

## EDUCATION, SCIENCE AND TRAINING

### SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2003-2004 ADDITIONAL ESTIMATES HEARING

**Outcome:** 1  
**Output Group:** 1.1 – Funding of schools

#### **DEST Question No. E855\_04**

Senator Carr provided in writing.

*Refers to DEST question E413\_04*

#### **Question:**

The answer you have provided to E413\_04 is most informative – despite the fact that it avoids naming the schools in receipt of STEA Grants.

I want to ask about the reasons you have provided for giving out these grants, and about how you arrive at an appropriate quantum for each grant.

In terms of reasons, I'm mindful of the four criteria for STEA Grants listed on the first page of E413\_04. My problem is, I can find few examples, from the information you have given me, where the criteria seem to fit.

Can you confirm that ALL four criteria have to apply, for eligibility?

Now, an analysis of the Department's descriptions of the circumstances of each recipient school reveals many examples of each of the following situations:

- “decline in enrolments”
- “cash flow difficulties”
- “loss of income”
- “staffing problems”
- “unexpected increase in expenditures”
- competition from other schools
- Management difficulties (however described).

The difficulty is how to construe at least some of these problems as constituting an emergency in the ordinary sense. That is, the problems were, or should have been foreseen, and/or the problems should have been avoided – for example by good management.

In some cases the problems are described as having persisted over a number of years.

From the 46 descriptions you have provided, I have been able to find only ten that, on the face of it, seem to fit all four necessary criteria. Of these, four are Indigenous schools where special circumstances might be seen to apply, and two schools were destroyed by the 2003 bushfires.

Can you please provide further detail, showing explicitly why schools that experienced (eg) “cash flow problems” or poor management would fit the criteria?

#### **Answer:**

## *Schools Transitional Emergency Assistance (STEA) Programme*

The programme is designed to assist a school which is in an emergency position to recover, if its underlying fundamentals are sound and if there is a continuing role for it within its community. The program does not exist to prop up schools which have no long term future.

Schools applying for assistance must meet all four criteria to be eligible and must also provide and implement a robust Business and Recovery Plan which sets out the way in which the school will address the problems it faces including financial and management problems, if appropriate. The plan must address the causes of the school's problems and provide a way forward including operational and structural changes, if necessary. Schools that receive STEA funding are monitored for a period of at least a year, usually reporting on a quarterly basis, to ensure that the required actions are being implemented.

Schools experiencing cash flow problems would not, in that situation alone, necessarily be eligible for assistance. However cash flow problems may be a result of circumstances which are outside the control of the school or unexpected. Some schools operate on very tight income and expenditure margins.

Schools that find themselves in difficulties solely because of poor management would not be eligible for STEA assistance. Poor management practices may have contributed to a school's circumstances and in those cases the Department may include, in an STEA contract with the school, a requirement for these practices to be reformed as a condition of receiving funding.

A decline in enrolments may not of itself be construed as an emergency but the result for the school may create an emergency. For example a rural school experiencing a decrease in enrolments will still be required to meet salary and related costs while having significant decreases in income. The school may not be able to make immediately the necessary changes to lower its costs having made those commitments prior to the loss in enrolments. The school then is in a position which, unless it has other resources to call upon, may threaten its viability in the short term.

Small rural schools are particularly at risk of changes to their circumstances due to prolonged drought, floods and unfavourable economic conditions affecting the ability of parents to pay school and/or boarding fees. Closure of major employers, movements of operations and even technological change can affect these regions adversely, with schools and parents having little ability to adapt quickly to such change.

The amount of funding provided is determined with consideration of the amount requested by the school and a detailed Departmental analysis of the historical and projected financial information provided by the school in support of the application for funding. In many cases the Department has taken into consideration an independent assessment of the school's need for emergency funding.