

Science Teachers' Association of Victoria Inc

ABN 59 004 145 329

STAV Annual Report

1 July 2019 – 30 June 2020

Treasurer's Report

What's Known And What Hasn't Been Tried Yet?

"The financial results of the Association saw the financial year close with a deficit of \$35,669." In 2019 the deficit was \$26,459.

I suspect that routine explanations of the "bottom line" offer little "analysis" or suggest meaningful "actions" that may encourage alternative practice. For instance the treasurer's explanation may be:

"Costs associated with almost all aspects of operations have continued to increase, while great endeavours have been made to maintain the prices we charge for supply of services to members and clients.

Efficiency gains from a continuing refinement of operations have been a major factor in dealing with this revenue shortfall. However, while some further savings may be made, it may be necessary to increase charges ..."

Or the treasurer may say:

"I draw your attention to the auditor's report which states:

"COVID-19 the infectious disease caused by a new coronavirus discovered in 2019 did impact the operations. This included, inability to hold some face to face events, reduced corporate or individual donations, reduced volunteer activities and impact on other projects and initiatives."

In addressing STAV's financial performance (surplus/deficit) and financial position (assets/members equity) I decided to provide a more comprehensive and STAV specific explanation. An explanation I hope that will help members better understand STAV's finances in relation to the provision of member services and in the support of teachers of science. An explanation that begins in 1943 during the Second World War and spans the time and events that are ongoing in 2020 during the coronavirus induced pandemic.

STAV 1.0: The Funding of STAV Services to Science Teachers (1)

1943 - 1959

STAV was founded in war- time. A time when all science teachers shared a commitment that created and sustained STAV. Mark Stump recalls "we had nearly 90 Foundation Members at 5/- (shillings) a year (Approx \$18.12 when compared to today's currency).

In 1949 Br. Saul suggested the category of school membership be created and by April 1953 there were 163 individual members (from a total of 96 institutions) teaching in private schools 60, catholic schools 21, state city high 55, state technical 7, state country 14, state central 1, tertiary 5. There were also 65 school memberships.

In 1952 Hugh McKnight, Secretary of STAV, launched the Science Talent Search. In the first year the Search attracted only 35 entries, mainly in the Open Section. The treasurer's report recorded a loss of £10 for that year. (\$359.77 in today's currency)

In 1958 STAV's operating surplus was £100 (\$3,186.85 in today's currency) and in 1959 membership was over 520 including 120 member secondary schools and 50 Associate members.

STAV, more or less from its founding in 1943, after the costs of servicing a community of science teachers with an Australian journal (from 1955) and a state newsletter (from 1957), has noted the budget raised from members fees was regularly reported by the STAV Treasurer to be balanced without a significant surplus.

1960 - 1979

In the early 1960s the State Education Department funded the appointment of an executive officer and the establishment of a STAV Office to handle the ever-increasing demand for services.

In 1964 to celebrate STAV'S 21st anniversary, Council engaged a company specializing in mounting large exhibitions to create and stage the Exhibition "Science in the Development of Australia" that ran in the Exhibition Building in Carlton. Open for 9 days, 11 hours each day, STAV's profit share was about £1,700 (in 2019 terms about \$48,473, according to the Reserve Bank of Australia calculator). In 1967 STAV's profit share was just over \$6,000 (in 2019 terms, about \$77,394).

In 1966 the membership of STAV reached 160 City members, 85 Country Members and 182 School Members. (There were 187 secondary schools in Victoria)

In April 1966 the first state-wide STAV conference "CONSTAV" (later STAVCON) was held, Friday evening to Sunday afternoon as a residential event at the Mayer Chalet, Warburton. At that time the 60 delegates in attendance represented about 25% of all financial individual STAV members.

In those times individual versus school membership was an ongoing topic of discussion. Supporters of decreasing rather than increasing school membership fees, so as to encourage more schools access to *Lab Talk*, argued that more teachers would be aware of STAV's activities. While supporters of increasing school membership fees argued that this would encourage more individual members.

In the early 1960s most STAV professional development activities were evening meetings, many of which were organized by the very active country branches. STAV rarely charged for the activities, and if it did, the charge was usually only token. Meetings were almost always held at venues where there was no charge for using the facility (schools, universities, CSIRO, etc.).

