

NEEDS-BASED FUNDING DISTRIBUTION POLICY

Organisation: LESNW
Department: Finance
Policy Title: Needs-Based Funding Distribution Policy
Policy Code: LESNW-POL-FN004 v2.0
Date of Implementation: 28 February 2026
Last Review Date: 28 February 2026
Next Review Date: 28 February 2029 or as required

1. POLICY IMPLEMENTATION

- 1.1 This policy is made in compliance with the Australian Education Act 2013 (Cwth) (the Act)\ and Australian Education Regulation 2023.
- 1.2 Lutheran Education SA, NT And WA (LESNW) will distribute to each school the school-specific Commonwealth Recurrent Funding amount calculated by the Commonwealth Government using the SRS funding model payable under Division 2 of Part 3 (funding formula for schools) of the Act.
- 1.3 Where LESNW receives other funding grants tied to specific programs or conditions from the Commonwealth and /or relevant State/Territory Governments, LESNW will allocate and acquit those funds in accordance with those specific grant conditions.
- 1.4 LESNW acknowledges that schools are best placed to identify and respond to local community needs, while the system is best placed to provide centralised compliance capability, stewardship, and coordinated needs-based support to its system of member schools.
- 1.5 A record of this policy is to be made publicly available on the LESNW website and upon specific request.

2. DEFINITIONS

- 2.1 Board refers to LESNW's Committee of Management (including delegated standing committees), acting as the governing body of the incorporated association. The Board will approve this policy and oversee system stewardship to ensure compliance with statutory obligations for needs-based funding distribution.
- 2.2 Commonwealth Recurrent Funding refers to the funding provided by the Australian Government to LESNW for the day-to-day operation of schools, calculated using the SRS model.
- 2.3 Lutheran Education SA, NT & WA (LESNW) is an incorporated not-for-profit association and registered charity that allocates resources in alignment with its constitutional objects. LESNW is regarded as a non-government system authority in accordance with the Act and is self-governed by the Board.
- 2.4 Schooling Resource Standard (SRS) funding model consists of a base amount plus six needs-based loadings, calculated using formulas in Part 3 of the Act.
- 2.5 System Development Fund (SDF) Levy is a LESNW needs-based system levy calculated as a floating percentage of each school's Commonwealth Recurrent

Funding, approved annually by the Board and charged separately. The SDF Levy is used to mitigate system risk, fund system-wide initiatives, limit exposure to historical liabilities, and pursue system expansion opportunities aligned with LESNW’s strategic intentions.

3. NEEDS-BASED FUNDING DISTRIBUTION MODEL

3.1 LESNW distributes Commonwealth Recurrent Funding to each school based on the Commonwealth Government’s calculation of the SRS model for that school (base amount plus loadings). The SRS is calculated under Part 3 of the Australian Education Act 2013. The needs-based loadings referenced in section 78(5)(b) are provided as calculated to each school and its students.

The six needs-based loadings are:

1. Students with disability (SWD);
2. Aboriginal and Torres Strait Islander students (ATSI);
3. Students with socio-educational disadvantage (SED);
4. Students with low English language proficiency (LEP);
5. Schools based on location (LOC);
6. Schools based on size (SIZE).

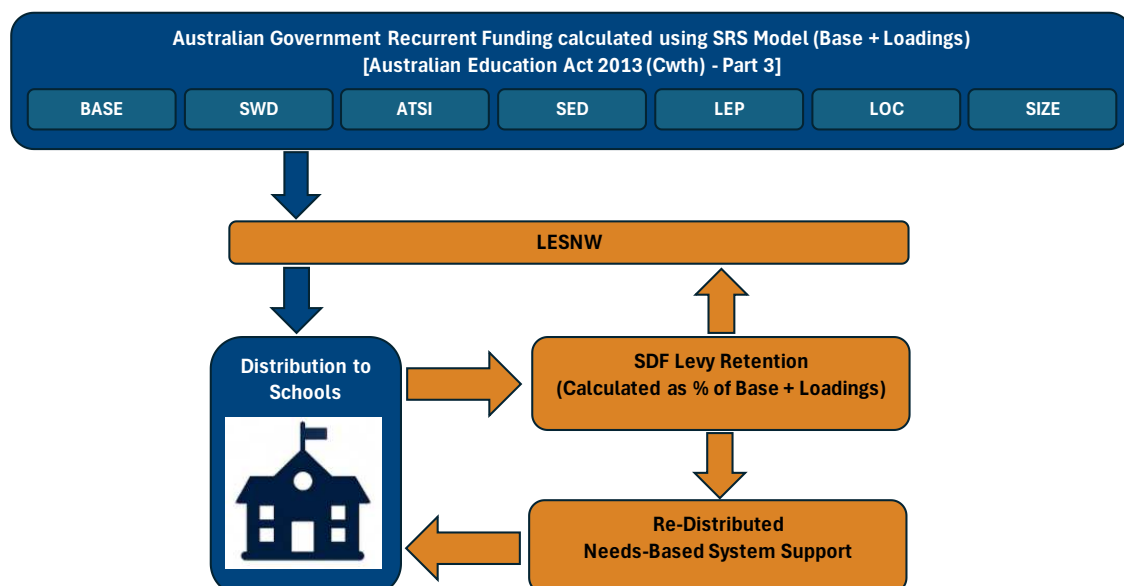
4. SYSTEM DEVELOPMENT FUND (SDF) LEVY

4.1 The SDF Levy provides a cost-recovery mechanism for LESNW as an approved system authority to mitigate system risk, fund system-wide initiatives, limit system exposure to historical liabilities, and pursue system expansion opportunities aligned with LESNW’s strategic intentions, under the guidance of the LESNW Board (or delegated subcommittee) and in partnership with system schools. The SDF levy percentage for the forthcoming year is estimated based on expected SDF commitments and is approved through LESNW budgetary and governance processes.

4.2 The SDF Levy is reconciled annually to reflect changes in current-year enrolment levels and movements in SDF commitments.

4.3 The effectiveness of the SDF relies on all member schools contributing equitably. Funds contributed by members to the SDF do not remain the property of the member school and are administered by the Board (or a delegated subcommittee), as applicable.

4.4 The operation of the SDF is in alignment with the LESNW-TOR-FN002 (Terms of Reference – System Development Fund Policy).



5. POLICY MANAGEMENT & EVALUATION

- 5.1 Board refers to LESNW's Committee of Management (including delegated standing committees), acting as the governing body of the incorporated association. The Board will approve this policy and oversee system stewardship to ensure compliance with statutory obligations for needs-based funding distribution.

6. APPROVAL OF POLICY

This policy has been ratified.