

APPENDIX 1: 2025 BILATERAL AGREEMENT BETWEEN VICTORIA AND THE COMMONWEALTH ON SCHOOLS REFORM

Preliminaries

1. Victoria and the Commonwealth acknowledge the Traditional Owners of the lands and waters on which Australians live, learn and work, and pay respects to their Elders past, present and emerging.
2. This Agreement satisfies the conditions in paragraph 22(2)(b) of the *Australian Education Act 2013* (the Act) requiring each state and territory to be party to an agreement with the Commonwealth relating to the implementation of school education reform.
3. Aboriginal and Torres Strait Islander cultures and knowledges are fundamental to shaping and improving education systems and outcomes for Victoria's Aboriginal and Torres Strait Islander students. Victoria and the Commonwealth commit to ensuring that the implementation of this Bilateral Agreement is undertaken in a way that will enliven the priority reforms of the *National Agreement on Closing the Gap* (Closing the Gap Agreement).
4. Victoria and the Commonwealth acknowledge that Australia has a strong education system, but it can be better and fairer. To do that, governments and school systems need to ensure every student is supported to succeed so that no one is held back or left behind.
5. Victoria and the Commonwealth reaffirm their commitment to the vision for Australian schooling outlined in the *Alice Springs (Mparntwe) Education Declaration* (the Mparntwe Education Declaration) for a world class education system that encourages and supports every student to be the very best they can be, no matter where they live or what kind of learning challenges they may face.
6. The *Interim School Funding Agreement – 2025* (2025 Agreement) sets out the shared intention of the Parties to work in partnership to improve education outcomes for all Australian students and build on the capability and capacity of the education workforce. This Bilateral Agreement outlines the actions and activities that Victoria will undertake to achieve these shared objectives.
7. This Bilateral Agreement between Victoria and the Commonwealth will commence on 1 January 2025 and expire on 31 December 2025 unless otherwise agreed.
8. Under section 22 of the Act, a bilateral agreement must be in place for Victoria to receive Commonwealth funding for schooling. Following expiry of this Bilateral Agreement, this Bilateral Agreement may be extended or a new bilateral agreement may commence from 1 January 2026 under a new Heads of Agreement.
9. The terms of this Bilateral Agreement do not limit Victoria's and the Commonwealth's ability to agree different terms as part of a future bilateral agreement. Any variations to this Bilateral Agreement will be in accordance with clause 28 of the 2025 Agreement.
10. Should the Commonwealth provide more favourable funding terms to another state or territory as part of the 2025 Agreement or an associated Bilateral Agreement, then the Commonwealth will offer Victoria those terms as well and, if agreed by Victoria, this Bilateral Agreement will be updated accordingly.

11. Clause 10 above also includes but is not limited to:
 - a. an adjustment to the measurement of state funding contribution included in another jurisdiction's Bilateral Agreement as part of the 2025 Agreement.
 - b. any agreement the Commonwealth makes with any other state or territory as part of the 2025 Agreement which favourably impacts on that state's financial contributions or risk sharing arrangements under the agreement

In either of these cases these terms will also be made available to Victoria, and this Bilateral Agreement will be updated to take into account the adjustment or material change to circumstance.

12. This Bilateral Agreement may also be updated through written agreement of the Commonwealth Education Minister and the Victorian Education Minister if there is a material change in the State's circumstances, beyond its reasonable control, which will affect Victoria's fiscal position or the recognition of the State's funding contribution, in accordance with the process in clause 28 in the 2025 Agreement.

PART 1 — PURPOSE, OBJECTIVES AND OUTCOMES

13. Victoria and the Commonwealth acknowledge that a high-quality school education is critical to ensuring that Victoria's students will succeed in an increasingly complex world. Australia's future stability and economic prosperity is reliant on a high-quality, equitable and inclusive school system.
14. This Bilateral Agreement sets out the actions and activities to be undertaken during its term to give effect to national Objectives, Outcomes and Reforms outlined in the 2025 Agreement.
15. As per clause 59 of the 2025 Agreement, the Parties seek to deliver upon the following Objectives:
 - a. Equity and excellence – schools and education systems are equipped to provide all students with highly effective evidence-based teaching and equitable learning opportunities and support them to maximise their learning.
 - b. Wellbeing for learning and engagement – schools take a structured approach to wellbeing for learning in a way which reflects their school and learning environment, and students have a sense of belonging, safety and engagement with their learning.
 - c. A strong and sustainable workforce – the workforce is respected and continues to grow, and teachers and non-teaching school staff are supported to innovate and be at their best to ensure young Australians thrive in their education. A sustainable workforce means that the Australian community recognises the value teachers and school leaders bring to students, communities and the economy.
16. This Bilateral Agreement also reiterates Victoria's and the Commonwealth's ambition and commitment to work together to contribute, along with other states and territories, to the national achievement of the national Objectives and Outcomes specified in the 2025 Agreement. While Victoria and the Commonwealth are committed to this, Commonwealth funding to states and territories under the Act, this Bilateral Agreement or the 2025 Agreement is not conditional on the achievement of the Objectives and Outcomes in the 2025 Agreement or this Bilateral Agreement.

