partnerships between schools and other organisations in the community.

Transparency and Accountability

The ACT is committed to providing transparent, accessible and accountable information on school performance to strengthen the opportunities for all stakeholders to contribute. The ACT's reform actions will include:

- Support principals to analyse outcomes, monitor achievement and track progress over time to inform publicly accessible plans for school improvement.
- Continue to provide school level information as agreed by SCSEEC for the My School website.
- Collaborate with other jurisdictions to improve data quality, access to research and sharing of best practice.

ANNEXURE B – 2020 LEARNING OUTCOMES

- Increases in students performing at or above 'minimum', 'proficient' and 'high' standards in NAPLAN.
- Proportion of students from low SES and Aboriginal and Torres Strait Islander backgrounds at or above standards increasing.
- Year 12 or Certificate III attainment (current target is 90 per cent by 2020).
- Number of schools reaching higher levels of school improvement against a standard (which could be measured by an 'accreditation' approach).
- Increased number of students prepared for university level study (measured by Australian Tertiary Admission Rank eligibility and/or subject selection and attainment).