



## **STAV 2020 - 2021 Annual Report**

### **Treasurer's Report**

**Science Teachers' Association of Victoria Inc.**

**ABN 59 004 145 329**

**STAV Annual Report**

**1 July 2020 - 30 June 2021**

### **Restructuring STAV for a Post Pandemic Economy**

#### **1.0 Impact of coronavirus on the Operations of STAV**

##### **1.1 In the Beginning: March to October 2020**

STAV House was shut down in March and by late October had not reopened.

The office staff were working from home and communicating via telephone and video link. Video conferencing rapidly replaced face-to-face communication for STAV's volunteer Council (governing body) and the association's members who volunteer on committees and working parties. The stage 3 and 4 shutdowns dramatically impacted STAV's capacity to support individual members as the in-person conferences were cancelled or postponed.

The Association in accepting the challenge posed by the stage 3 and 4 restrictions, in particular the need for physical distancing and working from home, the cancellation of these conferences was reflected in a 40% loss of revenue compared with the previous year.

The association's volunteer councillors and office staff decided to migrate several of their cancelled face-to-face conferences to an online platform. A task, which required a great deal of collaboration and cooperation as the councillors and office staff worked out how to redesign the website and learn how to host their conferences online. Within 6 weeks, primary and secondary teachers and Labtechs were participating in STAV'S inaugural online conference – a combination of the LabTech, STAV STEM Metro and STAV STEM Regional conferences. The "virtual" conference with a blend of synchronous and asynchronous sessions was offered online over an extended period of time in Term 3, from Friday 28 August until Friday 11 September 2020.

STAV continued to restructure existing "face-to-face" practice by moving STS, STAVCON and the VCE Conferences online, and is developing membership and marketing strategies that are appropriate to offering online experiences.



## 1.2 STAV's Financial Performance and Financial Position

In this financial year ending 30 June 2021, STAV reported a surplus of \$39,091. In 2020, STAV reported a deficit of \$35,669. In 2019, the deficit was \$26,459.

In this financial year STAV reported members equity as \$1,033,279. In 2020 members equity was \$994,188. In 2019 members equity was \$1,037,431. (Note 1: Members equity refers to the Association's assets- the cash, equipment and the value of STAV House it owns on behalf of the members.)

The 2020 Treasurer's Report provided a comprehensive historical perspective of STAV'S financial affairs from 1943 to 2020. This year in addressing STAV's financial performance (surplus/deficit) and financial position (assets/members equity), I will provide a contemporary account of STAV'S financial affairs. An account I hope will help members better understand STAV's finances in relation to the ongoing provision of member services and support of teachers of science in Victoria.

## 2.0 STAV and Science Victoria

### 2.1 Origins of the Relationship

I reported to Council (25 August 2020):

"Conventional wisdom may suggest that STAV should "increase" membership revenue and "decrease" expenses. Suggestions like this often prove to be too simplistic, especially where previous taxation and accounting advice had favoured a "separation" of 'members' and 'non-members' revenue streams."

STAV embraced this reasoning on two occasions, firstly, in 1987, establishing STAV Publishing Pty Ltd and secondly, in 2004, establishing Science Victoria (Limited by Guarantee).

When Science Victoria was established in 2004, the primary reason was to reduce company tax across the group, as it was then (STAV, STAV Publishing Pty Ltd, STS) and create an entity that would be tax exempt. Consequently, a new group of four operating entities was shaped comprising STAV, STAV Publishing, STS and the newly formed Science Victoria.

As STAV Publishing and STS were not separate legal entities and exclusively operating businesses, they were moved to Science Victoria, the head entity and registered company, as a new group of three comprising Science Vic, STAV Publishing and STS.

### 2.2 Business Process Review

In October 2020 Science Victoria and its sole member, Science Teachers' Association of Victoria (STAV), jointly commissioned Profits & Beyond Pty Ltd (PB) to review the business process of both organisations and to provide recommendations on the possible areas of improvement.

An interim report was issued by PB on 15 March 2021, with a total of 14 recommendations. The review indicates that provided the legal entity structure remains unchanged then there are no legal or tax impediments restricting the nature of the restructure.



The purpose of recommendations 1 – 11 is to prepare the way to effect an operational restructure within the group of entities, which was encapsulated in Key Recommendation 12: the transfer of the business activities of STAV Publishing and STS from Science Victoria to STAV.

The intent of Key Recommendation 12 is to suggest a business/ accounting solution that will address the long-term inequitable impact of pursuing a tax minimisation strategy for STAV and a revenue growth strategy for Science Victoria.

### 2.3 Overview of the Business Process Review Recommendations

- A. Organisational Structure

Recommendation 1 and 2 focus on Constitutional matters relating to possible simplification of each Constitution. Recommendation 3 focuses on Establishing a Memorandum of Understanding between Science Vic Board and STAV Council.

- B. Organisational Performance

Recommendations 4 - 11 focus on the financial governance framework of the STAV and Science Vic organisations proposing a realignment of the overall business strategy and objectives of the group entity.

- C. Key Recommendations

Key Recommendation 12 focuses on the operational restructure: From Science Victoria to STAV. Key Recommendation 13 focuses on the creation of, and appointment to a senior executive position at STAV. Key Recommendation 14 focuses on the development of Digital Technology and Operating Policies, Procedures and Practices.