PART 2 — FUNDING

Required funding contributions

17. Under section 22A of the Act, Victoria must meet its funding contributions for the government and non-government sectors as a condition of receiving Commonwealth funding.
18. Victoria's funding contributions for the government and non-government sectors for 2025 onwards must be in accordance with section 22A of the Act and will determine the default requirement if this Bilateral Agreement is terminated by either party.
19. Victoria's funding contributions for the government and non-government sectors agreed in this Bilateral Agreement are outlined in Table 1 below for 2025. The minimum funding contributions are expressed as a percentage of the Schooling Resource Standard (SRS) as defined in Part 3 of the Act.

Table 1. Victoria's agreed funding shares for the government and non-government sectors, 2025

Sector	2025
Government	70.43%
Non-government	20%

20. The Commonwealth's share of the SRS for Victorian government schools for 2025 is 20 per cent, as set out in the legislation.
21. Consistent with clause 39 of the 2025 Agreement and in the event of a change to the SRS that results in an impact on state contribution requirements, Ministers will agree to vary the contribution shares set out in clause 19 above to ensure that the state contribution amount is not impacted. The amended contribution shares should be consistent with the expected value of the original contribution share agreed under SRS settings as set out under section 22A of the Act, or in the Heads of Agreement or Victoria's Bilateral Agreement that were in operation at the time that shares in Victoria were agreed, unless otherwise agreed.
22. In December 2023, National Cabinet agreed that funding for foundational supports for students with disability is to be agreed through new Federal Funding Agreements, with additional costs split between the Commonwealth, states and territories and final details to be settled through the Council of Federal Financial Relations.
23. Disability reforms, including those related to changes to the National Disability Insurance Scheme (NDIS) including foundational supports, may impact Victoria's education services. Commonwealth funding under the 2025 Agreement and this Bilateral Agreement is not for those purposes. This Bilateral Agreement does not establish any Commonwealth requirements with respect to these reforms.
24. The clauses 22 and 23 above do not preclude Victoria and the State's non-government schools from using Commonwealth funding under the Heads of Agreement to provide and improve education services and supports for students with disability more broadly.

Measurement of contributions

25. For the purpose of this Schedule, Victoria and the Commonwealth have agreed the costs that are measured towards Victoria's funding contribution requirements for the government and non-government sectors. In assessing compliance with section 22A of the Act, the National School Resourcing Board's (the Board's) Terms of Reference will direct the Board to use this agreed methodology for measurement of the state's contribution, including as set out in clauses 26 and 48 of this Bilateral Agreement.
26. Consistent with the calculation of the SRS, Victoria's funding contributions will be measured consistent with the existing Australian Curriculum, Assessment and Reporting Authority (ACARA) financial data reporting methodology for state Net Recurrent Income Per Student (NRIPS) for school years Year 1 minus 1 to Year 12, excluding funding for full fee-paying overseas students, along with the following additional funding types:
 - a. Up to 4 per cent of the total SRS for the government sector in 2025 for costs contributing to the provision of education in schools, which may only include, at the state's full discretion, depreciation of capital assets and direct school transport, such as the School Bus Program for rural and regional Victoria.
 - b. All recurrent funding for the government sector for the purposes of:
 - i. curriculum and regulation activity, including the Victorian Curriculum and Assessment Authority and Victorian Registration and Qualifications Authority
 - ii. funding allocated to schools rather than funding expended by schools.
 - c. All funding for the purpose of the National Reforms and National Enabling Initiatives outlined in Part 3 of this 2025 Bilateral Agreement or Part 4 of the 2025 Agreement (with the exception of any capital funding).
 - d. Any accounting standard changes as agreed between the Commonwealth and state and territory Ministers for Education, that affect the measurement of recurrent funding where the NRIPS methodology has not been adjusted to negate this impact (e.g. AASB 16).
27. If the reported contribution for Victoria for 2025 falls short of meeting the required contribution for a sector by an immaterial amount, this will not be considered non-compliant with section 22A of the Act. An immaterial amount is less than or equal to 0.6 per cent of the total SRS for the sector, or another immaterial amount agreed by the Commonwealth Minister for Education for 2025, which accounts for the timing constraint of state budget processes being finalised in advance of the year and the required contribution for 2025 being finalised at the end of the year following the annual School Census.
28. In assessing compliance with this Agreement, the Commonwealth Minister for Education will request the Board, through the Board's Terms of Reference for its review of section 22A of the Act, will take into account mitigating factors that have contributed to non-compliance. This will include, but is not limited to, fluctuations from year-to-year in funding which could be assessed through, for example, the application of a three year rolling average if funding has fallen below the required amount, unintended and unforeseeable budget pressures in the state budget process, financial accounting impacts (e.g. actuarial assessments and timing of expenditures due to reporting dates), and other unforeseeable circumstances (e.g. such as natural disasters).