The 1969 breakdown of STAV expenditure as a proportion of membership fees was typical of the decade of the 1960s:

- administration costs -- 40% of membership fees,
- publications (*Lab Talk* and *ASTA Journal*) -- 64%,
- activities (including grants to country branches for their programs of activities) -- just under 10%, and
- affiliations (*ASTA*, Joint Council of Subject Associations of Victoria) -- 3%

The total of 117% (broadly typical) shows how much STAV relied on its income from "STAV Services and not just from membership subscriptions" in order to have balanced budgets.

In the 1960s STAV had permission from the University Schools' Board to sell to schools their past year 12 external exam papers. In the 1970s STAV commissioned exam writers to produce practice or trial exams for HSC students. These were a significant source of revenue for STAV. The IARTV (representing private school teachers) also sold their practice exams to all schools. Senior science teachers often used both for revision purposes.

This challenge to STAV'S revenue stream provided the competitive environment and motivation for STAV's writers to continuously improve the standard and reliability of their practice exams.

In 1979 STAV was facing financial uncertainty - with just \$15,000 in the bank – much of which was from old bequests. At that time every new member cost STAV more to service through the provision of *Lab Talk* and *Contact* than the membership fee actually covered. This was clearly unsustainable and if continued, STAV would have become insolvent in under 2 years. Membership was raised from \$18 to \$30 pa for the 1980 year resulting in an inevitable loss of members, and hence membership subscriptions.

In 1979 the salary of the STAV education officer was fully funded by the education department. As the Department's funding policies changed, STAV was first asked to pay on-costs (about 30%) and then 50% of the salary.

1980 - 1989

In a period of economic recession, STAV expanded its services and professional learning programs to support members as they embraced the changes rapidly taking place in science education. Member support and services grew significantly as schools moved further towards autonomy in the form of school-based decision making and curriculum development.

- In the 1980s STAV formed partnerships with the Chemistry Education Association (CEA) and Australian Institute of Physics (AIP) to run the senior science year 12 conferences.
- CONASTA came to Victoria in 1981 and 1989 with 600 and 300 delegates in attendance respectively.
- CONSTAV/STAVCON grew to over 1000 attendees.
- Science Talent Search tripled in size to 3500 entries.
- The Primary Science Branch was initiated (1982) with the first publication of *Let's Find Out* in 1984.
- The Lab Technicians Branch was established and *Lab Lines* published.
- In 1987 Dr Cliff Malcolm recommended STAV establish a publishing company. (The precedent here was the success of the Victorian Commercial Teachers Association (VCTA) in their monopoly of publication of school texts written by Victorian teachers in their area. Most publishing houses, it should be noted, survive in Australia on school textbook sales.)
- In 1988 the STAV Publishing Board was established with a massive \$50,000 leap of faith from STAV Council. The first publications were on sale by the beginning of the 1990s.
- The Science Drama Awards were established in 1993.

By the end of the decade membership had stabilised to around 2000.

STAV Publishing was a new income source and together with CONSTAV/STAVCON and the senior science conferences, STAV was turning over more than \$500,000 pa. and was in a strong financial position.

STAV 2.0: The Funding of STAV Services to Science Teachers (2)

1990 – 1999

Since 1968 STAV's office had been located at The National Science Centre, Clunies-Ross House, Parkville. By 1992 the rent increases at Clunies Ross prohibited further expansion of the office necessary to accommodate STAV's rapidly developing services and publishing operations. After 24 years Council accepted the offer of free accommodation and moved to the Department's purpose-built State-wide Resource Centre, Church Street, Richmond.

The Kennett Coalition Liberal Government having been elected in 1992 began restructuring the teaching service. Government policies regulating Service Agreements and the awarding of tenders treated the Association as part of the educational Services Sector. STAV was informed that there would be no increase in funding. Instead there would be competition for the funds available for servicing the Department's priorities. STAV negotiated fee for service contracts with the Department for the delivery of professional development, production of curriculum materials and consultancy advice. STAV was experiencing the initial impact of economic reform, framed around smaller Government and competitive tendering. The Service Agreement ended the informal practice whereby a science teacher could be seconded to STAV in the position of an education officer.