### 2.4 Implementing the Business Process Review Recommendations

During October 2020 to July 2021, the STAV executive and Annie Stevens (Accountant) and Lynn Liu (Bookkeeper), have been attending to the following accounting aspects recommended in the Business Process Review Interim Report.

- a) the reviewing and remapping of the Chart of Accounts for each entity;
- b) the redesign of the P&L reporting to include all divisions in the one head entity structure and with separate P&L's for each business unit/department/division;
- c) the planning of the medium to long term financial strategy that supports both tax minimisation and member and non-member revenue generating approaches;
- d) The redesign of STAV's P&L Chart of Accounts and processes to ensure that member and non-member activities for Income and Expenditure are properly allocated and henceforth take maximum advantage of tax minimisation and revenue generating strategies;
- e) the streamlining of the Group's NAB banking and financing arrangements and account structure; and
- f) The implementation of a new STAV-Science Victoria Service Agreement for the 2021 financial year.



### **3.0 A Brief Consideration of the Financial Results of STAV and Science Victoria**

#### **3.1 Surplus and Deficits: Financial Years 2021 and 2020**

At the end of the 2021 financial year STAV reported a surplus of \$39,091. In 2020, STAV reported a deficit of \$35,669. The 2021 accounts describe a significant change in STAV's "bottom line".

Note 2: The audited financial statements for Science Victoria were not available at the time of writing. I have based my calculation on the June 2021 "interim" profit and loss statements for the divisions of Science Victoria, which report: a deficit for SVic of \$208,367; a surplus for STAV Publishing of \$57,634; and a surplus for STS of \$147, which points to a "potential" deficit of \$150,584 for Science Victoria. A significant change in Science Victoria's "bottom line".

#### **3.2 [Members) Equity: Financial Year 2021**

At the end of the 2021 financial year STAV reported a total member's equity of \$1,033,279.

The June 2021 interim balance sheets for the divisions of Science Victoria report for SVic a surplus of \$73,736; for STAV Publishing a surplus of \$1,265,154; and for STS a surplus of \$197,248, which points to a "potential" total equity for Science Victoria of \$1,536,138.

Note 3: When taken together the total equity of both STAV and Science Victoria is "potentially" \$2,569,417.

#### **3.3 DET Strategic Partnerships Program: New Skills and New Learning**

During the past three decades, (1990-2020) STAV experienced the full impact of the economic reform, framed around smaller Government and competitive tendering. In this period The Science Teachers' Association of Victoria, was transformed into a corporate-style teacher association. STAV, as a not-for-profit incorporated association, provides educational services to its members and more broadly to teachers of science via the Department of Education and Training (DET) Strategic Partnerships Program (SPP). The Strategic Partnerships Program supports curriculum enrichment and enhancement programs that improve teacher capacity. SPP funded programs provide teacher professional learning opportunities for capacity building that are not usually available in mainstream professional development settings.

These SPP grants may improve STAV's short-term financial position. However, SPP Grant money is neither guaranteed nor available exclusively to support STAV's activities. From a treasurer's perspective, grants are considered "in addition to" to and not "a replacement of" income generated from members or potential members.



### 3.4 Comments

The “financial reversal” of the respective performance and position of STAV and Science Victoria in the 2021 financial year, to some extent may be understood as the inevitable impact of the COVID-19 restrictions had on the ‘intertwined’ business activity of STAV and Science Victoria.

- For STAV the Jobkeeper subsidy, the reformulated STAV-SV 2021 Service Fee and Education Grants significantly contributed to the 2021 surplus.
- For Science Victoria the decrease in sales of VCE Trial Exams, the cancellation of in-person conferences, the discount applied to online conference registration fees, less delegates and the reformulated STAV-SV 2021 Service Fee significantly contributed to the 2021 deficit.

### 4.0 Progress on the STAV/SV Restructure

#### 4.1 Key Recommendation 12: From Science Victoria to STAV

By the time, both STAV Council and the Board of Science Victoria had signed-off on the timeline for the restructure program it was already 3 weeks behind schedule. Nevertheless, Annie and Lynn have made progress with the implementation of Key Recommendation 12. Annie, mindful of the time constraints was optimistic that the STAV Publishing restructure program would be achieved by the end of the 2021 financial year. However, the transfer of STS from Science Victoria to STAV was unlikely to be achieved by 30 June 2021. Annie is now working towards the STS transfer to STAV to take effect by the end of the calendar year 2021, or at the latest by the end-of-financial year 2022.

### 5.0 Acknowledgement and Appreciation

#### 5.1 Supporters and Friends of STAV

In preparing this Treasurer’s Report for the 2021 AGM I am appreciative of the “in-kind” contributions made by STAV members and staff, together with the myriad of “friends” of STAV (people, organisations), past and present in their support of teachers of science, the teaching of science and in the running of the Science Talent Search in Victoria.

I am optimistic that STAV and Science Victoria, in collaboration with members and friends will continue to engage and find solutions to the economic, educational and employment challenges as they influence the provision of member services and in the support of science teaching.

We are looking forward to working with you as we engage in the post pandemic economy.

Dr. Robert Roe

STAV Honorary Treasurer

Friday 26 November 2021