PART 3 — NATIONAL REFORMS

29. The National Reform Direction activities agreed in this Bilateral Agreement align with the National Reform Directions of the 2025 Agreement and Victoria commits to supporting and advancing existing initiatives aligned to the National Reform Directions.
30. Approved authorities of non-government schools in Victoria must adhere to their ongoing policy requirements under subsections 77(2) and (2A) of the Act. As per clauses 50 and 51 of the 2025 Agreement, approved authorities of non-government schools in Victoria are required to cooperate with the Victorian Government in the implementation of this Bilateral Agreement.

National Reform Directions

31. Victoria commits to continue the existing actions outlined below to give effect to the National Reform Directions as outlined in the 2025 Agreement.

Equity and Excellence

32. Initiatives that identify student learning needs early and provide tiered and targeted, intensive supports, in line with evidence-based teaching and a 'multi-tiered systems of support' (MTSS) approach. This approach includes:
 - i. Continue to provide additional support for First Nations students through the Koorie Literacy and Numeracy Program.
 - ii. Victorian Catholic Education Authority (VCEA) will continue to deliver structured literacy, which provides a comprehensive, evidence-based approach proven to be effective for all students, particularly those with learning challenges.
 - iii. Independent Schools Victoria (ISV) will continue to deliver the Teacher Fellowship Program, which brings together educators to design, implement and evaluate innovative models of learning and teaching that have long-term benefits for schools, staff and students. This framework encourages schools to explore a line of inquiry that goes to the heart of learning and teaching to support the diverse needs of our students.

Wellbeing for learning and engagement

33. Initiatives which support student engagement in learning, for example greater student participation, attendance, inclusion and/or enhanced school-family engagement.
 - i. Continue to roll out the Respectful Relationships and School-wide Positive Behaviour Support programs in schools and continue to work with every community to ensure every school is safe and welcoming for every child.
 - ii. VCEA will continue to implement initiatives to ensure student wellbeing and promote positive behaviour, respectful interactions and mental health awareness, including a commitment to personalised plans for Aboriginal and Torres Strait Islander students.
 - iii. ISV will continue to facilitate the Wellbeing Leader Network, which brings together school leaders responsible for wellbeing to share ideas, resources and best practices on initiatives to promote wellbeing in schools.

A strong and sustainable workforce

34. Implementing initiatives which support the attraction and retention of the teacher workforce, for example, actions under the *National Teacher Workforce Action Plan* and/or recommendations of the *Strong Beginnings: Report of the Teacher Education Expert Panel*. This will include:
 - i. Continue to ensure that teachers and school leaders can grow their professional knowledge, skills and capabilities through the Victorian Academy of Teaching and Leadership.
 - ii. VCEA will continue to deliver the Catholic School Pre-service Teacher Placement Grant which supports pre-service teachers to complete their teaching placements in eligible regional, remote or specialist Victorian Catholic schools.
 - iii. ISV will continue to support emerging school leaders in their careers through the Aspiring Principals Program, which aims to support emerging leaders in their career. The program covers a wide range of issues to support developing leaders to ensure that they are well equipped to face the next step in their career.
35. Implementation of the National Reform Directions stated above is outlined further in Table 2.
36. Reporting on the activities undertaken in respect of the above National Reform Directions will be undertaken through an Annual Implementation Report, as outlined in Part 4.

