

Submission to the Minister for Education and Children's Services

The Hon. Jane Lomax-Smith



South Australian Schools Investment Fund

April 2007

On behalf of state school Governing Councils and the parents who volunteer to serve on them, SAASSO requests that the Minister abandon the plan to raid the interest earned on school's SASIF accounts.

The role of Governing Councils is to develop policies that will ensure the improvement and future viability of their school – not just for their children in attendance today. The implementation of these policies requires funding.

In reality, Governing Councils have little discretionary funds at their disposal to sustain their improvement strategies, with most of their government funding being already allocated.

Apart from their own fundraising, the interest on their SASIF accounts is the only significant way for Governing Councils to pay for their initiatives.

This interest is earned by sound and responsible financial management by the schools administration and their Governing Councils. It is this professional approach to budget management, which the government has previously encouraged – hence the existence of SASIF.

At any given time, very little of the \$200m in SASIF (representing 10% of the education budget) is long term, unallocated 'hoarding'. DECS recommends that not less than 5% of a school's budget should be kept in reserve for unforeseen events.

The remainder of the SASIF account is either medium term funding for a specific project, or simply short-term 'parking' of monies not required that month.

Government projections indicate that up to 70% of the revenue from SASIF will be taken from schools - \$7,000,000 in the first year. While this is understandably attractive to you, it conversely means a loss of \$7,000,000 in funds, in year one, for our schools.

The implication that schools are 'hoarding' money is insulting to those 12,000 people who volunteer to govern our schools. That some schools may have significant savings may be accurate, but your plan to take 70% of all schools SASIF interest is a wholesale assault on all schools.

Schools are not wasting these funds. They are not mishandling their budgets. They are not denying current students the best education they can afford. These Governing Councils are primarily parents of students in school today – it is ludicrous to imply that they would deny their own children. It is through wise and cautious financial management that they manage to generate revenue through SASIF.

Governing Councils are displaying a commitment not just to their own children, but to the future generations of their local community.

Raiding the SASIF accounts will have detrimental effects on hundreds of schools. Governing Councils use these SASIF earnings to fund:

- new buildings and facilities in their schools
- increased and improved services in their schools
- additional, specialist staff in their schools

And with the projected cuts of \$23,166,000 in grants and services announced in the education budget, schools will have to use these earnings to compensate, simply to try and maintain services to students.

Aquatics programs, music programs, financial and IT support services are just some of the areas where schools will have to somehow come up with funds, if they wish to maintain services.

The earnings on SASIF is one of the few possible ways that schools can pay for these essential services.

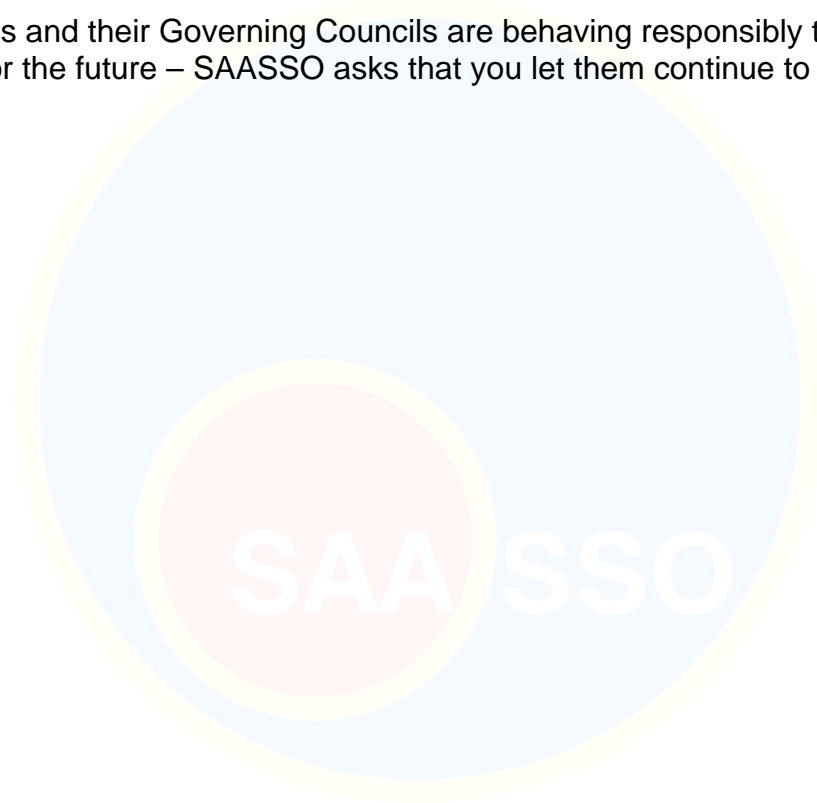
SAASSO appreciates the potential value of the six new super schools – however, we urge you not to forget the other thousand sites that are struggling to educate their children.