Management understood that being financially reliant on the Department had the potential to weaken STAV's primary accountability to its individual teacher members. Management was determined that STAV would not become simply a small "for profit" business reliant on payment for rendering services to schools and teachers of science on behalf of the Government.

In 1988 having established the STAV Publishing Board, STAV proceeded to separate the financial affairs of STAV and STAV Publishing. This was completed in 1993 through the creation of a subsidiary company known as STAV Publishing Pty. Ltd. with its own staff. The Association's energies were now engaged in four interrelated activities: the Secretariat, Member Services, Professional Development and Publishing.

STAV Council, through the Management Committee, was responsible for the operation of the Association as a financially sustainable non-profit Member Association. STAV had a turnover in excess of a million dollars at this stage and the financial responsibilities were handled by a qualified accountant under the direction of the honorary treasurer and subjected to an annual audit. The management committee was now dealing with a wider range of financial, employee and governance matters, including: financial and employee contracts; financial and legal advice; as well as ensuring that the Council through the AGM was accountable to its members.

For the next 25 years (1995 – 2020) STAV endeavoured to support teachers of science as they were subject to continuous mandated curriculum change published in state curriculum and national curriculum "guidelines". The guidelines sought to define student learning outcomes at all levels, and to regulate the pedagogical use of new learning technologies in schools. More recently STAV, in response to member's requests for additional support for remote delivery of curriculum, recognises that services to members should support both individual teacher's accountability and more broadly professional accountability for remote and online home schooling.

Unfortunately for the Publishing Board and successive Councils, the expectation that STAV Publishing Pty. Ltd. would generate for the Association a long-term source of revenue from the on-going sales of science materials written by Victorian science teachers to members was not realised.

In 1995 STAV Council restricted STAV Publishing Pty. Ltd. projects to those with guaranteed external funding.

In November 1997 Council discussed the possible future of STAV Publishing Pty. Ltd., either to cease operations or be restructured. Council decided that the Board of STAV Publishing should take responsibility for: the coordination and publishing of the STAV Trial exams; the investigation of further projects with or without a professional development component; and, the organisation and delivery of STAV's existing professional development programs.

STAV'S Treasurer, Gary Bass, reported at STAV's 1999 Annual General Meeting: "When commenting on the Association's 1999-audited financial statement, which reported a net profit of \$51,552, Gary said, "While this represents a reduction on the previous year the amount is significant as it contains a surplus from STAV Publishing. This surplus though small, is the first for many years. The long standing STAV Publishing debt has been completely repaid."

2000 - 2020

In 2000, the Education Department informed STAV that the State-wide Resource Centre in Richmond was to be redeveloped. While other tenants had agreed to move to the refitted Neill Street Carlton premises STAV declined the offer, deciding instead to purchase its own property at 5 Munro Street, Coburg. The purchase of this decommissioned Bank, now known as STAV House, fulfilled earlier Council's desire to establish a "permanent" STAV home, and to take seriously the possibility of "establishing and maintaining both financial and intellectual" autonomy of the Association. In 2004 STAV repaid the mortgage on STAV House which then became a major fixed asset (member's equity) of the Association.

From 1st July 2001, the ATO, ASIC and STAV's Auditors, required that the accounts of both STAV Publishing Pty. Ltd. and STAV be treated as separate and distinct entities. As such, both STAV Publishing Pty. Ltd. and STAV having obtained separate Australian Business Numbers (ABN) could pursue different revenue streams. STAV's core business focussed on providing established services to members. While STAV Publishing Pty. Ltd. focussed on developing new services for both members and non-members - applying for grants and competitive tenders.

During 2001 and 2002 STAV Publishing Pty Ltd had become quite profitable showing a modest operating surplus. The Board had entered into an arrangement with STAV for the provision of secretariat services on a fee for service basis. The 2001 STAV Management Fee was \$50,000, in 2002 it was \$53,000 and in 2003 it was \$54,000.