National Enabling Initiatives

37. Victoria commits to the following actions to give effect to the National Enabling Initiatives as outlined in the 2025 Agreement, and fulfil commitments as per Schedules B and C of the 2025 Agreement:
 - a. Contribute to the implementation of the Unique Student Identifier (USI) to ensure all Victorian school students receive a USI.
 - b. Contribute data where available, and information and expertise to inform a Review of the Measurement Framework for Schooling in Australia to ensure it remains a relevant tool. This may include student level outcome data, appropriate disaggregated data, and information to inform possible new and updated measures. The review's Terms of Reference are to be agreed by Education Ministers Meeting and will include consideration of the costs and benefits of:
 - i. a new measure of student engagement.
 - ii. a new equity in learning gain measure, to enable measurement of student learning growth.
 - iii. national measures of access, participation and outcomes for students with disability to establish a better understanding of the education experiences and outcomes of students with disability.
 - c. Supporting development of an early years numeracy check to support teachers to assess their students' numeracy skills and identify and respond to students who need tailored support.

38. As per clause 72 of the 2025 Agreement, Victoria will contribute to the development of a Project Plan for each of the National Enabling Initiatives in Schedule B of the 2025 Agreement and provide the Commonwealth with the data or information necessary for the Commonwealth to fulfil its annual reporting obligations on National Enabling Initiatives, as per clause 78 of the 2025 Agreement.

Implementation

39. In committing to the above continuing activities, Victoria commits to the actions and milestones set out in Table 2.
40. In accordance with subsection 77 (2A) of the Act, non-government approved authorities are required to cooperate with their local state or territory government in the implementation of this Agreement.
41. The non-government sector in Victoria, as per clause 51 in the 2025 Agreement, should cooperate with the Victorian Government to implement the National Reform Directions and National Enabling Initiatives. Activities against National Reform Directions undertaken by the Victorian non-government sector will be included in reports by the non-government representative bodies provided to the Australian Government as set out in Part 5 in the 2025 Agreement.
42. The Commonwealth will not impose financial or other sanctions on Victoria for a failure by Victoria's non-government school sector to cooperate with this Bilateral Agreement, as per clause 70 of the 2025 Agreement. Nor will the Commonwealth impose sanctions on the non-government school sector for a failure of Victoria to cooperate with them in the implementation of this Bilateral Agreement.

National Reform Directions Implementation Milestones

Note: This table should capture all reform efforts outlined in Part 3.

Table 2 – Victoria bilateral school reform milestones

Reform and Milestones	Sector	Timing
Reform A – Equity and Excellence		
<u>Initiatives that identify student learning needs early and provide tiered and targeted, intensive supports, in line with evidence-based teaching and a 'multi-tiered systems of support' (MTSS) approach.</u>		
<ul style="list-style-type: none"> Continue to provide additional support for First Nations students through the Koorie Literacy and Numeracy Program. 	Public	From 2025
<ul style="list-style-type: none"> Continue to deliver structured literacy, which provides a comprehensive, evidenced-based approach proven to be effective for all students, particularly those with learning challenges. 	Catholic	From 2025
<ul style="list-style-type: none"> Continue to deliver the Teacher Fellowship Program, which brings together educators to design, implement and evaluate innovative models of learning and teaching that have long-term benefits for schools, staff and students. This framework encourages schools to explore a line of inquiry that goes to the heart of learning and teaching to support the diverse needs of our students. 	Independent	From 2025
Reform B – Wellbeing for Learning and Engagement		
<u>Initiatives which support student engagement in learning, for example greater student participation, attendance, inclusion and/or enhanced school-family engagement.</u>		