[South Australian Association of State School Organisations Inc.](#)

Schools budget for the interest earned on SASIF – as they have previously been encouraged to do. If you take 70% of this money away from them, it will inevitably degrade the education they can offer to our children.

Conversely, forcing them to spend capital today by threatening them with the loss of interest is short-sighted. Given the deep, dramatic cuts made to services in last year's budget, what guarantee can be offered to schools that this capital will not be desperately needed in the future?

Our schools and their Governing Councils are behaving responsibly today and planning for the future – SAASSO asks that you let them continue to do so.



Feedback from parents on Governing Councils

SAASSO recently polled 20% of South Australian primary and secondary schools on the plan to take the interest earned from SASIF. Below is a summary of the results of this poll.

- **97% of schools believe it is unfair for the Minister to take the interest to fund super schools.**

- **96% of schools believe it is unfair for the Minister to determine what a reasonable level of saving is for their school.**

- 53% of schools state they will be severely affected by the loss of investment income and that it will have a detrimental effect on the services they are able to offer students.

- 35% of schools state they will be significantly affected by the loss of investment income and that it will have a detrimental effect on the services they are able to offer students.

- 11% of schools state they will be somewhat affected by the loss of income.

- 1% of schools did not know what effect it will have.

- **97% of schools are adamant they are not 'hoarding' money.**

- **99% of schools requested SAASSO to petition the Minister to abandon the SASIF proposal.**

- **54% of Governing Councils had not been informed of the plan by either their school or the government.**

Comments from polled parents on Governing Councils

- “If the government wants schools to have governing bodies, we should be able to actually govern and manage our financial affairs.”
- “It is unfair for schools who budget right and follow all procedures.”
- “The government is changing the rules.”
- “It’s not fair. If Lomax-Smith is ever actually seen again, maybe she can explain why she knows what we should do with our money better than we do”
- “As an accountant I think the government is being very short-sighted to think that schools with a little bit of money who are looking ahead and practicing good accounting are hoarding money. They are just being responsible.”
- “Schools should be able to save some money for the future – unless the Minister can guarantee that nothing will ever go wrong.”
- “First she (The Minister) cuts all these programs like music and swimming and the small schools grant, then she takes our money so that we can’t pay for these things ourselves.”
- “Unlike the government, we are thinking beyond the next election. We are planning for the long term future of our school.”
- “It’s disgusting. Why doesn’t Lomax-Smith stop pretending she has any respect for parents?”
- “The school works hard to maintain our funds and do lots of fundraising. And basically, we have done all this so the government can take our money.”
- “Maybe before Lomax-Smith announced her Super Schools, she should have checked whether she could pay for them.”
- “It’s obvious the Minister doesn’t plan ahead financially, be we do. We are working not just for our children, but for all those who will follow our kids. We all have lives and jobs. We volunteer our time and our skills and the government just keeps making it harder and harder. It’s like they want us to fail.”
- “This is appalling. Six new schools that will benefit a few thousand kids and the other quarter of a million in all the other schools have to pay for it.”