In 2004, six decades after its formation in 1943, the Science Teachers' Association of Victoria (STAV) was an independent, non-profit organisation, governed by a council of elected voluntary members. The membership of STAV comprised of both primary and secondary teachers of science, tertiary science educators, laboratory technicians and any person with an interest in science and/or science education. STAV'S primary function was still to provide useful and accessible services to members. However, the dramatic increase in these activities had evolved to a situation where approximately two-thirds (2/3) of STAV's income was derived from non-members and was subject to income tax.

STAV Council acting on professional advice decided "to move some of its activities into a separate subsidiary under STAV whose limited purposes was to ensure that it will be a science association for the purposes of 1.7 of section 50-5 of the Income Tax Assessment Act 1997 ("ITAA") and consequently be exempt from paying income tax".

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STAV resolved to conduct all of its non-member activities that relate to the general advancement of science teaching and science education, through a separately incorporated subsidiary company limited by guarantee. On 19 April 2004 STAV registered a second wholly-owned subsidiary company – Science Victoria. On 1 July 2005 Science Victoria began conducting non-member activities of STAV which previously had been conducted through STAV Publishing Pty. Ltd. On 28 February 2007 STAV Publishing Pty. Ltd. was deregistered and the ABN cancelled.

All appointments to the board of Science Victoria are nominees of the Association. The Board of Directors is accountable to the Members for the governance, management and control of the activities, business and affairs of the company.

There are currently five entities that enable and support the operations of the Science Teachers' Association of Victoria Inc.: STAV Council, the Board of Science Victoria, the Science Talent Search Committee (STS), STAV Publishing (SPub), and the paid staff (secretariat). (Note 1: For taxation purposes Science Victoria (SV (and Science Teachers' Association of Victoria Inc. (STAV) are treated as two separate companies. STS and SPub are treated as entities of Science Victoria. And that Science Victoria (SV) facilitates/enables the planning and the delivery of the professional learning programs of STAV.

Statistics for the Financial Years 2000 – 2020

In this financial year 2020 STAV reported a deficit of \$35,669 and in 2019 reported a deficit of \$26,459.

In order to discuss/account for STAV's financial performance and financial position for 2020, I have constructed a longitudinal representation of STAV's "Surplus" or "Deficit" and "Assets or members equity" (From the available data, Tables 1a & 1b) for the past two decades.

Note 2:

Surplus or profit is always a positive (+) amount.

Deficit or loss is always a negative (-) amount and may be enclosed within parentheses (deficit). For instance, (\$35,669).

Members equity refers to the Association's assets- what it owns on behalf of the members. STAV's assets consist of cash and the value of STAV House. In 2020 Members Equity was reported as \$994,188.

STAV

1999	2003	2004	2005	2006	2007	2008	2010
\$52	\$30	(\$100)	\$118	(\$9)	(\$27)	(\$27)	\$2
\$-	\$1,019	\$825	\$943	\$831	\$804	\$777	\$787

Table 1a: STAV Financial Year Surplus (Deficit) and Members Equity (rounded to the nearest \$1000)

STAV

2011	2012	2013	2014	2015	2016	2018	2019	2020
\$11	(\$93)	\$8	(\$59)	(\$2)	\$14	(\$11)	(\$26)	(\$36)
\$798	\$705	\$713	\$654	\$651	\$666	\$1,056	\$1,030	\$994

Table 1b: STAV Financial Year Surplus (Deficit) and Members Equity (rounded to the nearest \$1000)

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The longitudinal representation of STAV'S year-to-year fluctuations between surplus and deficit reveals an apparent trend towards 'negative' growth. This can be (simplistically) illustrated by adding/subtracting the accumulated surpluses/'deficit' which rendered and accumulated deficit for the past two decades. Surplus (\$234,380), - deficit (\$389,513) resulting in an "accumulated" deficit of \$155,133. No treasurer feels comfortable when the 'bottom line' appears to be increasingly negative.

This of course is not the whole story of STAV'S financial performance (surplus/deficit) and financial position (members equity).

During the 2000 – 2010 decade STAV repaid the mortgage on STAV House. STAV's income derived from non-members was subject to income tax. STAV Publishing ceased trading. Science Victoria commenced trading. STAV migrated from the incorporated status of a company limited by guarantee to an incorporated association. Membership revenue continued to decline. The financial arrangements between STAV and Science Victoria began to affect STAV's financial performance. This was reflected in the Members Equity in STAV.