<ul style="list-style-type: none"> Continue to roll out the Respectful Relationships and School-wide Positive Behaviour Support programs in schools and continue to work with every community to ensure every school is safe and welcoming for every child. 	Public	From 2025
<ul style="list-style-type: none"> Continue to implement various initiatives to ensure the wellbeing of students, promoting positive behaviour, respectful interactions, and raising mental health awareness. This includes a commitment to personalised plans for all Aboriginal and Torres Strait Islander students. 	Catholic	From 2025
<ul style="list-style-type: none"> Continue to deliver ISV's Wellbeing Leader Network, which brings together school leaders responsible for wellbeing to share ideas, resources and best practice on initiatives to promote wellbeing in schools. 	Independent	From 2025
Reform C – A Strong and Sustainable Workforce		
<u>Implementing initiatives which support the attraction and retention of the teacher workforce, for example, actions under the <i>National Teacher Workforce Action Plan</i> and/or recommendations of the Teacher Education Expert Panel report.</u>		
<ul style="list-style-type: none"> Continue to ensure that teachers and school leaders can grow their professional knowledge, skills and capabilities through the Victorian Academy of Teaching and Leadership. 	Public	From 2025
<ul style="list-style-type: none"> Continue to deliver the Catholic School Pre-service Teacher Placement Grant which supports pre-service teachers to complete their teaching placements in eligible regional, remote or specialist Victorian Catholic schools. 	Catholic	From 2025
<ul style="list-style-type: none"> Continue to support participation in the Aspiring Principals Program, which aims to support emerging leaders in their career. The program covers a wide range of issues to support developing leaders to ensure that they are well equipped to face the next step in their career. 	Independent	From 2025

PART 4 — REPORTING REQUIREMENTS

Requirements for annual reporting to the Commonwealth

43. The following clauses set out the annual reporting arrangements for Victoria for 2025.
44. As set out in Part 5, clause 83 of the 2025 Agreement, Victoria will also be required to ensure full and accessible information on their needs-based funding arrangement is publicly available, in line with subsection 78(5) of the Act.

Annual Funding Report

45. The Commonwealth will provide Victoria with a Funding Estimation Tool in January 2026 prior to Victoria's annual report with the final Schooling Resource Standard (SRS) data for 2025 for the purpose of the Board's review of Victoria's compliance with section 22(A) of the Act.
46. As outlined in Part 5, clause 84e of the 2025 Agreement, the Victorian minister responsible for school education, or their delegate (i.e. the Director General (or equivalent) of the Department responsible for school education) must provide an Annual Funding Report to the Commonwealth Education Minister, or their delegate such as the Departmental Secretary.
47. Victoria must provide its Annual Funding Report for 2025 to the Commonwealth no later than 30 November 2026.
48. The Annual Funding Report must set out the following:
 - a. The total amount of funding provided by Victoria for government schools in Victoria for 2025 as measured in line with clause 26 of this Bilateral Agreement.
 - b. The total amount of funding provided by Victoria for non-government schools in Victoria for 2025 as measured in line with clause 26 of this Bilateral Agreement.
 - c. Total full time equivalent enrolments for 2025, relating to the amounts in (a) and (b) above.
 - d. The amount for each funding type set out in clause 26 of this Bilateral Agreement.
 - e. The amount of funding consistent with the specified NRIPS methodology.
49. For the avoidance of doubt, each amount included in the Annual Funding Report must have been:
 - a. spent by the Victorian Government for schools for 2025 (including centralised funds expended by the department for schools and funds allocated for schools that are not spent within 2025 but are spent within remainder of the financial year or subsequent years by schools), or approved authorities,
 - b. or spent by schools or approved authorities for schools for 2025, and
 - c. not counted towards another reporting year for the purposes of this Agreement, and
 - d. not counted towards another Commonwealth-State agreement, without the explicit consent of the Commonwealth.


50. It should be noted that clause 49 does not prevent Victoria from reporting budgeted amounts in its report.
51. Each amount included in the report for a sector must have been allocated or expended for that sector. Note: this means Victoria cannot count funding allocated or expended for one sector against the allocation or expenditure of another sector.
52. Each amount included in the report must be net of any Australian Government funding.
53. The Annual Funding Report provides the option for a statement explaining:
 - a. any material variances (positive or negative) in the total amount of Victoria's funding contribution that is between 2025 and 2024 for:
 - i. government schools in Victoria and
 - ii. non-government schools in Victoria
 - b. any adjustments to Victoria's funding contribution (i.e. timing adjustments) outside of the specified NRIPS methodology.
54. For each amount, the report must include evidence that the amount has been certified and is consistent with the agreed methodology in clause 26 of this Bilateral Agreement by one of the following:
 - a. the Auditor-General of Victoria or
 - b. an independent qualified accountant or
 - c. an independent qualified accountant engaged by ACARA for NRIPS funding or
 - d. the Director General or equivalent of the education portfolio for the state or territory, but only up to 0.1 per cent of the SRS for Victoria for all reported funding.
55. The Annual Funding Report may also provide an explanation and supporting evidence for the Board's consideration of any shortfall between the total amount reported for 2025 and the agreed funding contributions for 2025 in clause 19 of this Bilateral Agreement.
56. The Commonwealth will provide Victoria's Annual Funding Report to the Board for assessment of Victoria's compliance for 2025 with section 22A of the Act, including any funding requirements specified in this Bilateral Agreement.
57. The Commonwealth may request additional information from Victoria on behalf of the Board, to be provided within 21 days. If Victoria does not provide information or advice in this timeframe, the Board will make an assessment based on the information and evidence available. Such requests will be consistent with clause 81 of the 2025 Agreement which stipulates that as far as practical, reporting requirements will leverage existing reporting processes and data sources and unless explicitly stated otherwise, will not impose any additional burden on schools.
58. Victoria will have an opportunity to provide further information for the Board's consideration following their receipt of the Board's draft findings.

