

EXPLANATORY STATEMENT

Issued by the authority of the Minister for Education

**Subject: *Schools Assistance Act 2008*
Guidelines for Determining Socio-Economic Status (SES) Scores 2008**

Authority

Subsection 72 (3) of the *Schools Assistance Act 2008* (the Act) provides that the Minister for Education may, by legislative instrument, approve guidelines for determining socio-economic status (SES) scores for the purposes of making a determination under subsection 72(2) of the Act.

Purpose and operation

The purpose of this instrument is to approve guidelines pursuant to subsection 72(3) of the Act. The Guidelines set out how an SES score is to be calculated in order for the Minister to determine an SES score for a non-government school.

Background

Part 4 of the Act provides for grants for recurrent expenditure for non-government schools for the 2009 to 2012 program years. Under those funding arrangements all non-government schools must have an SES score in order to calculate the funding amounts for the school. This allows the calculation of the maximum grant that the Minister may determine for recurrent expenditure for schools under the Act.

Funding arrangements for non-government schools calculated with respect to SES scores (SES funding arrangements) have been provided in Commonwealth legislation since 2001 under the former Acts [*States Grants (Primary and Secondary Education Assistance) Act 2000* and *Schools Assistance (Learning Together—Achievement Through Choice and Opportunity) Act 2004*]. There has been no change to the SES index formula or the methodology used to calculate a non-government school's SES score since that time.

Detailed explanation of the guidelines

Definitions

This section provides interpretation of terms within the Guidelines. Terms have the same meaning as in the Act. Additional terms used in the Guidelines are defined.

PART 1: Non-government schools other than Special Assistance Schools and Special Schools

This part (section s1.1 to s1.4.3) sets out the SES index and methodology for all non-government schools other than Special Assistance Schools and Special Schools.

1.1 SES index

This section describes the **SES index** and the dimensions (**SES dimensions**) that comprise the index. The four SES dimensions are defined as Occupation, Education, Household Income and Household Income based on Families with Dependent Children ('Family Income').

1.2 SES dimension scores

This explains how the SES dimension scores for each Census Collection District (CD) are derived. An **SES dimension score**, for a CD, is defined in the Guidelines to mean the number (rounded to four decimal places) derived by the Department from data collected by the Australian Bureau of Statistics (ABS) for the purposes of the Census. These derived SES dimension scores are published by the Department at:

https://schools.dest.gov.au/ssp/help/html/ses/funding_09_12/dimension_scores.html

Each **CD** is an area designated by the ABS for the latest Census of Population and Housing conducted by the ABS (currently the 2006 Census). Each CD has a **CD number** attributed to it by the ABS for the purposes of the Census.

1.3 Geocoding of students' residential addresses

This section provides that each student residential address contained in the statement of addresses for a school is to be geocoded unless it is not reasonably practicable to do so.

A **student residential address** is defined in the Guidelines to exclude addresses of students who are overseas students or who are receiving distance education at the school. Addresses for overseas students are excluded from consideration because overseas student numbers are not used in the calculation of grants for recurrent expenditure for schools under the Act. Addresses for students receiving distance education are excluded from consideration because schools receive specific distance education funding under Part 4, Division 7 of the Act without regard to the SES score for the school.

A **statement of addresses** for a non-government school is defined in the Guidelines and means a statement containing student residential addresses for the school for a particular calendar year that is provided by the school to the Department.

Geocoding is defined in the Guidelines. It means the process of assigning each address to a particular CD.

An address is not geocoded where it is not reasonably practicable to do so. Without this provision it would be necessary to geocode all student residential addresses and this is not always technically possible. For example, a student may board either with a school or privately and have Australian parents who live overseas and do not maintain an Australian address, or the school might not hold enough address information for a student and the parents of the student may not be contactable to obtain further details. Without this provision the SES score calculation might not be possible for a school or, at least, be significantly delayed.

At the same time, the Guidelines stipulate that a minimum of 95 per cent of total student residential addresses must be geocoded in order to calculate a school's SES score. This ensures that the calculated SES score is adequately representative of the school's community.

1.4 Methodology for calculating a non-government school SES score

This section sets out how to calculate an SES score for a non-government school.

For each CD an SES dimension score for each of the four SES dimensions has been calculated. It is possible for a CD not to have a SES dimension score for the complete set of the four dimensions. This is because the ABS will not release data which could potentially identify an individual. In the 2006 Census this was the case for about three per cent of CDs in Australia. If these CDs were omitted altogether from the calculation of the school SES score, the score would not be truly representative of the school community and this could either advantage or disadvantage the school. The calculation methodology addresses this possibility.

The steps to be followed in calculating an SES score for a non-government school are outlined in paragraph 1.4.2. For each geocoded student residential address in the statement of addresses for a school, the SES dimension score is recorded for each SES dimension for the CD in which the address is located. An address is not included if it has not been geocoded.

The method requires the calculation to four (4) decimal places of the average value for each of the SES dimensions, with the total for an SES dimension being averaged only by the number of addresses having an SES dimension score for that dimension. If an address has not been geocoded and assigned to a CD, that address is not be included in the calculation.

The SES score for a non-government school is then calculated to four (4) decimal places using the following formula:

$$\begin{aligned} \text{School SES Score} = & \text{Occupation dimension} / 3 \\ & + \text{Education dimension} / 3 \\ & + \text{Household Income dimension} / 6 \\ & + \text{Family Income dimension} / 6 \end{aligned}$$

Paragraph 1.4.3 and **Table A** provide a worked example of how the steps set out in paragraph 1.4.2 are to be followed in calculating an SES score for a non-government school. The example also shows how the issue of missing SES dimension scores is addressed.

Further information about SES funding is available at <https://schools.dest.gov.au/ssp/help/html/ses/index.html>

PART 2: Special Assistance Schools and Special Schools

Special Assistance Schools and Special Schools are not required to submit a statement of addresses. These schools automatically receive maximum SES funding under Division 6 the Act without regard to the student residential addresses of the students receiving education at the school.

Paragraph 2.1 ensures that Special Assistance and Special Schools have an SES score. An SES score is required so that Special Assistance and Special Schools meeting the remoteness loading eligibility criteria can receive the remoteness loading provided under the Act. This loading is calculated on the current SES funding level of the school.

The SES score for these schools is 85, a score that has an associated funding level of 70 per cent of Average Government School Recurrent Costs.

PART 3: Majority Indigenous Student Schools

This part requires that, in a program year when a school is a Majority Indigenous Student School under the operation of Division 6 of the Act, the SES score for the school will be 85, a score that has an associated funding level of 70 per cent of Average Government School Recurrent Costs. This is required so that Majority Indigenous Student schools meeting the remoteness loading eligibility criteria can be provided with a level of remoteness loading commensurate with their maximum SES funding level in that program year.

Consultation

The Guidelines confer a benefit on non-government schools and have been in effect since the commencement of the SES funding arrangements for non-government schools. They have not changed in substance. The SES index formula and the methodology for calculating an SES score are unchanged since the commencement of the SES funding arrangements. Therefore no consultation was considered necessary.

The Guidelines have been updated from the previous document enabled by the former Acts to allow for the particular circumstances of Majority Indigenous Student Schools, the new category of maximum SES funded school included in the Schools Assistance Act 2008, in order to ensure that the remoteness loading under the Act can be provided in line with the maximum level of SES funding provided to these schools. This confers a benefit on this group of schools.

Commencement

The Guidelines commence on 1 January 2009.