In 2003 Members Equity was \$1,018,907 and by 2010 had fallen to \$787,414 and by 2020 it was \$994,188.

During the decade 2011 – 2020 STAV was experiencing the full impact of economic reform, framed around smaller Government and competitive tendering.

In this decade The Science Teachers' Association of Victoria Inc., was transforming into a corporate-style teacher association. An incorporated association providing educational services to its members and more broadly to teachers of science via the Department of Education and Training (DET) competitive tendering process.

In particular STAV tendered for the Department's Strategic Partnerships Program (SPP) for funding in 2015-17; 2018-20; and 2020-21. The tender explains that SPP is a competitive program and demand for funding is high. ... There is no guarantee that previously funded organisations will be funded, including at previous levels. ... Applicants should not assume that they are successful, or enter into commitments based on that assumption, before receiving formal notification of the funding outcome. Certainly, this is sound advice as STAV received the following response: "Thank you for your application for the Strategic Partnerships Program (SPP) 2018-20 funding triennium. Unfortunately, on this occasion your application listed below has not been successful."

The cautionary tale is that grants like the SPP may have the capacity to improve STAV's short-term financial position, however, in return for the "supplementary funding" STAV has agreed to deliver programs that are not usually available in mainstream professional development settings that are designed to improve teacher capacity. Grant money is neither guaranteed nor available exclusively to support STAV's activities. And from a treasurer's perspective grants are considered "in addition to" to and not "a replacement of" income generated from members.

Finally, in order to complete my account of STAV'S financial performance (surplus/deficit) and financial position (members equity), I will discuss the significance of STAV'S "silent" partner – Science Victoria.

Previously, I mentioned that for taxation purposes Science Victoria (SV) and Science Teachers' Association of Victoria Inc. (STAV) are treated as two separate companies. Furthermore, Science Talent Search (STS) and STAV Publishing (SPub) are treated as entities of Science Victoria. And that

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Science Victoria (SV) facilitates the planning and the delivery of the professional learning programs of STAV.

I have constructed a longitudinal representation of Science Victoria’s Surplus and Assets (From the available data, Table 2) for the period 2014 - 2020.

Note 3: Science Victoria only reported surpluses and all assets are cash or cash equivalents.

Science Victoria

2014	2015	2016	2017	2018	2019	2020
\$141	\$92	\$131	\$61	\$120	\$79	\$14
\$1,252	\$1,347	\$1,477	\$1,538	\$1,658	\$1,737	\$1,751

Table 2: SV Financial Year Surplus and Assets (rounded to the nearest \$1000)

The longitudinal representation of Science Victoria’s year-to-year fluctuations of the surplus reveals a ‘positive’ growth trend, which is reflected in the steady growth in the organisations accumulated Assets.

In 2014 the surplus was \$141,170 and the assets were \$1,251,959 and by 2016 the surplus was \$131,303 and the assets were \$1,477,166 and by 2020 the surplus was \$13,976 and the assets were \$1,751,043.

The analysis is the “story of two companies”: STAV and Science Victoria. Two companies whose “accumulated” financial performance and financial positions when considered together can be interpreted as that of the “Association”. The “Association” in which one company predominately provides educational services for STAV Members and another company that provides education services for all teachers of science. As STAV’S financial performance seldom returned a surplus during the past twenty years, this strongly suggests that income from STAV members on its own is still insufficient to fund member services. While Science Victoria’s financial performance continuously returned a surplus during the past seven years (2014 – 2020) the company also continued to build assets, strongly suggesting that income from non-members is still profitable.

In preparing this Treasurer’s Report for the 2020 AGM I am appreciative of the contributions made by members and staff, past and present in supporting teachers of science. I am optimistic that the “Association” (STAV and Science Victoria, in collaboration) will continue to accept and deal with the challenges (as they arise) in the provision of member services and in the support of science teaching.

“What hasn’t been tried yet?”

I suspect that this is a question not only for future Council’s or AGM’s to consider but also a question for members and “potential” members to contemplate.

Robert Roe

STAV Honorary Treasurer