Annual Implementation Report

59. As outlined in Part 5, subclause 84a of the 2025 Agreement, the Director General or equivalent of the education portfolio for the state or territory must provide an Annual Implementation Report to the Secretary of the Australian Government's Department of Education for 2025, for the purpose of assessing compliance with paragraph 22(2)(c) of the Act.
60. The template for the Annual Implementation Report is found at Attachment A of this Bilateral Agreement.
61. The Annual Implementation Report for 2025 is required by 30 November 2026, or a date as agreed by the Commonwealth and Victoria.
62. The Annual Implementation Report must include:
 - a. progress on agreed existing reform activity as outlined in Table 2 of this Bilateral Agreement for the National Reform Directions.
 - b. information on how the implementation of National Reform Directions is relevant to priority equity cohorts (as defined in the 2025 Agreement) and, where relevant, to schools which need additional support.
63. For the avoidance of doubt, Victoria's Annual Implementation Report should focus on government school implementation, noting that as per clause 87 in the 2025 Agreement, non-government representative bodies will be required to provide an Annual Implementation Report for 2025 to the Commonwealth by 30 November 2026.

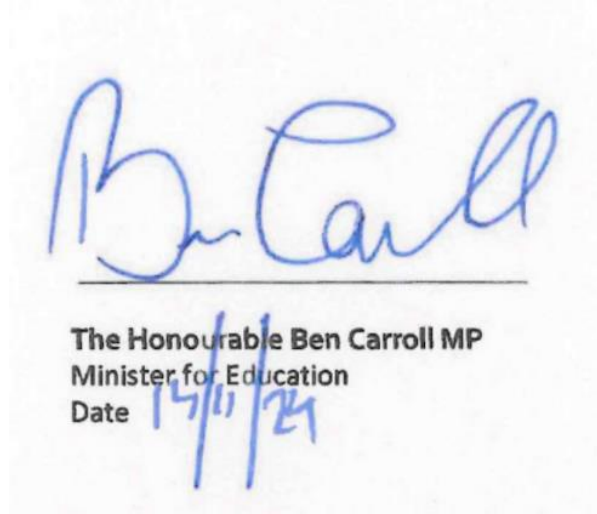
SIGNATURES

Signed for and on behalf of the Commonwealth of Australia by



The Honourable Jason Clare MP
Minister for Education
Date 20/11/24

Signed for and on behalf of Victoria by



The Honourable Ben Carroll MP
Minister for Education
Date 14/11/24

ATTACHMENT A: ANNUAL IMPLEMENTATION REPORT TEMPLATE

Purpose of this reporting template

This Annual Implementation Report reporting template contributes to achieving the transparency and accountability commitments under the *Interim School Funding Agreement – 2025*. Victoria will fill in the Annual Implementation Report and report it to the Australian Government Department of Education; non-government representative bodies will also be required to fill in their own template (see Schedule E of the 2025 Agreement).

National Reform Directions

Victoria is required to fill in the below table outlining their implementation of the National Reform Directions outlined in this Bilateral Agreement.

National Reform Directions	Description of local implementation	Outline the focus on priority equity cohorts and schools needing additional support (where applicable)	Details of qualitative or quantitative impact
[For example] Structured initiatives that support wellbeing for learning and engagement, for example in-school wellbeing coordinators or access to School Counsellors, psychologists, mental health workers and/or youth health nurses.			Where applicable, for example, ratio of wellbeing functions to students, where applicable.
[National Reform Direction]			